

5 Other ifo Surveys

5.1 The ifo Management Survey

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5.1.1 Objectives and Concept

In addition to the ifo Business Survey, which focuses on variables describing both the current economic situation and the outlook for the near future, along with the ifo HR survey, which collects information on HR measures, the ifo Institute has created yet another instrument to survey important topics for the German economy: The ifo Management Survey.

The “Manager Survey” was originally introduced in 1988 as a telephone survey to complement the ifo Institute’s written surveys. Eventually, the methodology was replaced by a paper questionnaire. At that time, the ifo Institute collaborated with the magazine “WirtschaftsWoche” to identify interesting topics and publish the results. With its relaunch in 2020, the survey was renamed as the “ifo Management Survey”, which is now conducted exclusively online. In this survey, a selected group of decision-makers in German companies are asked about their opinions on current economic policy issues and changes in the macroeconomic environment. The aim is to understand these decision-makers’ assessments of these topics and their potential impacts on corporate planning, and provide vital input for current economic debates and information for the public. Regarding the choice of topics and development of questions, the survey team works closely with the department’s research staff.

Unlike other company surveys conducted by the ifo Institute, the Management Survey does not have a fixed monthly or quarterly survey period. This makes it possible to react flexibly to current topics and to send the online questionnaire to the survey participants when needed. The publications with the results of the surveys can be found on the online project page¹.

5.1.2 Composition of the Panel

To obtain a sample as representative as possible for the German economy, executives of companies from the manufacturing, construction, wholesale and retail, and service sectors throughout Germany take part in the online survey. As of May 2022, the panel currently consists of around 670 companies, though the ifo Institute plans to expand the panel further.

¹ <https://www.ifo.de/en/management-survey-2021>

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The number of responses in the recent past has been around 400. Since statements are also to be made for different size classes and economic sectors, a sufficient number of responses is essential for a differentiated evaluation.

In terms of the distribution of the participating companies by employee size class, currently 9% of respondents are from companies with 1-9 employees, 20% are from companies with 10-49 employees, 44% are from Class 3 (50-249 employees), and just under 28% are from Class 4 (more than 250 employees). In terms of distribution by economic sector, participants from the service sector make up the largest proportion with just under 45%, followed by companies from the manufacturing sector with 35%, trade with 13% and construction with 7%. Compared with their distribution in the German economy, retail and service companies are currently somewhat underrepresented, while manufacturing tends to be overrepresented. The distribution is therefore not representative for the German economy as a whole, which is why no differentiated evaluation by sector is currently carried out. This will be made possible in the future by expanding the panel in the relevant sectors.

5.1.3 Question Program

In contrast to other surveys conducted by the ifo Institute, the ifo Management Survey, which takes place approximately every quarter, does not contain a fixed program of regular questions. The aim here is not to describe variables over a longer period of time, but to obtain the assessments of the surveyed managers on current developments and the associated potential effects – in other words, to query the effects on companies' plans in order to provide input for current economic discussions and information for the public. The ifo Management Survey usually combines qualitative and quantitative questions.

As the survey's topics often represent current economic issues or company-specific information, its flexibility holds potential for economic research. Many research projects, for example, often seek to obtain an ad hoc picture of the impact of certain economic policy or global economic developments on German companies and their reactions to them, which is exactly what the ifo Management Survey provides (Demmelhuber et al. 2020, Demmelhuber et al. 2021, Dorn et al. 2020b, Flach et al. 2020, Gröschl and Teti 2021).

5.1.4 Evaluation of the Answers

Unlike other ifo surveys, the ifo Management Survey does not focus on a central indicator derived from the survey results. Rather, its objective is a qualitative assessment of current issues. The survey is designed as an instrument for evaluating changes in the macroeconomic environment and as an indicator of the importance of issues for decision-makers in German companies. In the evaluation, shares of the given answer options are calculated. Unlike the ifo Business Survey, weightings of company sizes or of the various economic sectors are not used. The results are presented in graphs and tables and can also be broken down by company size.

5.1.5 Selected Results and Analysis Potential

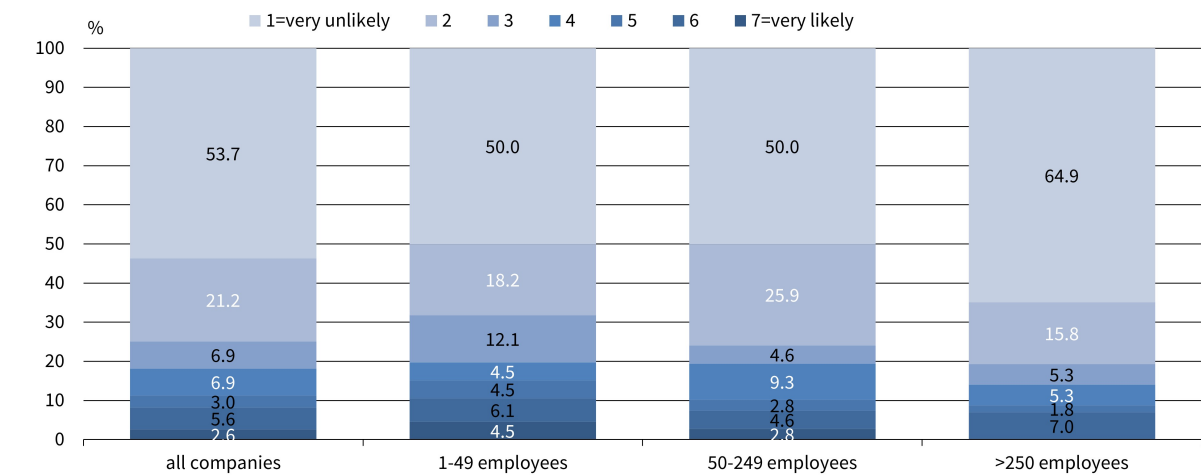
Since 2014, targeted economic sanctions (including export restrictions) have been imposed on Russia by the European Union and the United States in response to Russia's actions in Ukraine. Russia has also imposed import bans. This has created economic complications for German companies interested in trading goods and services with Russia. In order to estimate a more precise measure of this ongoing impact on individual industries and regions, a survey was conducted in September 2020 in cooperation with the ifo Center for International Economics and the Düsseldorf Chamber of Industry and Commerce (IHK) using the ifo Management Panel and an IHK distribution list (Flach et al. 2020, Gröschl and Teti 2021). The results showed Russia's dependence on the EU as a supplier e.g. of complex final goods and as a buyer e.g. of raw materials (commodities such as oil and gas, mining and metals). The survey also showed that East German companies were particularly affected by the sanctions, as were companies in the manufacturing sector. Above all, the increased bureaucracy resulting from the sanctions was a major hurdle, followed by export controls and specific export or import bans. Around half of all companies surveyed at the time estimated that they could benefit from the lifting of EU sanctions.

In the ifo Management Survey of March 2021, conducted by the ifo Institute in cooperation with ZEIT (Demmelhuber and Wohlrabe 2021, Nienhaus and Pletter 2021), the participating companies were asked one year after the start of the Corona crisis whether and how they had received aid measures so far. In addition, they provided an assessment of this aid and evaluated the measures taken to contain the pandemic. The results were very heterogeneous, which probably also had to do with the situations and experiences of the individual managers and their respective companies. For the most part, there was agreement among the participants with regard to the late disbursement of aid funds. The results also showed that by their own assessment many companies, especially smaller ones, would not have survived a third shutdown (Figure 5.1).

The Covid-19 pandemic has had a major impact on business. In October 2021, the Management Survey looked at the existence of crisis management systems in German companies. The survey results showed that at the time, a crisis management system was in place in three quarters of the responding companies and that, since the start of the Covid-19 pandemic, there has been an increase in the number of crisis management teams of almost 17 percentage points. Permanently constituted crisis teams have increased the most. The majority of newly established crisis teams were implemented during the first lockdown in March 2020 (Figure 5.2). A good three quarters of companies still had a crisis management system in place in August 2022. In the meantime, crisis management teams were most likely to be dissolved again in small companies (Demmelhuber 2023).

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Figure 5.1: Probability of company shutdown due to third Corona-related shutdown

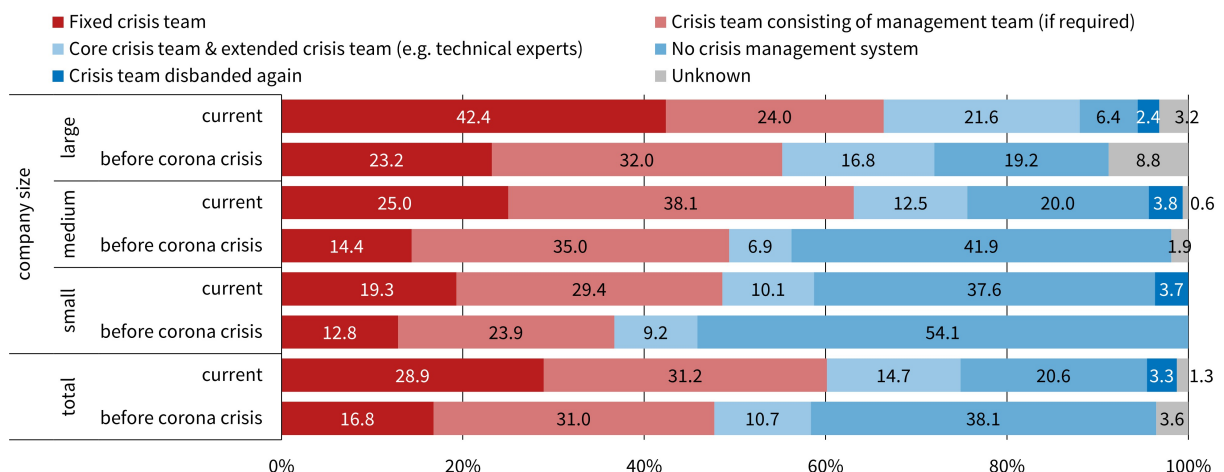


Question: "Suppose there is a third shutdown of more than 2 months within the next 12 months. How likely do you think it is at the moment that your company would not survive this?" [n=231; 7 scale]

Source: ifo Management-Survey, March 2021.

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Figure 5.2: Crisis management systems in companies



Questions: "Did your company have a crisis management system before the Corona crisis?", "Does your company currently have a crisis management system?" [n=394; forced-choice questions]

Source: ifo Management-Survey, October 2021.

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Due to its flexible design, the Management Survey is suitable, for example, for testing or introducing new survey methods, survey tools, new questions, experiments and randomization. The Management Survey benefits from the experiences gained from these tests and experiments. These findings also flow into other ifo survey projects, such as the ifo Business Survey. For example, one ongoing ifo research project deals with decision-making in companies. In companies, countless decisions are made every day, the sum of which contributes

significantly to the company's success. These decisions are based, among other things, on the individual goals, preferences, and desires of the people involved in the decisions. The study aims to find out more about how and why managers make decisions and what expectations they have regarding economic developments. As a pretest, in late 2019/early 2020 the relevant questions were asked as part of the ifo Management Survey in order to get an overall picture and feedback for possible improvements. In 2022, a number of these questions (related to entrepreneurial risk-taking) were repeated in the larger context of the ifo Business Survey. As this study is an ongoing research project, its final results are not yet available. Gödl-Hanisch and Menkhoff examined in 2023 the pass-through of cost-push shocks to customers at a granular level. Using hypothetical vignettes in the Management-Survey, they highlighted a new channel relevant for pass-through: beliefs about the expected duration of the shock and its interaction with price rigidities. They observed a gradual pass-through stretching over 24 months, especially for idiosyncratic shocks, undershooting the pass-through of aggregate shocks by 40%, in line with the presence of real rigidities.