

# 1 Introduction to the ifo Surveys

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## 1.1 History of the ifo Surveys and their Importance for Economic Research

Shaping the economic policy debate in Germany and beyond is the most important mission of the ifo Institute. To achieve this, ifo combines excellent research with economic policy relevance. One of the keys for this is ifo's survey activity. Since 1949, just one year after the foundation of the ifo Institute, the ifo Business Survey has been used to ask companies about various aspects of their economic activity. The survey was initially introduced with the pragmatic aim of closing the considerable gaps in official statistics, especially in the post-war period, and reducing uncertainty about economic developments. Then, as now, the results provided prompt information for those important economic variables for which official statistics were only published following considerable delays and revisions. As the potential of business surveys for economic research quickly became clear, the ifo Business Survey emerged as one of the cornerstones of the ifo Institute (Anderson 1952b, Langelütke and Marquardt 1951, Strigel 1989).

Initially, scientific analyses of the results of the ifo Business Survey were limited to the ifo Institute itself (Anderson 1957, Anderson and Strigel 1960). Since the 1970s, however, researchers, forecasters, and other users of economic information have increasingly recognised that the importance of the results of this survey goes far beyond a mere statistical substitute. Company-specific plans and expectations as well as assessments of the current situation have become of central importance in economic theory. In the ifo Business Survey, they are mainly collected via qualitative questions, from which the data has proved to be very valuable for empirical economic research.

The most important use of the results of the ifo Business Survey is the analysis and forecast of overall economic developments. Numerous economic indicators contribute to this end: The monthly-collected assessments of the current business situation and the business expectations for the next six months have proven to be particularly relevant, as has the ifo Business Climate Index for Germany, which is calculated as a geometric mean of the balances of these two components, and is the most important leading indicator for the German economy (Abberger and Wohlrabe 2006). Numerous other indicators are calculated and published from the data yielded by the ifo Business Survey, including overall indicators on employment plans,

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export expectations, or uncertainty in the German economy.

In addition to the evaluation of the aggregated results, empirical research based on the disaggregated microdata – fertile ground for all kinds of analyses – has increased over the past decades (Seiler and Wohlrabe 2013a). Researchers can access the microdata from all ifo surveys free of charge at the LMU-ifo Economics & Business Data Center (EBDC). The provision of this data is intended to increase the synergies between empirical and theoretical research. A separate chapter on the EBDC will serve researchers as a manual for working with the microdata.

However, the survey activities of the ifo Institute are not limited to the monthly ifo Business Survey. They have been expanded to numerous regular surveys on a wide variety of topics. The following overview shows the surveys ifo regularly conducts (as of 2022) in order of the year they were initiated:

- 1949 ifo Business Survey in the Manufacturing Industry
- 1950 ifo Business Survey in Retail Trade
- 1951 ifo Business Survey in Wholesale Trade
- 1956 ifo Business Survey in the Construction Industry
- 1988 ifo Management Survey
- 1999 ifo Business Survey in the Insurance Industry
- 2001 ifo Business Survey in the Service Sector
- 2008 ifo HR Survey
- 2013 Quantitative Expectations Module of the ifo Business Survey
- 2014 ifo Education Survey
- 2016 ifo Database for Family Businesses
- 2016 ifo and FAZ Economists' Panel
- 2022 Economic Experts Survey

This list shows ifo's efforts to cover a broad spectrum of the German economy by surveying as many sectors and industries as possible.<sup>1</sup> Furthermore, the survey activity is no longer limited to business surveys, but also includes economic expert surveys or public opinion surveys (e.g., ifo Education Survey). The list of surveys could be extended considerably by accounting for special one-off surveys, regular surveys in individual economic sectors, which have now been integrated into the monthly ifo Business Survey (e.g., leasing companies, IT service providers, architects), or surveys that have been discontinued.

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<sup>1</sup> There also several discontinued surveys like the World Economic Survey (WES), the (quantitative) investment survey or the innovation survey. The underlying micro data is still available at the data centre EBDC (see Section 6). For more information see Oppenländer and Poser (1989a), Goldrian (2004), Goldrian (2007) or Sauer and Wohlrabe (2020a).

## 1.2 Content and Aim of this Book

This book is intended to provide a detailed overview of the ifo Institute's various survey activities. Since the resulting data and indicators are used today by many different user groups, their respective interests are considered by describing the survey instruments in detail and providing information about the interpretation of the results and their application possibilities. While users from companies, politics, and various institutions are mostly interested in the aggregated results and time series for economic analysis, market observations, or in the context of economic policy decision-making, researchers often work with the disaggregated microdata.

The primary focus of the book is on the ifo Business Survey and its resulting indicators. The beginning of the survey, the structure of the panels of survey participants, and the survey methods are explored in an overview. The questions, which are collected monthly or, in some cases, quarterly, semi-annually, or annually, are presented in detail to show the large amount of information collected on various variables relevant to the business cycle. Attention is also paid to all steps of the aggregation from the raw data to the numerous indicators and time series that result from the survey. These results can not only be used for the analysis of the overall economic situation, but also offer many possibilities to depict the economic development in different sectors and industries. In addition, evaluations can also be carried out using other dimensions, such as regional breakdowns at the level of the German federal states or the classification of the participating enterprises by firm size. The presentation of the various indicators and results is intended to illustrate the great analytical potential of the ifo Business Survey. At the same time, it provides an interpretation aid for the users of these indicators and results.

Subsequent to the Business Survey, the other previously listed ifo surveys and their results and applications are presented. The respective survey methods, panels, and questionnaires are all described in detail.

The underlying microdata of all surveys can be accessed at the LMU-ifo Economics & Business Data Center. There, the data can also be linked to other data sets to open up even greater research potential. An extra chapter on the EBDC is intended to serve as a guideline for researchers on how to get free access to the data and to give an overview of the currently existing data sets.