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**Article**

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Stefan Sauer and Klaus Wohlrabe

## CEO or Intern – Who Actually Answers the Questionnaires in the ifo Business Survey?

As the most important indicator for the German economy, the ifo Business Climate Index attracts considerable attention in the press every month and even moves the stock markets (Mittnik et al. 2013). The results of the ifo Business Survey are also examined in numerous research studies. Abberger and Wohlrabe (2006), Seiler and Wohlrabe (2013), and Lehmann (2019) provide comprehensive literature reviews. In order to calculate the ifo Business Climate Index for Germany and numerous other important economic indicators, the ifo Business Survey collects and evaluates monthly questionnaires from around 9,000 companies in manufacturing, services, trade, and construction. When composing a panel of companies for a business survey, a number of essential points must be taken into account in order to obtain meaningful and valid indicators. In particular, it is important to avoid so-called selection effects, which could lead to systematic bias in the results due to over- or under-representation of certain company characteristics. For this reason, it is essential to ensure that the regional composition of the companies in the panel, as well as their distribution according to company size and economic sectors, more or less reflect reality (Sauer and Wohlrabe 2019).

Of course, the people responding to the survey within the participating companies are also of fundamental importance for the quality of the survey results. They should have a good overview of all relevant areas in the company so they can provide competent answers to questions concerning topics such as production, employee developments, or pricing policy. As a result, it is important to the ifo Institute that the questionnaires are filled in by people who

are at the top of the companies' hierarchy and therefore have all the information they need to answer the questions anytime.

A previous study of the ifo Business Survey in the trade sector already showed that this requirement is met by the majority of the survey participants in this sector (Abberger et al. 2011). A special question in all sectors of the ifo Business Survey in November (construction, manufacturing, trade) and December (service sector) 2018 should now provide even more precise information on which part of each company responds to the questionnaire and who gives the answers. The wording of the question, which was divided into two parts, was as follows:<sup>1</sup>

1. In which part of your company is the questionnaire for the ifo Business Survey usually filled in?

- Management / executive board
- Finance / controlling / accounting
- Sales/marketing
- Production<sup>2</sup>
- Other, namely: \_\_\_\_\_

2. Which position best describes the person who usually fills in the questionnaire?

- Owner/CEO/authorized representative/member of the executive board
- Head of department
- Team leader
- Clerk
- Other, namely: \_\_\_\_\_

In both questions, it was possible to mark more than one answer for cases in which the questionnaire is filled in by more than one person. The first result of the almost 7,000 responses to these special questions was that, for the vast majority of survey participants, a single person is responsible for answering the questionnaires. Only 1.3 percent of the companies stated that two or more people share the responsibility.

Table 1 shows the departments responsible for responding to the questionnaires of the ifo Business Survey. At 77.3 percent, the greatest proportion of reports came directly from the management of the participating companies. 16.8 percent of the ques-

<sup>1</sup> The original wording can be found in Sauer and Wohlrabe (2018).

<sup>2</sup> The 'production' category was provided only in the manufacturing and construction sectors.



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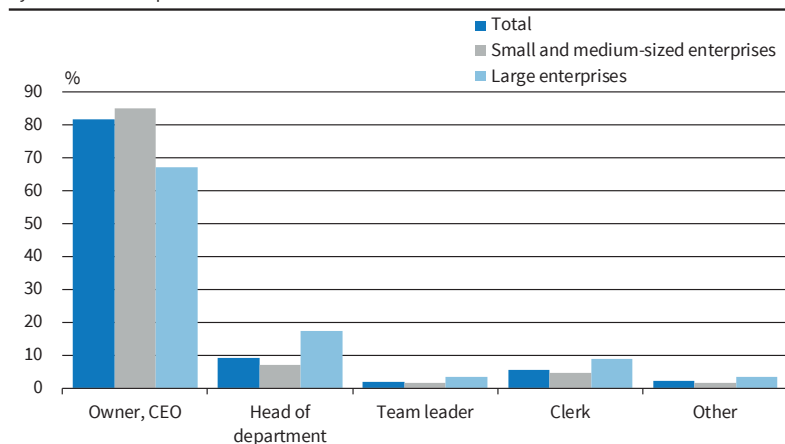
Table 1

### Departments in Which the Questionnaires Are Filled in (by Sector, Percentages)

	Manufacturing	Trade	Construction	Services	Total
Management	65.3	85.9	71.2	83.7	77.3
Finance	23.0	11.3	25.6	12.7	16.8
Production	1.3	0.0	0.1	0.0	0.4
Sales, marketing	8.4	2.2	1.2	1.7	3.9
Other	2.0	0.6	1.9	1.9	1.6

Source: ifo Business Survey.

**Figure 1**  
**Position of the Person Answering the Questionnaires**  
 By size of the enterprise



Source: ifo Business Survey.

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tionnaires are filled in by the finance/controlling/accounting division. Sales/marketing (3.9 percent), production (0.4 percent), and other units (1.6 percent) accounted only for a small proportion of the total reports. In all sectors of the ifo Business Survey, the majority of the answers come from the management, with the highest shares in the trade sector (85.9 percent) and the service sector (83.7 percent). In construction (71.2 percent) and in manufacturing (65.3 percent), the share is somewhat lower, as the people filling in the questionnaires are more frequently located in the finance, controlling, or accounting departments and in manufacturing also in sales or marketing.

With regard to the position of the people filling in the questionnaires, the results of the special question are shown in Figure 1. Over 80 percent of the people responding to the questionnaires are owners, CEOs, authorized representatives, or members of the executive board. However, there are differences with regard to company size:<sup>3</sup> in the case of large enterprises, the questionnaires are more often filled in by department heads than in the case of small or medium-sized enterprises. This can be explained, among other things, by the fact that the ifo Business Survey

<sup>3</sup> The participating companies were divided into the size classes 'large enterprises' and 'small and medium-sized enterprises' by characteristics surveyed once a year in the ifo Business Survey. The definition for large enterprises differs by sector: > 500 employees in manufacturing; > 200 employees in construction; > EUR 25 million annual turnover for trade and service providers.

is conducted at product or company level. This means that a large enterprise with several important companies, locations, or branches can also submit several questionnaires.

Looking at the sectors, Table 2 shows that the pattern in Figure 1 also applies to the different sectors. In manufacturing and construction, approximately 85 percent of the questionnaires are completed by managers or department heads. In the other sectors, this share exceeds 90 percent. In construction (14.4 percent) and

manufacturing (7.6 percent), clerks play a certain role in answering the questionnaires, whereas in the other sectors they take part in the survey only rarely.

As a conclusion of these results, it can be stated that the questionnaires of the monthly ifo Business Survey are mostly answered by people in management positions within the participating companies. This means the requirements for reliable reporting and therefore also for valid business cycle indicators are fulfilled. As is the case for all micro-data from the ifo Business Survey and other surveys conducted by the ifo Institute, the detailed answers on the special questions are available free of charge to researchers for in-depth analyses in the LMU-ifo Economics & Business Data Center (EBDC) at the ifo Institute (Becker and Wohlrabe 2008; Seiler 2012).

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**Table 2**  
**Position of the Person Answering the Questionnaires (by Sector, Percentages)**

	Manufacturing	Trade	Construction	Services	Total
Owner, CEO	72.9	89.3	72.8	86.5	77.3
Head of department	12.7	5.8	9.8	8.0	16.8
Team leader	3.8	0.8	1.2	0.9	0.5
Clerk	7.6	2.7	14.4	2.9	3.8
Other	3.0	1.4	1.8	1.7	1.6

Source: ifo Business Survey.

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