

Brussels, 14 October 2009

EC Workshop on Business and Consumer Surveys

EUROPEAN TASK FORCE CAPACITY UTILISATION

Tests carried out by INSEE

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First test:

Wordings tested:

- 1) *At what capacity is your company currently operating (as a percentage of full capacity)?*

The company is currently operating at ...% of full capacity.

- 2) *Taking into consideration your factors of production (staff, space, equipment, means of transport, etc.), at what capacity is your company currently operating (as a percentage of full capacity)?*

The company is currently operating at ...% of full capacity.

➡ close to the wording of the question on capacity utilisation of the business survey in industry

First test:

Questionnaire:

- 1) *According to you, do the two formulations lead to the same answer? Yes - No*
- 2) *What would you answer? %*
- 3) *According to you, which wording is preferable?*
Formulation 1 – Formulation 2
- 4) *Do you think that the production capacity utilisation rate is a relevant indicator of the activity of your firm? Yes - No*

First test:

Methodology:

Sample: around 40 firms per NACE2 level

- firms which answer the business survey regularly, preferably through the Internet
- with an e-mail address

➡ 433 firms

- questionnaires sent via e-mail
- follow-up questionnaires

➡ 202 respondents: **47%**

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First test:

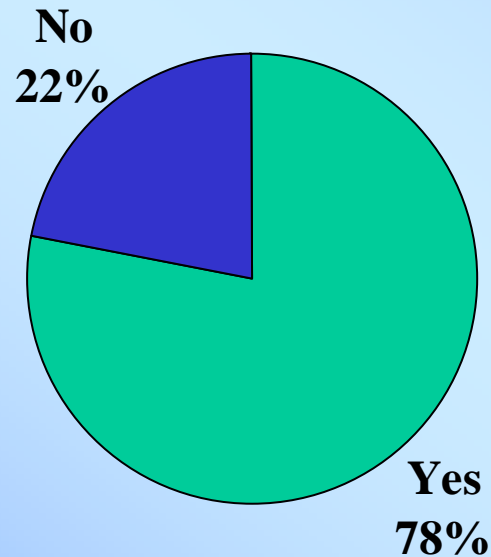
Response rate by sector:

NACE2 levels		Number of firms in the sample	Number of respondents	Rate (%)
55	Hotels and restaurants	40	16	40 %
60	Transport	40	20	50 %
63	Activities of travel agencies (63.3)	39	18	46 %
64	Post and telecommunications	40	15	38 %
70	Real estate activities	40	20	50 %
71	Renting activities (without operator)	40	23	58 %
72	Computer and related activities	40	21	53 %
74	Other business activities	40	22	55 %
90	Sewage and refuse disposal, sanitation and similar activities	40	16	40 %
92	Recreational, cultural and sporting activities	40	23	58 %
93	Other service activities	34	8	24 %
Total		433	202	47 %

First test:

Q1: According to you, do the two formulations lead to the same answer?

➤ 156 respondents (77%)



First test:

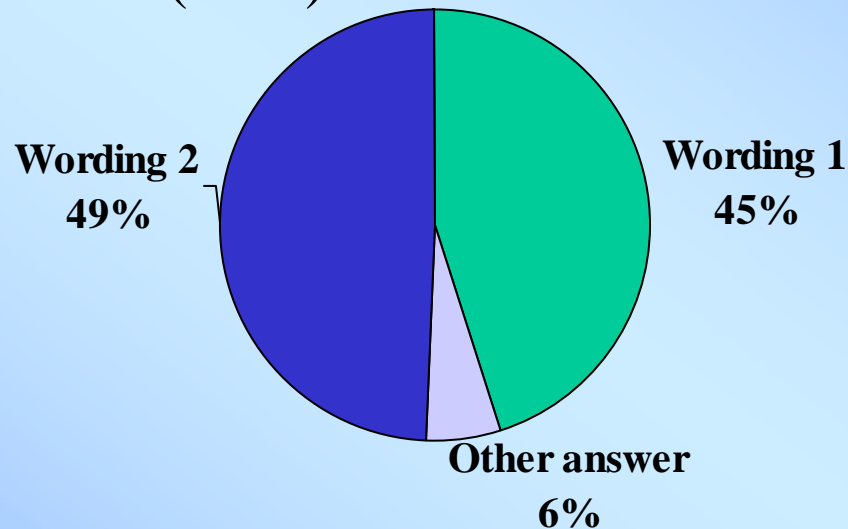
Q2: What would you answer?

- only 120 respondents (59%)
- various answers: accurate answers / vague answers, brackets
- **1 out of 5** indicated that they had difficulties answering the question
- difficulties in all the sectors surveyed
- average capacity utilisation rate: 77,4%

First test:

Q3: According to you, which formulation is preferable?

➤ 156 respondents (77%)



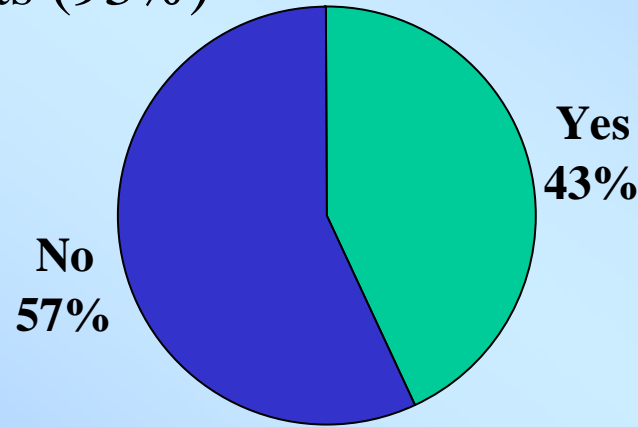
➤ other answers: « None », « Indifferent », « It depends on the firm and on the sector »

➡ **Neither one of the wordings seems more appropriate than the other**

First test:

Q4:Do you think that the production capacity utilisation rate is a relevant indicator of the activity of your firm?

➤ 188 respondents (93%)



➡ **Most respondents don't think it is relevant**

➤ Examples of comments: “No because the firm provides services”, “No – there is no production in the company”

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First test:

Q4: Do you think that the production capacity utilisation rate is a relevant indicator of the activity of your firm?

NACE2 levels		Yes		No		Total
55	Hotels and restaurants	10	63 %	6	37 %	16
60	Transport	16	80 %	4	20 %	20
63	Activities of travel agencies (63.3)	7	47 %	8	53 %	15
64	Post and telecommunications	8	53 %	7	47 %	15
70	Real estate activities	1	6 %	17	94 %	18
71	Renting activities (without operator)	7	33 %	14	67 %	21
72	Computer and related activities	8	42 %	11	58 %	19
74	Other business activities	9	43 %	12	57 %	21
90	Sewage and refuse disposal, sanitation and similar activities	5	31 %	11	69 %	16
92	Recreational, cultural and sporting activities	6	29 %	15	71 %	21
93	Other service activities	4	67 %	2	33 %	6
Total		81	43 %	107	57 %	188

First test: conclusion

- **120** respondents (**59%**) answered the question on capacity utilisation
- Only **81** respondents (**43%**) consider that the production capacity utilisation rate is relevant
- **107** (**57%**) don't think it is relevant
- A few respondents indicated that they weren't concerned by our survey
- **1 out of 5** respondents had difficulties to calculate the rate
 - ➡ **Neither one of the wordings seems appropriate**
 - ➡ **It might be preferable to choose a wording which is more adapted to the services sector**

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Second test:

Wording tested:

- question in two parts, close to the question on capacity utilisation of the French business survey in construction:

If the demand addressed to your firm expanded, could you increase your activity with your present resources?

Yes - No

If so, by how much? ...%

$$CU = \frac{1}{1 + \text{percentage of increase}}$$

Second test:

Questionnaire:

1) *What would be your answer?*

Yes – No

If yes: %

2) *Considering the activity of your firm, do you think that these questions are relevant?*

Yes – No

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Second test:

Methodology: 2 samples:

➤ First sample: “new” firms

- firms which answer the business survey regularly, preferably through the Internet
- with an e-mail address

➤ Second sample:

- respondents to the first survey
- answered that they weren't concerned by our survey or that the capacity utilisation rate wasn't relevant

- questionnaires sent via e-mail



	Firms surveyed	Respondents	Response rate
Sample 1	156	66	42 %
Sample 2	55	41	75 %
Total	211	107	51 %

Second test:

Considering the activity of your firm, do you think that these questions are relevant?

➤ 83 respondents (78%)

	Yes	No	Total
Sample 1	34 65 %	18 35 %	52 100 %
Sample 2	13 42 %	18 58 %	31 100 %
Total	47 57 %	36 43 %	83 100 %

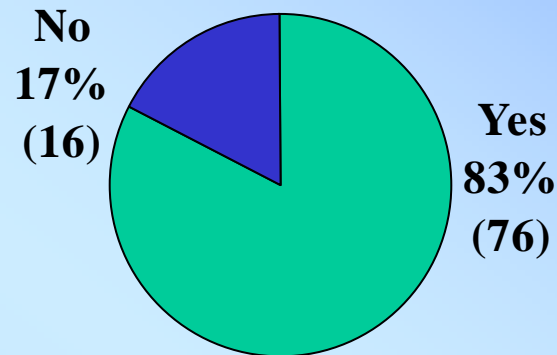
➡ **Most respondents think that the questions are relevant**

➤ Sectors overrepresented: telecommunications (NACE 64), real estate activities (70), recreational, cultural and sporting activities (92)

Second test:

If the demand addressed to your firm expanded, could you increase your activity?

➤ 92 respondents (86%)



If yes, by how much?

➤ 59 respondents out of 76 (78%)

➤ 12 indicated they had difficulties answering, 5 in sample 1

➡ We can calculate the capacity utilisation rate of:

$16+59=75$ firms (51 in S1, 24 in S2)

Second test:

Comments on the wording:

If ~~the demand addressed to your firm~~ expanded, could you increase *the volume of activity* of your firm with your present resources?

Yes - No

If so, by how much *at the most? ...%*

Conclusion:

	Test 1	Test 2	
		Sample 1	Sample 2
% of respondents who consider that the question is relevant	43 %	65 %	42 %
% of firms for which we can calculate the CU rate	59 %	77 %	59 %
% of respondents who had difficulties answering	20 %	8 %	17 %

➔ **The new wording seems more appropriate than the two wordings initially proposed**

Conclusion:

We suggest choosing the following wording:

If demand expanded, could you increase the volume of activity of your firm?

Yes – No

If yes, by how much at the most? ...%