

### 2.8 The Mood from the Boardroom – Who answers the Questionnaires of the ifo Business Survey?

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To be able to draw meaningful and reliable conclusions about the German economy and its various sectors, the survey results of the ifo Business Survey must meet several criteria. Among other things, the questions posed must ask for suitable variables and be formulated in a neutral and comprehensible way. In addition, the panel of participating companies must be large enough and roughly reflect the actual structure of the German economy in terms of economic sectors, regions, and company sizes. This must be the case to avoid distortions in the results. Section 2.7 shows that the ifo Business Survey meets these conditions and that the panel is representative of the German economy.

The person(s) within a firm answering the questionnaire play another crucial role. They should be in a position in the company hierarchy that makes it possible for them to access the relevant information and data for answering all questions without much effort. It is also important for research based on microdata that the decision-makers in the companies answer the questions. Current scientific analyses using the microdata of the ifo Business Survey are for example Link et al. (2023) and Dovert et al. (2023a).

The media coverage of the ifo Business Climate Index for Germany frequently refers to the mood in German boardrooms or the mood in the German economy in general. The ifo Institute has also used this formulation in its press releases (ifo Institute 2023). This section answers whether this formulation is accurate by examining who fills in the questionnaires of the monthly ifo Business Survey.

Sauer and Wohlrabe (2019) already showed that 77.3% of the responses at the end of the year 2018 came directly from the management of the participating companies and that more than 80% of the respondents were owners, CEOs, authorized officers, or board members. The ifo Institute is making great efforts to expand the panel of participants. Therefore, since 2018, especially a lot of small enterprises and self-employed workers have been added (Sauer and Wohlrabe 2022b). For this reason, a supplementary question was asked again in May 2023 to get information on the department and position of the persons completing the survey. This was done to identify any changes in the results obtained at the study from 2019. The exact questions were as follows:

1. In which area of your company / operation is the questionnaire for the ifo Business Surveys usually filled out?
  - Management

- Finance / Controlling / Accounting
- Sales / Marketing
- Production<sup>9</sup>
- other, namely: \_\_\_\_\_

2. Which designation mostly corresponds to the position of the person usually filling in?

- Owner
- CEO / Authorized Officer / Board member
- Head of Department
- Team Leader
- Clerk
- other, namely: \_\_\_\_\_

When evaluating these questions, no weighting of the responses by firm size was applied. In addition, the responses of self-employed workers were not considered. Table 2.31 shows the distribution of responses by department of the persons completing the survey. Clearly the largest share of answers comes from management (79.8%). This share is even slightly higher than in 2018, which means that most questionnaires are still answered at the company management level. In trade (87.9%) and in service (85.0%) the values are even higher, while in manufacturing (70.8%) and in construction (75.2%) they are somewhat below the total value. With 14.7%, the second highest number of responses originate from the areas of finance, controlling, and accounting, perhaps explained by the fact that employees in these areas generally have easy access to the information they need to answer the survey. In these areas, the response rate in manufacturing (19.8%) and construction (21.3%) is higher than in trade (8.9%) and the service sector (11.2%). In some major industries like mechanical engineering, car manufacturing, and electrical engineering, a quarter of the answers come from this area. The shares of responses from the departments of sales and marketing (3.0%), production (0.4%), and other departments (2.0%) are comparatively low.

**Table 2.31: Distribution of responses by department**

	Total	Manufacturing	Construction	Trade	Service
Management	79.8%	70.8%	75.2%	87.9%	85.0%
Finance / Controlling / Accounting	14.7%	19.8%	21.3%	8.9%	11.2%
Sales / Marketing	3.0%	6.3%	0.7%	2.0%	1.3%
Production	0.4%	1.1%	0.5%	0.0%	0.0%
Other	2.0%	2.0%	2.3%	1.2%	2.5%

<sup>9</sup> The production category was only offered for selection in the manufacturing and construction sector. The category was omitted in the trade sector and in the service sector.

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In addition, the supplementary question examines which position the person completing the survey has within the company (Table 2.32). It is evident that the questionnaire is predominantly filled out by the owner of the company. It is also apparent that owners represent the largest share of respondents in each economic sector. This is especially the case in the service sector (57.4%), trade (63.4%), and retail which stands out with an owner share of 72%. In manufacturing the reports almost equally often originate from the owner as well as from the management level (40%). The second highest number of responses come from CEOs, authorized officers, or board members. Taking these two categories together as the company management level, we arrive at a share of around 86%. For the remaining responses, heads of department (6.7%), team leaders (1.3%), clerks (4.2%), or workers in other positions (2.1%) are responsible.

**Table 2.32: Distribution of responses by position**

	Total	Manufacturing	Construction	Trade	Service
Owner	51.9%	40.3%	46.6%	63.4%	57.4%
CEO / Authorized Officer / Board Member	33.8%	40.0%	33.4%	28.6%	31.5%
Head of Department	6.7%	9.9%	7.0%	4.0%	5.1%
Team Leader	1.3%	2.0%	1.7%	0.6%	1.1%
Clerk	4.2%	5.5%	9.1%	1.9%	2.7%
Other	2.1%	2.3%	2.2%	1.6%	2.3%

Differences become evident as soon as a distinction according to size classes is made (Figure 2.31)<sup>10</sup>. Owners of large enterprises answer the questionnaires significantly less often (27.0%) than their counterparts at small and medium-sized enterprises (SMEs) with 57.6%. Accordingly, at large companies CEOs, authorized officers, or board members provide the responses more frequently (46.4%) than at SMEs (30.9%). When aggregated to the entire management level, it is consequently less likely that the answers come from executives at large companies (73.4%) than at small and medium-sized companies (88.5%). Instead, at large companies it is more likely that department heads or team leaders fill in the questionnaire (15.4%) than at SMEs (6.3%). This can be partly explained by the fact that the ifo Business Survey is conducted at the product level of the companies. This means that a large company with multiple divisions or locations may submit multiple reports. For these branches of the company, department heads or team leaders are more likely to fill in the questionnaire.

About three-quarters of the companies participating in the ifo Business Survey describe themselves as family businesses. The results of the supplementary question show that for

<sup>10</sup> Depending on the economic sector, the distinction between large enterprises and small and medium-sized enterprises is based on characteristics surveyed annually as part of the ifo Business Survey. Accordingly, large enterprises are enterprises with: manufacturing: > 500 employees; construction: > 200 employees; trade and service: > €25 m annual sales (Borger and Sauer 2019).

these businesses, mainly the owners respond (61.4%), since they are usually much more involved in operations in these contexts. This share is noticeably higher than for non-family businesses from which there are more responses from CEOs, authorized officers, and board members (43.1% vs. 28.1% owners).

Overall, it can be stated that mainly people from the top management of the participating companies answer the questionnaires of the ifo Business Survey. This applies across all economic sectors. Compared with previous results from 2018, the results of the supplementary question from May 2023 even show a slight increase in the response rate from the management level. This means that an important prerequisite for reliable responses that can be aggregated into valid economic indicators has been met, and that the description of the mood from the boardrooms is in fact appropriate.

**Figure 2.31: Distribution of responses by size classes**

