JOINT EUROPEAN COMMISSION – OECD WORKSHOP ON INTERNATIONAL DEVELOPMENT OF BUSINESS AND CONSUMER TENDENCY SURVEYS

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Summary of Outcomes and Recommendations for Future Work

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SUMMARY OF OUTCOMES AND RECOMMENDATIONS FOR FUTURE WORK

A. INTRODUCTION

This report summarises the main outcomes and recommendations for future work arising out of the second joint European Commission – OECD Workshop on business and consumer opinion surveys (BTS / COS) held in Brussels on 14-15 November 2005[1]. The meeting was attended by 90 delegates from 58 institutes in EU member and candidate states, non-EU OECD Member countries, other countries from around the world, the European Central Bank and Central Banks in several EU countries. The meeting agenda and list of attendees are provided in Attachments 1 and 2 respectively. Further background information about the workshop, papers prepared and presentations given, are available at the meeting website[2].

The focus of discussion at the two day Workshop were the recommendations prepared by two task forces that arose out of the last joint workshop held in 2003 and the OECD Workshop held back-to-back with the CIRET meeting in Warsaw in September 2004. The task forces were:

- improvement of response rates and minimisation of respondent load; and
- harmonisation of survey operations and technical design.

Membership of the task forces comprised representatives from national institutes in Austria, Belgium, China, Czech Republic, France, Germany, Hungary, Italy, Japan, South Africa, Sweden, Switzerland, United States, United Kingdom, as well as staff from the European Commission and the OECD.

In addition, there was also the presentation and discussion (in Session 5) of a comprehensive study commissioned by the European Commission into the relative strengths of the three primary seasonal adjustment methods for business and consumer opinion survey time series, namely, Census X12-ARIMA, TRAMO / SEATS and Dainties.

Task force recommendations and other outcomes endorsed by participants at the Workshop are summarised below in the context of each of the six substantive sessions. Where appropriate, these are linked to specific papers available on the meeting website cited above providing background / context and recommended best practice prepared for the 2005 joint meeting and from other national sources. The European Commission and the OECD intend to embody these recommendations in revised versions of opinion survey guidelines / handbooks to be prepared in future by both organisations. The OECD will also incorporate the task force recommendations and examples of recommended national practice into future evolutions of the BTS / COS portal discussed at the Workshop in Session 3.

The initial work of both task forces is now largely complete and they will be disbanded. Requests for national involvement / input in future work or research focused on specific issues (as outlined in options for future work outlined below for each Session) will be sought following the receipt of Workshop participant comments on this report. Any future consultation with former members of the task forces on any outstanding issues will be undertaken on an informal (and largely) bilateral basis. Finally, but not

[1] The workshop was followed by a one day internal European Commission meeting held on 16 November.

[2] Accessible at http://www.oecd.org/document/45/0,2340,en_2649_33715_35304301_1_1_1_1,00.html

least, the OECD and European Commission warmly thank the members of both task forces for their time and effort in the preparation of the reports and presentations for the 2005 Workshop.

B. JOINT MEETING RECOMMENDATIONS AND OPTIONS FOR FUTURE WORK

Session 1: Task force on improvement of response rates and minimisation of respondent load

The terms of reference for the task force involved investigation on:

- which methods of data collection (e.g. mail, phone, fax, internet, email, etc.) and follow-up routines are most effective for improving response rates and reducing response burden, also considering the impact of the different methods on the costs of conducting the survey;

- effective and cost efficient methods for communicating with survey respondents to gain their co-operation in situations where the survey is either compulsory or non-compulsory;

- how to assess the impact (bias) that non-response can have on survey estimates and the development of methods to minimise that impact (e.g. imputation methods, estimation methodologies).

The work of the task force entailed a thorough review of current national practice and available literature in these areas. This literature pointed to the fact that the achievement of a satisfactory response rate is a key factor in the compilation of high quality opinion survey data, and that clear strategies to minimise non-response should be given high priority in the allocation of resources. The task force offered a comprehensive analysis of the relationship between response rate and data collection methods. It investigated different data collection and communication methods as well as factors influencing response rates.

The main outcomes of the task force work and discussion at the Workshop are embodied in the following seven recommendations, which entail the need for national institutes to:

1. Clearly specify in their metadata which kind of response rate is applied. The task force felt that two kinds of non-response rate (or the complementary response rate) seemed advisable according to survey design. In the case of non-response these comprise a measure appropriate where there is a uniform sampling fraction and equal weights and another appropriate in the more general case of unequal sampling fraction and reporting units with different weights[3].

2. Formulate and implement a range of strategies to establish initial contacts with respondents to gain their co-operation. Strategies include the tailoring of contacts to the characteristics of the unit (especially larger units), contacting the "appropriate" person within the unit, overcoming a lack of awareness of the survey by explaining the benefits / uses of data from the survey, making respondents more aware of the survey institution and its survey program, using personal contact in the initial approach where possible, providing information on the survey characteristics explaining differences from other surveys, ensuring that data requested are readily available to the respondent.

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[3] The former is given by the notation $NR1 = \left(n^{'} \big/ n \right) * 100$ where n' is the number of units which did not submit useful information and n is the number of units selected in the survey. The latter is represented by the notation $NR3 = \frac{\sum_{i=1}^{n^{'}} \frac{1}{f_i} * w_i}{\sum_{1=1}^{n} \frac{1}{f_i} * w_i} * 100$ where $f_i = \frac{n^i}{n}$ is the sampling fraction of the i^{th} unit and w_i is the size of the weight of the i^{th} unit.

3. Adopting a respondent perspective with regards to the data collection method, all of which have their strengths and weaknesses. Where possible, efforts should be made to allow survey units to choose the mode they prefer. Implement a mixed mode approach for data collection which allows for the optimisation of data collection procedures and a reduction of total survey errors within the available time and cost. Examples of recommended practice in this area are provided in the Bank of Japan paper, *Why is the response rate of the TANKAN high*[4]?

4. Periodically include questions in questionnaires to assess respondent preferences for data collection.

5. Develop efficient follow-up strategies which are tailored to the various modes of data collection used by an institute conducting BTS / COS. Such strategies include the provision of promotional material, use of toll-free telephone help lines to provide assistance to respondents, collecting only key variables as an alternative to total non-response, and providing an explicit indication that estimates (or proxy data) are acceptable for requested data items.

6. Review their current weighting methodology to ensure that business weights used in estimation are representative of the population. There is a need to take account of sampling probabilities in the weighting process. If aggregation to the branch or cell level combines businesses chosen with different probabilities (e.g. large and small businesses) then the sampling fraction should be a factor in the weighting process, otherwise estimates will be biased.

7. Analyse the results from previous surveys to determine whether there is any evidence of different response behaviour for businesses which are more or less likely to respond to a particular survey cycle[5]. All institutes reviewed by the task force use, at least to some extent, the missing at random (MAR) assumption for treating non-respondents in BTSs. This assumes that the average (weighted) distribution of answers from responding businesses is representative of non-respondents. If this assumption does not hold then only taking into account answers from businesses responding to a particular monthly cycle of a survey can lead to a false diagnosis of changes in the business climate if this is due only to a change in structure of the respondents.

Further information on Recommendations 1-5 are available in the task force paper, *Relationship between response rates and data collection methods*[6]. Background information for Recommendations 6, 7 are available in the paper, *Assessing and minimising the impact of non-response on survey estimates*[7].

Other presentations and relevant discussion

Participants at the Workshop noted that closer relationship with respondents and institutes taking steps to develop respondent awareness of the importance of their participation, favourably influenced response rates. It would also be useful to examine difference in response rates between units with different characteristics (such as size) as a means of identifying more precisely the cause(s) of non-response.

[4] Available at http://www.oecd.org/dataoecd/54/8/35564041.pdf

[5] As undertaken by the South African Bureau of Economic Research, as described in para. 23 of the task force paper, *Assessing and minimising the impact of non-response on survey estimates*, available at http://www.oecd.org/dataoecd/56/16/35634012.pdf

[6] Available at http://www.oecd.org/dataoecd/55/40/35558806.pdf

[7] Available at http://www.oecd.org/dataoecd/56/16/35634012.pdf

On the use of internet surveys as a means of lowering non-response, the study carried out in South Africa[8] that explored the use of this mode of data collection although supporting the idea of growing acceptance among the respondents of this means of collection, revealed significant constraints arising from technical considerations (concerning the availability and type of internet access) and inertia from the use of the customary postal mode that might lead to a comparatively lower response rate. Comments raised during subsequent discussion at the Workshop were principally devoted to technical constraints (type of internet access – dial-up versus line access, security issues and the best practice for internet survey design). INSEE pointed to their use of the internet as an efficient means of sending reminders. Also, in France the share of initial responses obtained through internet does not exceed 20-25% depending on sector.

The presentation given by the Bank of Japan outlining the principal methods adopted by the Bank to minimise non-response, demonstrated the benefits of having well thought through strategies covering all phases of the survey cycle – from questionnaire design, initial contact with respondents, followup, etc. During subsequent discussion, delegates thought that the authority and prestige of a collection institute has might also have a positive impact on response.

The study presented by the Bureau of Economic Research in South Africa provided evidence that the missing at random assumption for non-response does not hold in that businesses with a different propensity to respond (i.e. more or less frequently) may answer differently[9]. This can lead to a bias which may vary across time (i.e. is not expected to be constant) thus affecting the quality of time series. The presentation by INSEE on their constant sample imputation methodology is one possible way to address the issue of non-response bias but many institutes and users expressed concern that the method causes revisions to originally published estimates. Nonetheless, a variant of the technique which does not result in revisions could be worthy of further study given that the findings of the South African study support the need for the development of imputation methodologies.

Options for future work

- Further work to examine response rates by different size of business and the relationship with data collection methods.

- Further work to examine the potential bias caused by the use of the missing at random assumption, by compiling estimates for different groups of respondents depending on their regularity of response (i.e. as done in the South African study – see footnote 9)

- Experimentation with the INSEE constant sample methodology by other institutes, using a variant of the method which does not lead to revisions

Session 2: Harmonisation of survey operations and technical design

There are at present no international guidelines and recommendations outlining best practice for the development of business tendency surveys. In 2003 the OECD published a Handbook[10] aimed at assisting non-member countries to implement and /or develop their BTSs. The survey procedures presented and

[8] Refer paper, *Business surveys in South Africa: testing the ground for internet-based surveys keeping the impact on response rates in mind*. Available at http://www.oecd.org/dataoecd/61/62/35524816.pdf

[9] Refer to ppt presentation: Business Surveys in South Africa: an analysis of non-response patterns. Available at http://www.oecd.org/dataoecd/28/40/35674158.ppt

[10] Available at http://www.oecd.org/dataoecd/29/61/31837055.pdf

recommended in the Handbook are those used for official statistical surveys and served as a starting point for more detailed consideration by the task force of key aspects in the development of standards for survey operation and technical design. The aspects covered by the task force comprised: efficient sample design and weighting methods and; identification and assessment of recommended practices for the design of internet surveys.

Efficient sample design and weighting methods[11]

The task force sought to identify key issues in the areas of sample design and weighting methodologies for both business and consumer opinion surveys in order to draft an initial set of recommended minimum requirements and preferences aimed at improving the reliability and hence, the overall quality, of survey data. The key issues for efficient sample design considered in the task force paper presented at the Workshop covered identification of the relevant universe / reference population; identification of the sample frame; methods used for sample selection and; the treatment of missing data (except for consumer surveys).

As can be seen from the recommendations outlined below (separately for business tendency surveys and consumer opinion surveys), most are also relevant for quantitative surveys. Although many of the recommendations are self-evident, benefits for their future inclusion in international recommendations are to benchmark recommended practice and comparisons of data quality between countries.

Business tendency surveys

- Sample frame

1. Frame lists should include an as exhaustive as possible account of active firms in the survey universe of interest. In this context the use of official or statistical registers of active firms is recommended over that of more partial business or membership registers.

2. Institutes are advised to use cut-off strategies in order to stabilise the panel (size cut-off) and for a precise identification of the survey objectives (branch cut-off).

3. Establishments may be considered as the ideal choice for the sample unit, though it is recognised that it may be difficult to gather information at this level. Furthermore, other types of units may be more suitable depending on the focus or interest of the survey, e.g. KAUs for studies on industrial structure or local units for regional structures. Even if the firm is identified as the sample unit it is advisable to have different reporting units within the firm where possible. It is strongly recommended that the same type of response units answer questionnaires each month.

4. Frame lists should be updated as soon as a new census of active firms is available.

- Sampling methods

5. A fixed panel should be used that has been established on a statistically sound basis using a rotating pattern of updating with a fixed proportion of units being replaced at regular intervals.

6. The use of probability sample selection techniques is strongly recommended in preference to purposive or judgemental methods. The use of stratification-based sampling methods is recommended where

[11] Refer paper *Efficient sample design and weighting methodologies: Analysis of key issues and recommendations*, available at http://www.oecd.org/dataoecd/12/37/35493506.pdf

there is heterogeneity in the unit population with respect to size or other characteristics. Use of exhaustive sampling is recommended for small countries or for a subset of the sample.

- Treatment of missing data

7. Institutes should describe in their metadata the precise nature of the procedures used in the treatment of item and unit non-response.

8. As a minimum requirement it is recommended that institutes closely monitor the impact of missing data (especially for large firms) and to develop a clear set of strategies to minimise non-response.

9. Consideration should be given to the use of imputation methods to deal with remaining missing data, though with care to avoid possible distortions.

10. Re-weighting techniques, taking account of different composition of the panel in adjacent surveys are recommended as a means of reducing bias.

- Weighting methods

11. The use of weights is strongly recommended in order to improve the precision of the estimates. At a minimum the use of a simple one-stage system of weights is recommended though two-stage (or multi-stage) weighting procedures are recommended for heterogeneous populations, especially in large countries. A minimum requirement is that business weights used for units in the sample are approximately representative of the distribution of businesses (by size) in the population.

Consumer surveys

- Sample frame

12. The frame list should include an as exhaustive as possible account of the adult population. As a result, official census or statistical registers are preferred to telephone registers. If the latter are used, appropriate methods to correct for possible coverage bias should be used.

13. Cut-off strategies with respect to age are advisable, though this may require further harmonisation within the EU.

14. Frame lists should be updated yearly.

- Sampling methods

15. It is strongly recommended that random sampling techniques be used to ensure survey representativeness.

16. In the case of heterogeneous populations, stratified sampling methods are preferred over simple random sampling.

17. Further research is recommended on the benefits of the use of a rotating sample design over the use of an independent sample selected each month.

- Weighting

18. Weighting is recommended in order to ensure better representativeness of the sample selected. These could comprise demographic characteristics such as age and gender, region of residence and size of township, or socio-economic characteristics such as occupation, level of education, type of area municipality.

Design of internet surveys[12]

Over recent years there has been an explosion in the use of the internet for data collection. While there is broad experience and knowledge on personal interviews and mail questionnaires there is not yet a consensus among researchers involved in BTS / COS on how best to conduct internet surveys and little attention has been given so far as to their scientific underpinnings. However, most researchers agree that the internet environment has characteristics that make it distinct from other survey methods.

The aim of the task force is to contribute to higher research standards in the realm of business surveys and to develop research-based design principles for internet questionnaires in business tendency surveys. The paper presented by the task force for discussion at the Workshop commenced with an overview of the characteristics, strengths and issues of concern for internet surveys. This, together with an extensive list of recommended practices are based largely on the analytical reports, workshop documents and other instruction material prepared by task force members and other researchers working on internet surveys in a wide range of countries.

Based on current knowledge and experience the recommended practices outlined below are a starting point for further development of research-based principles for internet surveys.

- Getting Started

- Ensure that the internet presence of the institution is professional, as participants will evaluate this on entry.

- Collect information about participants' demographics and characteristics.

- Check whether potential participants who are contactable by e-mail have access to the internet, as in many businesses employees have restricted access to the Web.

- Provide a PIN for limiting access to the questionnaire only to the participant of the survey. If possible use an individualized link, so that respondents do not need to enter an ID and a password.

- Give respondents the chance to choose the mode of their preference, as it offers the possibility of "soft" control for computer competences.

- Assure that IT support is available also beyond the end of the start-up phase and that there is a help-line facility (phone number of the department or administrator).

- For ethical reasons, do not acquire data without the knowledge of the respondent (for example cookies).

- Assure data protection, data security and confidentiality.

[12] Refer paper, *Identification of recommended practices for the design of internet surveys*, available at http://www.oecd.org/dataoecd/12/16/35493730.pdf

- Check the differences in the visual appearance of questions that result from different screen configurations, operating systems, browsers and screen displays.

- For the first invitation to an internet survey preferably use a printed invitation letter that provides a sense of professionalism.

- Conduct a pilot study with volunteer firms and take into account their observations.

- E-mail Invitation

- When using e-mail invitations, adhere to a widely accepted format (at present the plaintext format). HTML e-mails and attachments may be rejected for virus risks.

- Ask participants to place the data collection institute's e-mail address in their address book or the company's safe senders list. For that purpose use a project e-mail address that is not affected by executive staff changes.

- Avoid using bought-in e-mail lists, as the data collection institute could be labeled as a spammer.

- Avoid spammy-sounding words in the institutes e-mail. It is also recommendable to avoid the use of "click here", unsubscribe instructions and/or explanation of why the recipient is on the list.

- Use a recognizable, short, and consistent "From" Address.

- Avoid the "Subject" line words written all in small case or all caps.

- Send the data collection institute's e-mail campaign to several test accounts to prove whether some ISPs are falsely treating it as Spam.

- Maintain address list cleanliness, regularly remove invalid e-mail addresses.

- Find out the validity of the data collection institute's e-mail list (the real contact rate) by incorporating regularly the "confirm reading" function into e-mails.

- Designing the Questionnaire

- Find out, how most respondents go on-line (dial-up or broadband connection such as DSL and cable) because it determines a reasonable file download time.

- Introduce the Web questionnaire with a welcome and attractive screen that is motivational and emphasizes the ease of responding.

- Use a personal salutation at the beginning of the questionnaire to prevent computer-mediated communication with participants from being perceived to be more anonymous than the traditional communication.

- Present each question in a conventional format similar to that normally used on paper questionnaires with self-explanatory and intuitive instruments.

- Avoid the use of too many colors and design features that may distract respondents' concentration from the questions. One commonly used rule is to use three colors. Take color blindness into account.

- Ensure that the font is big enough within different screen configurations.

- Do not sacrifice practicality for style, such as the use of extensive graphics, features and automated data checks, since browser incompatibility may result in a longer download time and accordingly in higher end user costs.

- Be aware that the user can disable Java, JavaScript, Cookies and Active X elements. Stick to the strategy of the smallest common denominator.

- Use sparingly drop-down-boxes and other instruments that require several simultaneous mouse movements.

- Minimize the number of control functions (automated data checks, where respondent is asked to control or to improve the value). They may not only frustrate participants but also be generally more time-consuming and cause a higher burden, particularly to respondents who make mistakes.

- Be aware that on-line readers read more quickly and impatiently. For questions known to be subject to mistakes, highlight important parts and include instructions that remind respondents to pay attention.

- The important text passages should be in the reader's view and should not occupy the whole width of the screen.

- Construct Web questionnaires so that respondents can scroll down from question to question. Avoid the necessity to scroll sideways.

- Use a multi-page design merely for automatic skipping, conditional branching or adaptive questionnaires. If using a multiple-page design, a progress indicator should be utilized showing respondents how close they are to the end.

- Try to use the same layout and alignment of scales in the Internet and the paper version of the questionnaire, to avoid possible influence of the visual layout and question order on the responses.

- Incorporate a reset option.

- Allow respondents to interrupt and re-enter the survey in case they were disturbed or wish to continue the answering process at a later time-point.

- Be aware that an increasing number of Internet users disable "pop-up" windows in their Internet browsers.

- Use different forms for different kind of questions: for example, square checkboxes for multiple-choice questions and round radio-buttons for single-choice questions.

- Make sure that the Web form is printable in case participants want to save a hardcopy of their responses.

- Analyzing the Results

- Analyze whether there are differences in results across modes (item non-response, validity and reliability criteria) and systematically analyze the sources of these differences (questionnaire design, coverage, selection bias etc.).

- Check whether sample characteristics of Web respondents are comparable to those of traditional paper respondents.

- Giving Feedback

- Use the internet as an additional platform for personal contacts with the respondents (for example Season's Greetings), for the display of additional information (frequently asked questions) and attractive output (customized reports).

- If possible, create an intranet facility as a distinct member privilege, accessible by a unique password.

- Regularly gather feedback about user satisfaction from participants to identify the strengths and weaknesses of the institute's Website.

- Assure adoption of on-line questionnaires to the constantly changing Internet environment and be aware of the increasing requirements of the end-users.

- Security

- Create awareness among participants about the safe handling of their IDs and passwords. Instruct them not to share their access information with anyone except where they are assured that the request has been posed by an authorized party.

- Regularly up-date the institute's anti-virus and ensure that Spyware applications and anti-Trojan packages have been added to virus list.

- It is also advisable not to save the information about the institute's participants in the address book of email software (such as Outlook, etc), but in a separate file (an Access or an Excel file, for example), as some viruses are configured to scan these areas and automatically to send an infected file to all addresses found.

- Use SSL (Secure Socket Layer) protocol to ensure encryption of server-client exchanges.

The work of the task force represents an extensive further elaboration of existing international guidelines and recommendations and recommended practice on sample design for BTS / COS, in particular, for internet surveys.

During subsequent discussion at the Workshop on all of the Session papers particular interest was drawn to the problem of efficient sample creation for telephone questionnaires in a situation where more households (especially young households) have only mobile phones and no land line connection. This phenomenon is quite new and needs to be taken into account, though there are no easy solutions as statistics on the number of households possessing only mobile phones are not available. Furthermore, random digit dialing will be neither a simple nor efficient solution for creating an efficient sample of respondents. There was also interest in further elaboration in the recommendations on issues surrounding sample rotation and the most appropriate sample units.

With respect to internet surveys there was also discussion on the use of visual analog scales (VAS). The major benefit of VAS for business tendency surveys would be an earlier detection of possible trends than given with three-category scales, where respondents tend to remain longer in their old position and to change the category only, when the new state is already evident. In contrast, the analog scale enables scores between categories and thus allows a gradual transition of the assessment and more sensitive measures.

Future work

- OECD and European Commission to embody the recommendations outlined above on efficient sample design and weighting methods and recommendations for the design of internet surveys in future versions of guidelines and recommendations for BTS / COS. In the case of the OECD these will initially be incorporated into the BTS / COS Portal. The European Commission will incorporate them into a revision of their 1997 guidelines publication [obtain name].

- Compare current practices used at national level on efficient sample design and weighting methods against the recommended practices outlined above.

- In the case of internet surveys there could be further work to identify (flesh out) recommended practice on key problem areas such as: ways to ensure the security of data; questionnaire design and presentation on the internet;

- Future work on internet surveys could include a point on the use and development of VAS for BTS.

Session 3: Recent developments at OECD

BTS / COS Portal

The proposal to develop a BTS / COS portal was presented by the OECD at the November 2003 joint Workshop where they were endorsed by participants. The aim of the Portal was to promote harmonisation and to facilitate recommended practice through the sharing of information on business tendency and consumer opinion surveys between international organisations and national institutes. A first version of the Portal was presented at the OECD BTS / COS Workshop in September and the version presented in November 2005 incorporated some additional features, content and suggestions for improvement received from national institutes.

The Portal version presented in 2005[13] provides access to the following:

- existing international guidelines and recommendations;
- questionnaires used by national institutes;
- summary metadata describing key elements of national institute surveys;
- links to selected examples of good national practice;
- data presented in a common format for countries and regional aggregates;
- links to papers from meetings organized by the OECD, European Commission and CIRET.

Participants at the Workshop supported the Portal as it provided ready access to an extensive array of practical information and recommended practice on opinion surveys that is of use to national institutes,

[13] Available at http://www.oecd.org/std/bt-coi/coordination

especially those currently developing surveys. Participants supported close collaboration between OECD, the European Commission and CIRET to ensure that information provided on the websites of each organisation was consistent and complemented each other. Finally, participants recommended that the Portal should include tools that would promote the dynamic exchange of data and metadata between institutes, international organisations and other users.

Future work

The OECD will continue the enhancement of the Portal both in terms of functionality and content. With respect to the latter the inclusion of the following is envisaged:

- Data

- Normalised confidence indicators for selected countries and sectors and regional /zone aggregates will replace the data now available in Excel files with recent survey results.

- Detailed survey data for all sectors and countries will be available through a link to the new OECD corporate dissemination database OECD.stat.

- Metadata

- Coverage of metadata in a standardised format for non-EU member countries to be improved gradually.

- Online metadata for OECD published data will be rearranged to be consistent with the structure provided in the OECD's corporate metadata facility MetsStore and upgraded with additional metadata.

Calculation of confidence indicators for zone aggregates

External interest in the OECD Composite Leading Indicators (CLIs) suggests that there could be high demand for business tendency and consumer opinion data (BTS / COS) as survey data are used extensively both as input series for calculation of CLIs and in their own right as stand-alone indicators on business and consumer expectations for the near term future. It is believed that there would be further interest in the provision and ready availability of opinion survey for the emerging economies of Brazil, China, India, Russian Federation, etc. The availability of survey data for these countries, when aggregated in some way with data for OECD and EU member states offers the potential for the compilation of normalised business and consumer confidence indicators and zone aggregates for additional regions and perhaps even at the "global" level.

At the November 2005 Workshop the OECD presented some preliminary work[14] on the compilation of selected regional and world level confidence indicators for the manufacturing sector and consumers, together with the methodology used for their compilation. Alternative approaches for calculation of regional or zone area confidence indicators were also presented with reference to the Euro area aggregate and comparisons of different World and Euro area confidence indicators.

[14] Outlined in the OECD paper, *Calculation of Normalised Business and Consumer Confidence Indicators and Zone Aggregates*, available at http://www.oecd.org/dataoecd/7/17/35601565.pdf

Future work

Following the OECD presentation there was discussion on the practical usefulness of such indicators, though the OECD pointed to their use in cross-country comparisons, world cycle anticipation and as other delegates pointed out, for checking national cycle synchronization not only within European Union but also with the world cycle.

The early results presented at the Workshop were intended only to obtain initial reactions and further work will be undertaken by the OECD for presentation at future meetings. More specifically, future work will entail:

- Calculation of country specific business confidence indicators for non-EU OECD Member countries based on EC practice or other methods where no such indicator is available (replacing business situation as a component series).

- Identification and / or incorporation of consumer confidence indicators for missing countries (India, Indonesia and Russian Federation).

- Extension of calculation of zone aggregates to other areas such as: Big 4 Europe, OECD Europe, EU 15, NAFTA, etc.

- Investigation of the possibility to calculate regional or zone confidence indicators for other sectors including a non-manufacturing sector (only aggregate 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 to regional or zone aggregates such as the share of exports and imports of a country in total world trade.

Session 4: Uses of BTS / COS data: implications for data producers

This Session aimed at outlining the uses of business and consumer opinion survey data in the analytical work of several central banks, namely: the National Bank of Belgium; the European Central Bank; the Bank of Italy; and the Central Bank of the Republic of Turkey. These presentations also touched briefly on issues and implications relating to the data characteristics data they considered of interest to producers of survey data, especially with regards to future developments.

All four presentations mentioned the importance to at least maintain the timeliness of the availability of survey data, comparability between countries and consistency of time series over time. Bank requirements with regards to the future evolution of opinion survey data included:

- inclusion of probabilistic questions;

- the need to supplement traditional outputs through inclusion of supplementary topics on emerging issues of importance such as those relating to the ageing population / labour force, welfare reform, evolution of financial markets, etc;

- the need for wider sector coverage, especially with respect to the services sector;

- the provision of more detailed disaggregations – sectoral, geographic, socio-demographic, high-low technology sectors.

Future work

- Existing practices for the incorporation of program of rotating or ad hoc supplementary topics into opinion surveys. Would it be possible to identify possible topics for such a program?

- Detailed examination of current national practice with respect to the revision of data for opinion surveys. From the presentations given at the Workshop banks attach high importance to minimisation of the extent of data revisions. How many institutes revise their data? For those that do, what benefits does this confer on timeliness and what are the extent of revisions?

- Compile an inventory of current services sector surveys, compare activity coverage, and identify national institute plans for future surveys in this sector.

Session 5: Performance of seasonal adjustment methods for BTS / COS data

This Session presented the results of a study concerning the seasonal adjustment of business and consumer opinion survey data undertaken by the Econometric Institute, Erasmus University, Rotterdam. The study was commissioned by the European Commission European Commission (Contract No. ECFIN-195-2004/S12.385615). The study sought to evaluate the relative effectiveness of three seasonal adjustment methods, namely: Census X12-ARIMA; TRAMO / SEATS and Dainties using simulated data and 300 BTS / COS data. The paper presented at the Workshop[15] commenced with an outline of the methodology used, the link between these methods and potentially useful models to describe the data.

The study then included a simulation experiment to highlight the differing performances of the three seasonal adjustment methods. The main findings were that:

- Census X12-ARIMA and TRAMO / SEATS methods were most robust to variations in the data generating process. This implies that in situations where there were no strong indications as to which model could best describe the raw (unadjusted data), then these two methods are to be preferred.

- On the other hand Dainties performed relatively well for two types of data generating processes, i.e. series with deterministic seasonality. Therefore, if one suspects that the data are best described by these models, then the Dainties method is preferable.

- Additive outliers were not found to have a serious effect on the performance of the seasonal adjustment procedures. If a procedure generates proper corrected series in the case without outliers it also performs well when additive outliers are present.

- However, the adjustment methods were very sensitive to innovation outliers. None of the seasonal adjustment methods were found capable of adequately removing this type of outlier before seasonal correction.

- In summary, the study found that for BTS / COS series the choice of seasonal adjustment method is not very important. The study found that for generated data all three methods performed well as was the case for actual data. One disadvantage of Dainties is that it does not take outliers into account and a final recommendation of the study is to extend the Dainties method with a method for outlier correction. The details of such a procedure are left for further research.

[15] Refer paper, *Performance of seasonal adjustment procedures: Simulation and empirical results*, available at http://www.oecd.org/dataoecd/61/57/35525423.pdf

Future work

- Additional / complementary studies at a country or multi-country level on the relative performance of seasonal adjustment methods.

- An inventory of national practices regarding issues relating to modelling approach, model identification (e.g. default settings, automated versus controlled model identification), outlier detection / treatment and other pre-adjustment procedures.

- The European Commission to study the feasibility of extending the Dainties method with an outlier detection/correction procedure.

Session 6: Presentations of studies on other topics: implications for data producers

This Session presented recent work of a number of national agencies and the European Commission on a diverse range of issues. The aim was to identify areas / issues for possible future work by the Workshop in the evolution of business and consumer opinion surveys. Topics presented in this session were:

- Individual responses to BTS and the forecasting of manufacturing production – INSEE;

- Analysis of quantitative questions on price perceptions / expectations in the European Union – European Commission;

- Indicator of economic sentiment and confidence indicator in services – Statistical Office of the Slovak Republic;

- Composite indicators in business tendency surveys: Practice of CSO of Poland and the European Commission – CSO Poland;

- Comparison of national versus European Commission confidence indicators – European Commission;

- Consumer and entrepreneur's confidence and inflation perception from the perspective of Estonian entry into the European Union and joining the EMU – EKI, Estonia.

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Attachment 1

Joint European Commission - OECD Workshop on International Development of Business and Consumer Tendency Surveys

Brussels, 14-15 November 2005

Agenda

Workshop objective

The main objective of the two day workshop will be to discuss work carried out in the framework of the OECD task forces on the priority tasks identified at the joint European Commission - OECD Workshop on International Development of Business and Consumer Tendency Surveys held in Brussels in November 2003 and the subsequent development work defined at the 2004 OECD workshop in Warsaw.

Monday, 14 November

09.30 – 09.50	Welcome and introduction	EC and OECD

Session 1 – Presentation of work by the OECD Task Force on "Improvement of Response Rates and Minimization of Respondent Load"

Improvement of response rates and minimization of respondent load are of high priority for all national institutes. The specific aim of the task force was to identify good national practice and to make recommendations on the following issues:

	Presentation by taskforce leaders:	
09.50 – 10.25	Relationship between response rates and data collection methods – Analysis of key issues and main findings	Bianca Martelli, ISAE
	Discussion	
10.25 – 11.15	Business Surveys in South Africa: Testing the ground for internet-based surveys keeping the impact of response rates in mind	Pieter Laubscher, BER South Africa
	Why is the response rate of the TANKAN high?	Kenichiro Tahara, Bank of Japan
	Discussion	

11.15 – 11.35	Coffee break

11.35 – 12.10	Assessing and minimising the impact of non-response of survey estimates – Analysis of key issues and main findings	Richard McKenzie, OECD
	Discussion	
12.10 – 12.50	Adjusting for non-response: constant-sample method in the French business surveys	Philippe Scherrer, INSEE
	Analysis of non-response patterns in South African business tendency surveys	Pieter Laubscher, BER South Africa
	Discussion	
12:50 – 13:00	Session 1 conclusions and recommendations	

13.00 – 14.20	Lunch

Session 2 – Presentation of work by OECD Task Force on 'Harmonisation of Survey Operation and Technical Design"

There are at present no international guidelines and recommendations outlining best practice for the development of business tendency surveys. However, in 2003 the OECD published a Handbook aimed at helping non-member countries to implement and/or develop their business tendency surveys. The survey procedures presented and recommended in the handbook are procedures which are used for official statistical surveys. These recommendations could, however, be used as a starting point for further discussion on development of standards for survey operation and technical design.

	Presentations by taskforce leaders:	
14.20 – 14.50	Efficient sample design and weighting methods – Analysis of key issues and recommendations	Marco Malgarini, ISAE
	Discussion	
14.50 - 15.20	Identification and Assessment of Recommended Practices for the Design of Internet Surveys	Anna Stangl, Ifo Institute
	Discussion	
15.20 – 15.30	Session 2 conclusions and recommendations	15.20 – 15.30

Session 3 – Recent developments of the OECD Business Tendency and Consumer Opinion Surveys Portal

To promote harmonization and facilitate best practice through the sharing of information on business tendency and consumer opinion surveys between international organizations and national institutes. The OECD web-portal provides access to the following:

- existing international guidelines and recommendations;
- questionnaires used by national institutes;
- summary metadata describing key elements of national institute surveys;
- links to selected examples of good national practice;
- data presented in a common format for countries and regional aggregates;
- links to papers from meetings organized by the OECD, European Commission and CIRET.

15.30 – 16.00	Brief overview on recent improvements to the portal including developments in the collection and dissemination of metadata Discussion	Ronny Nilsson, OECD
16.00 – 16.20	Coffee break	
16.20 – 16.50	Calculation of normalised business and consumer confidence indicators and OECD and Non-OECD area aggregates (OECD Total, Major 7, Big 6 Non-OECD, World proxy) Discussion	Olivier Brunet, OECD
16.50 – 17.00	Session 3 conclusions and recommendations	Denis Ward, OECD

Session 4 – Uses of business and consumer opinion survey data, implications for data producers

This session outlines the uses of business and consumer opinion survey data in the analytical work of several central banks. The presentations also touch briefly on issues / implications of interest to producers of survey data.

17.00 – 17.20	Use of business and consumer opinion survey data in business cycle analyses from a user perspective.	Giuseppe Parigi, Bank of Italy
17.20 – 17.40	Use of business and consumer opinion survey data in business cycle analyses from a user perspective.	Ece Oral, Central Bank of the Republic of Turkey
17.40 – 17.50	Discussion	

Tuesday, 15 November

Session 4 – Uses of business and consumer opinion survey data, implications for data producers (cont.)

09.30 – 09.45	Use of business and consumer opinion survey data in business cycle analyses from a user perspective.	Benoît Robert, National Bank of Belgium
09.45 – 10.05	The usefulness of survey measures from a research and policy perspective	Ricardo Mestre, European Central Bank
10.05 – 10.15	Discussion	
10.15 – 10.25	Session 5 conclusions and recommendations	OECD

Session 5 – Recent Developments in the Seasonal Adjustment of Business Tendency and Consumer Opinion Data

10.25 – 10.55	Performance of Seasonal Adjustment Procedures: Simulations and Empirical Results	Philip Hans Franses, Econometric Institute – Erasmus University Rotterdam
	Discussion	
10.55 – 11.10	Session 4 conclusions and recommendations	European Commission

11.10 – 11.30	Coffee break

Session 6 – Presentation of studies on other topics

This session presents recent work of a number of national agencies and the European Commission and, in particular, identifies avenues / issues for possible future work by the Workshop in the evolution of business and consumer opinion surveys.

11.30 – 12.00	Individual responses to BTS and the forecasting of manufactured production	Hélène Erkel-Rousse, INSEE
	Discussion	
12.00 – 12.30	Analysis of Quantitative Questions on Price Perceptions / Expectations in the EU	Staffan Lindén, European Commission
	Discussion	

12.30 – 14.00	Lunch

14.00 – 14.25	ESI and services confidence indicator in Slovak Republic	Statistical Office of the Slovak Republic
	Discussion	
14.25 – 14.50	Differences between GUS survey and the EU standardised survey - implications for future harmonisation of national surveys with the EU standardised indicator	Katarzyna Walkowska, CSO, Poland
	Discussion	
14.50 – 15.15	Comparison of national versus European Commission confidence indicators	Maarten van de Stadt, European Commission
	Discussion	
15.15 – 15.40	Consumer and entrepreneurs confidence and inflation perception from perspectives of Estonian entry into the European Union and joining the EMU	Marje Josing, EKI, Estonia
	Discussion	
15.40 – 15.50	Session 6 conclusions and recommendations	OECD

Session 7 – Meeting conclusions and future work

15.50 – 16.20	Review of meeting conclusions and recommendations for:	Denis Ward, OECD
	Task Force on "Improvement of Response Rates and Minimization of Respondent Load"	
	Task Force on 'Harmonisation of Survey Operation and Technical Design"	
	Future work on priority areas	
	Discussion	
	Future meetings (back to back with CIRET, Rome, in 2006)	
	Other business	

Attachment 2

LIST OF PARTICIPANTS, JOINT EU/OECD WORKSHOP ON BUSINESS TENDENCY SURVEYS, 14 – 15 NOVEMBER 2005

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