Evaluation of the Joint Harmonised EU Programme of Business and Consumer Surveys

First Findings
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17 November 2011
Brussels
Agenda

- Objectives of the evaluation
- Overview of the evaluation process
- First findings of the evaluation:
  - Patterns of use of BCS products
  - Impact of the crisis on usage patterns and users’ needs
  - Feedback from the users
  - EU value added
  - Perceived strengths and weaknesses vis-à-vis PMI
- Concluding remarks
Evaluation objectives

- To determine the relevance, usage and utility of the survey products
  - Identification of users and patterns of use
  - Assessment of user needs and levels of satisfaction
  - Assessment of added value of harmonised data
  - Comparison with alternative survey products

- To provide recommendations for improvement
  - Improving effectiveness: survey methodology, coverage, presentation and dissemination, analysis etc.
  - Improving efficiency: scope for cost savings
The evaluation process

Stage 1: Inception
- Task 1.1: Kick-off Meeting
- Task 1.2: Preliminary Desk Research
- Task 1.3: First Interviews with DG ECFIN
- Task 1.4: Operationalisation of Evaluation Methodology

Stage 2: Data collection & initial analyses
- Task 2.1: Documentary and Literature Review
- Task 2.2: Face to Face Interviews
- Task 2.3: Online Survey of Administrative Users
- Task 2.4: Telephone Interviews (research institutions and private sector users)
- Task 2.5: Online Survey of Partner Institutes
- Task 2.6: Comparative Assessment

Stage 3: Close of data collection, final analyses & judgment
- Task 3.1: Close of Data Collection – follow up interviews
- Task 3.2: Synthesis and Analyses
- Task 3.3: Conclusions and Recommendations

Stage 4: Finalisation & feedback
- Task 4.1: Validation Workshop
- Task 4.2: Dissemination Presentation

Main Tasks
- Formulation of Hypotheses
- Collection of evidence
- Testing of Hypotheses
- Validation of Results

Deliverables & Meetings
- Inception Report
- Inception Meeting
- Intermediate Report
- Intermediate Meeting
- Draft Final Report
- Final Meeting

= completed
Patterns of use

- BCS products have a diverse user base: internal and external users; public and private users
- Patterns of use vary across different categories of users; there are light and heavy users
- At a very basic level BCS data is used to gauge underlying economic conditions
- More sophisticated uses include nowcasting/forecasting
- BCS data also feeds into policy making and business decision making
- Users typically use a range of survey products (e.g. BCS, PMI, national/sectoral) to corroborate evidence and to add to the depth of the analysis
Patterns of use...continued

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<th>Survey products</th>
<th>Internal users</th>
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<th>Eurostat</th>
<th>OECD</th>
<th>Policy makers / NSOs</th>
<th>Other users</th>
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Notes: ‘Other users’ include research institutions, financial institutions, industry associations, businesses, media. *ECB constructs its own confidence indicators but may occasionally use BCS confidence indicators as an external reference and for cross-checking purposes. **OECD uses ECFIN Consumer and Industrial Confidence Indicators to create its own confidence indicators. ***Use is limited.
Impact of the crisis

- The economic crisis has reinforced the importance of early warning signals.
- Survey data is being used more systematically and intensively.
- Some shifts in user requirements have been noted:
  - Demand for more timely data.
  - Greater emphasis on country-specific developments and question-level detail (e.g. specific questions relating to capacity utilisation, financial situation of HH).
  - More interest in certain sectors notably, construction and financial services.
Impact of the crisis... continued

- Demand for more guidance on how to interpret the results
- Demand for information on ‘cause’ and ‘effect’ relationships i.e. impact of certain events (e.g. downgrades, tsunami, interest rate changes) on business and consumer sentiment
Feedback from users

- Overall, BCS Programme is well aligned with users’ needs and expectations. However, there are some issues:

  **Relevance**
  - Non-availability of data for IE
  - Limited sectoral coverage of flash indicators
  - Non-availability of country level data (flash indicators and financial services survey)

  **Timeliness**
  - BCS data is released later than PMI/ national surveys
Feedback from users...continued

Comparability

- Relatively short time series for services and financial services survey
- Concerns about non-homogeneity of approach across partner institutes e.g. reference period being different across countries (6 months instead of 3 months)

Methodology

- Use of Daintes for seasonal adjustment
- Equal weighting given to all questions in the construction of indices
Feedback from users...continued

**Interpretability**
- Users would like more guidance on how to interpret survey questions as well as survey results
- Call for systematic meta-surveys to understand cross-country differences/ specificities in response patterns and to facilitate interpretation of results

**Accessibility**
- Survey data ‘hard to find’ on DG ECFIN’s website
- Users would prefer data in alternative formats (CSV or access database)
Feedback from users...continued

Frequency

- Some users would like EBCI and investment survey to be produced on a monthly basis
- Capacity utilisation question to be asked on a monthly basis
Other suggestions

- Publication of normalised data and components of balances
- Option to include ad hoc questions in surveys
- Additional harmonised questions on input prices, new orders and current employment situation
- Headline analysis of key changes and main cross-country differences
- More academic studies on reliability of BCS indicators in tracking reference macroeconomic variables
EU value added

- Availability of harmonised data for cross-country comparisons and construction of EU/ euro-area indicators
- Promotes capacity building and knowledge sharing among partner institutes
- More than half of the partner institutes (23 out of 42 respondents) would not be able to carry out the BCS surveys without EU co-financing; 16 would have to downsize the programme; only 3 would be able to run the programme as usual
BCS versus PMI: user perspectives

Relative strengths of BCS
- Wider sectoral and geographical coverage
- Availability of data for sub-sectors
- Longer time series
- Larger sample sizes
- Methodological transparency

Relative strengths of PMI
- Released earlier than BCS
- PMI data is considered easier to interpret
- Better phrasing of questions – more factual (as opposed to opinions, intentions or expectations)
Concluding remarks

- BCS programme is highly valued by users
- Considered a unique source of information in terms of its sectoral and country coverage, length of the time series
- Overall users are satisfied but, have made some useful suggestions for improvement
- The next step for the evaluation is to assess the feasibility of addressing these suggestions
- Some follow-up interviews are also planned with partner institutes and non-users
Thank you