

How to Motivate Businesses to Report and to Use the Official Statistics?

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The quality of economic statistics very much depends on timely and high quality response from businesses. NSIs are faced with increasing non-response and the request to further reduce the response burden on enterprises. A better understanding of businesses needs for data could help NSIs to find the motivation factors for their better participation in statistical production. There is a need for systematic collection and analysis of business requests and the use of the official statistics among businesses. Research shows that current NSI communication strategies and dissemination of statistical products and services are less relevant for businesses. The Statistical Office of the Republic of Slovenia (SURS) has cooperated in the Blue-Enterprise and Trade Statistics (BLUE-ETS) research project, which developed recommendations on these issues. The paper describes SURS's response to the proposed recommendations. Strategies and practical experiences show that it is necessary to change the cooperation patterns with businesses from the publicity principle towards the principle of dialogue with users, especially businesses as their important partners. Besides intensified cooperation with businesses, it would also be helpful to continue research on this issue with the academic community.

Key words: business needs, response burden, non-response, motivation for reporting, communication strategy.

1. *Background*

Economic statistics has always been an important part of official statistics. Its role has even increased with the onset of the global economic crisis. While the need for relevant, timely and accurate economic statistics is growing, NSIs are faced with increasing non-response from businesses as well as with the request for burden reduction. The challenge for NSIs is how to motivate enterprises to find NSI's statistics products relevant and fit for purpose and consequently how to motivate reporting units to provide NSIs with timely and high-quality data. But the question is whether both actors, namely NSIs and businesses, know each other well enough to find synergies which will enforce mutual cooperation. How can this be best organised? How to assess if statistical products and services are fit for purpose from businesses needs point of view? How to use the modern technology to support the two-way communication? How to build the trust of reporting units to report sensitive business information, especially in globalised production processes? Could burden reduction at enterprises contribute significantly to a better response? The role of standardisation in statistical production is increasing.

2. *The latest research in the EU - BLUE-ETS Project* (<http://www.blue-ets.istat.it/>)

The BLUE-ETS project was designed with the aim of undertaking research of general interest for the modernisation of economic statistics in the EU. Research has been undertaken on practices within the National Statistical Institutes (NSIs) concerning business burdens and motivation, and on business practices using official statistics and motivation for participating and accurately reporting. Project partners came from official statistics, universities and statistical and policy research. SURS and the Faculty of Economics (EF), University Ljubljana, actively participated in WP2 NSIs' practices concerning business burden and motivation, WP3 Business perspectives related to NSIs' statistics and WP8 Methodological case studies, but also monitored the work in other parts of the project. The final project results will be used for the development work in the next years.

3. *Modernisation of economic statistics at SURS*

Focusing on the recommendation from the BLUE-ETS project proposed in a study (Bavdaž M. at all, 2011), the paper provides insights into the SURS strategies and activities concerning the modernisation of economic statistics.

Recommendation n.1: Knowledge on business uses of NSI statistics should be improved

Although SURS implemented the user segmentation years ago, user requests for data are not systematically documented in a central database. Requests that are submitted through email or a web form are saved in the email program; ordinary mail is archived while phone calls are not saved in any way. In 2012 most of the requests came through email or the web form. SURS is aware of the need for a better understanding of businesses needs and the need for systematic collection and analysis of business requests. SURS plans a substantial upgrade of the current user requests monitoring system by the end of 2013. With the implementation of the new website a new database to systematically document user requests will be set up. All requests for data received via the web form will be automatically documented in the database and the requests received by ordinary mail or email will be entered manually. In 2012 SURS's user support department (information centre team) already established monitoring of telephone requests on the intranet site and the plan is to expand the system to include user segmentation and to monitor all telephone requests, including those received and replied by subject-matter statisticians. By improving the system of monitoring and analysis of user requests, SURS expects to improve its knowledge on data demands by different user groups.

Recommendation n.2: NSIs should consider moving beyond the publicity principle that currently characterises dissemination practices of NSIs towards the principle of dialogue and improve their communication with the business world.

According to Jones J. and Davis K. (2013), communication is one of the central elements for maximising the quality and utility of statistics. The issue of cooperation with data reporters could be dealt with from two perspectives: the data collection perspective and the dissemination perspective. From the data collection perspective the questions such as why the data are being requested, how they will be used, what statistics will be produced from the data, and is confidentiality guaranteed should be clearly explained when requesting the data. From the dissemination perspective communication is essential to prepare types of products relevant for businesses, to explain limitations to using the data, to look at the possible synergies (user/data reporter). Like other NSIs, SURS is

modernising the website, but the challenges how to better serve the business needs are on-going.

Recommendation n.3: NSIs should make more efforts to raise motivation for better reporting

To improve the cooperation with data providers, the Slovenian Statistical Medium-Term Programme 2013-2017 (MPSS 2012)) lists the following key issues: information protection of data collected, communication with data providers, strengthening personal contacts, especially in large enterprises, updating and improving explanations and instructions on reporting for data providers.

The survey environment, however, is becoming increasingly difficult. Not only are respondents more difficult to contact and more heavily bombarded by public polling and market surveys, but there appears to be a greater sensitivity to any intrusion of privacy. For this reason, it is important to explain privacy and confidentiality practices in detail.

SURS has reorganised the data collection part to enable better service to the reporting units. Thus in 2012 we established the unit for communication and cooperation with businesses. At present this organisational unit covers all questions and reactions from inbound and outbound phone calls, emails and paper mails from the reporting units regarding surveys, i.e. answering of questionnaires, modes of reporting. The important outcome is concentration of e-information from responding to all surveys in one point. A further plan is to systematically organise the collected information, analyse it and use it for increasing response rates, improve clarity of instructions, structure of questionnaires, etc. Introduction of new communication and reporting modes – especially electronic questionnaires – gave us the opportunity to introduce survey results into communication in the form of links. With e-reporting mode we expected that the reporting units will seek the information on surveys and we have established a page with frequently asked questions explaining the survey methods which are mentioned in our documents sent to the reporting units. We are planning to improve the page with links to interesting published information. With this we are able to show the reporting units how they can use our information in their operations to achieve higher efficiency of their processes.

So far the cooperation has been too administrative and SURS is starting to introduce more “two-way” cooperation modes. In the past year we introduced e-reminders in our process. This year we are planning to insert short information of our published data in phone contacts, reminders, thank you notes and cordial letters sent to non-responders. With the introduction of e-reporting SURS’s plans are to spread the good practice in sending to the reporting units the tailor made products as thank you notes. The practice of sending the businesses useful information has been established years ago. For example, in business tendencies statistics SURS sends thank you notes for cooperation every month with a special issue of Rapid Reports which is prepared at the level of activity/section in which they operate and for the sector as a whole (construction, manufacturing, retail trade, services). Even though participation in the survey is voluntary, in business tendency statistics SURS has a high response rate (around 90%). Such a high response rate is definitely the result of feedback that enterprises get for participating in the survey in the current month. It should be mentioned that response rates in Slovenian statistics are pretty high but are declining. To reach such high response rates, SURS has to spend a lot of resources to convince the reporting units to report. Furthermore, the editing process requires more and more resources and could impact the quality of data produced. In the near future we will increase the number of personal visits at the business premises to improve contacts with them and to exchange the knowledge on the needs of both partners.

As it was the practice in the past, SURS will include in the outreach and relationship building business associations and other institutions dealing with the business community.

Recommendation n.4: NSIs should upgrade their work on delivering accurate data.

In order to achieve high-quality data on one hand and reduce the burden on reporting units and the SURS production process on the other hand, the need for additional knowledge on how businesses answered the questionnaires was recognised. The quality and timeliness of the data provided by respondents has direct impact on the workload in later phases in the statistical production process, primarily in the editing phase. Additional time is required for both respondents and SURS for clarification. To get more insight into the above mentioned challenges, SURS commissioned a study called the National Project Costs and Errors where in Part II Integrating the Process of Responding and Editing in Official Enterprise Surveys at the Faculty of Economics the main findings written by the authors (Bavdaž M., Bolko I., Lotrič Dolinar A., Ograjenšek I. 2012) are: respondents had not known the reasons for their inclusion in the survey and the purpose of the survey - and these are key elements for motivation; respondents have usually automated the processes of answering; more errors are usually done by respondents who are new in the survey; less than half of respondents report before the deadline; one third of the units have errors in the data, a large proportion of errors are due to missing values and incorrect totals. SURS has been constantly improving questionnaire design and design of other documents such as advance letters. Additional activities have to be done to better explain to the businesses the reason and the purpose why the respondents had been included in the survey, to improve the communication with the respondents on changes done in the questionnaires, in the definitions and in the instructions, metadata and paradata. With the increased implementation of e-reporting, SURS believes that better quality and timely data with less burden of all partners will be assured. As has already been mentioned, SURS is facing declining response rates for some establishment surveys. Although the reporting of the data for the statistical surveys is obligatory by law, some of the enterprises refuse to take part in the statistical surveys. There are several reasons: a generally bad economic situation in the country and additional requests from the state (SURS) are seen as additional burden in answering the questionnaires, especially in micro and small enterprises. Although the use of the administrative sources in Slovenia has significantly reduced the burden in recent years, non-response is increasing. One idea would be that businesses have to be informed about burden reduction already done. SURS also planned to improve work on respondent management: first coordinated samples at SURS were selected in 2012 for 5 surveys based on probability selected samples. First analysis showed some reduction of burdens in small businesses; additional analyses will be done this year with the inclusion of the surveys based on full coverage and cut-offs and with the rough information on the time necessary for answering the questionnaire - this will allow a more in-depth view into the respondent burden.

It is generally known that response burden for statistics is around 0.5% of total burden, but research confirmed that the bigger problem is the perceived burden. This confirms that more cooperation and better visibility of SURS is a constant challenge.

One of the main objectives of the long-term statistical programme (SI MTPSS 2012) is the cost-benefit principle, which requires further standardisation of SURS's production process. At SURS our ambition is to transfer as much communication as possible to the least expensive form - electronic media. This task seems very hard, since we have to deal with a combination of different modes if we want to achieve the goal that each reporting unit is contacted at least once, regardless of the mode of reminding (electronic, paper or telephone). The percentage of the observed units that we were not able to assign the

corresponding email address ranges from 18% up to 69%. The most problematic are again micro and small enterprises, which are also our biggest challenge when it comes to responding to our surveys. In the case of the annual industry survey, we can observe that less than half of the units are sending completed questionnaires by due date. Others have to be reminded in some way. The effect of the first reminder is 23% in the case of key responding units and 16% for others. The effect of the second reminder is 14% for key responding units and 11% for others. And the telephone follow-up has the effect of 11% for key responding units and 7% in the case of other units. As mentioned, the population of micro and small enterprises is the most problematic. At SURS we would like to come up with the strategy that is the least intrusive but effective. With the telephone follow up of key responders and other units SURS tries to obtain more structured information, e.g. missing email addresses, the reason for not responding sooner, etc.

Recommendation n.5: NSIs should actively work to improve statistical literacy among their users in general and their business users in particular.

As recommended in A Guide to Improving Statistical Literacy (UNECE, 2011), NSIs should actively work to improve statistical literacy among their users in general and their business users in particular. Building the statistical literacy is a long-term effort. It starts with proper educational programmes. SURS is happy to report a very good cooperation with research and educational institutions, particularly the fact that SURS has contributed to the organisation of the interdisciplinary graduate and postgraduate study of statistics. Official statistics is a separate module in doctoral study. Interdisciplinary doctoral studies on statistics celebrated its 10th anniversary last year. See more on http://www.uni-lj.si/files/ULJ/userfiles/ulj/doktorski_studij.pdf. It has to be mentioned that study visits to SURS and practical experiences gained by students' participation from different educational levels raise a future generation of well-educated data users and trustful data providers.

4. Conclusion

Following the strategic objectives, SURS has actively participated in the research activities in the EU and in Slovenia. The research done so far is limited and primarily qualitative. Huge variability may be found among businesses even if they are sharing some characteristics (e.g. size). Nevertheless, SURS found the cooperation in the projects and the results very useful for further modernisation of economic statistics. Research results will help to upgrade the strategies and the activities to build the synergy between two roles of businesses in the statistical production process, namely being a user and a data provider. To satisfy new user needs in competitive environment of the rapidly developing information society, methodological, technological and managerial innovations are needed. A new challenge is "big data". Within the work in the High Level Group on Modernisation of Official Statistics HLG-BAS - see more on <http://www.unece.org/stats/search?q=hLG-BAS>) - the Conference of European Statisticians UNECE, CES (2013) published the paper What Does "Big Data" Mean for Official Statistics and the issue has been discussed extensively in the official statistical community. One thing is certain: that big data will have an important impact on the production and dissemination of official statistics. More cooperation and more research are needed in the future. Associations such as the European Network for Better Establishment Statistics (ENBES) – which brings together European practitioners and researchers working with business and economic statistics: in the official sector, academia and private research companies – are very important. ENBES aims are to facilitate

exchange and generate synergies among those interested in methods and applications for statistics based on data that come from - or are about - businesses, organisations, municipalities and similar units. More research and exchange of practices could be found on ENBES website <http://enbes.wikispaces.com/>.

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