

Business and Consumer Surveys in Hungary

(GKI Economic Research Co.)

At the beginning of the 1970's the Economic Research Institute (GKI)¹ started its enterprise surveys with the methodological help of the Munich-based IFO. The surveys collected information on the long-term expectations, intentions and behaviour of the companies and they were implemented twice a year. In the decades elapsed other research institutions also worked out their survey system. The successor of the state-owned GKI, GKI Economic Research Co. – which is now a private company – has continued, moreover, added to the researches. From 1996 – with EU harmonised questionnaires – GKI Co. also surveys the short-term expectations of the companies every month.² Since 1993 GKI Co. has been conducting consumer surveys, too - in accordance with methodological recommendations of EU. GKI Co. researchers presented the most important results of the latter survey-series in several Hungarian and foreign publications as well (including the CIRET conference papers, for instance).

I. Business surveys

GKI Co.'s enterprise surveys on the short-term expectations of trading and manufacturing companies have been conducted every month from January 1996, after three trial surveys in the second half of 1995. Companies of the construction industry are surveyed every quarter. The youngest member of the "family" is the quarterly published survey of the service sector launched in July, 1998. From January of 2001 construction and service sector surveys have been conducted monthly.

For survey purposes, the population is stratified by the number of employees, then the survey's target sample is chosen from the list of companies obtained from the Central Statistical Office of Hungary. Once a year, usually in September, the "old" sample is updated: 20% of the sample companies is thrown out, and the same number of new companies is placed instead so that the proportions by employee number – i.e. the original stratification – remain unchanged. The next table summarises the most important features of GKI Co.'s business tendency surveys.

Together with the industrial surveys, there are investment surveys launched two times a year – in April and November – including the compulsory questions given by the EU. These survey results have been sent to the European Commission Directorate for General Economic and Financial Affairs database since 1999. GKI Co. also participated in the EU harmonised survey on the labour market as the Hungarian partner. Sometimes we examine other topics as well. The Hungarian innovation processes were surveyed several times.

¹ In Hungarian "Gazdaságkutató Intézet" (abbreviated as GKI) means "Economic Research Institute".

² For details see [Csernenszky–Papanek–Pető], [Papanek–Petz–Vértes].

GKI Co. business surveys

	Industry	Retail trade	Construction	Service sector
Start time	January of 1996	January of 1996	March of 1996	July of 1998
Periodicity	monthly	monthly	monthly	monthly
Sample size	1500	1500	1500	1500
Sampling technique	Random	Random	random	random
Response ratio	23-27%	13-17%	13-20%	15-22%

The sectors asked in the industrial, retail trade and construction industry surveys are the same as the branches recommended by the European Commission Directorate for General Economic and Financial Affairs. In the service sector survey, the following branches are requested to fill in the questionnaire:

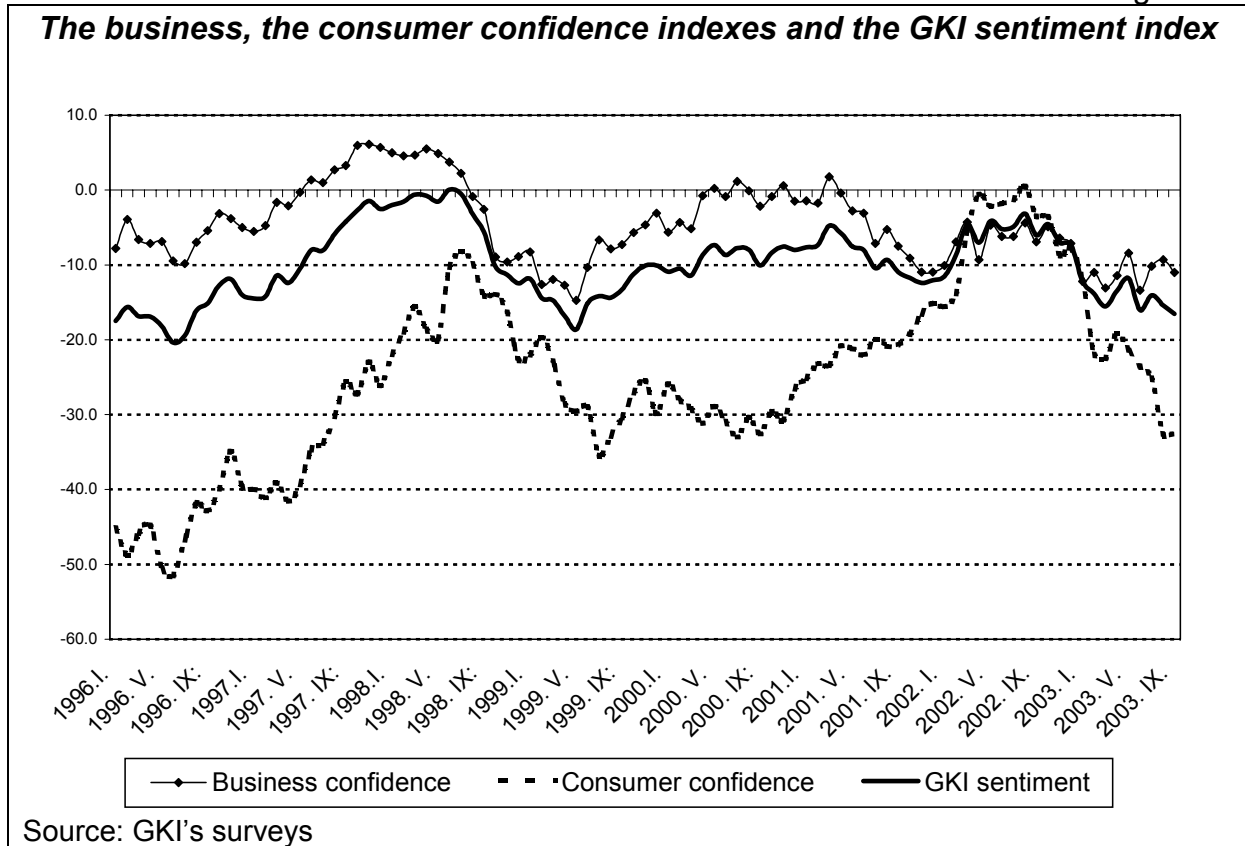
- 55 Hotels and restaurants
- 60 Transportation
- 6420 Telecommunication
- 71 Renting of machinery and equipment
- 72 Computer and related activity
- 73 Research and development
- 74 Other business activities
- 90 Sewage and refuse disposal, sanitation
- 91 Other services

Beside these we regularly (quarterly) conduct financial surveys.

We always analyse the sample properties. As our experiences prove, the sectoral, regional and company size proportions of the samples have remained relatively stable during the surveys, and they do not differ markedly from the corresponding proportions of the population. In the company size structure there were more significant differences. As the smaller enterprises are less willing to respond than the large companies, among the “responders” – as opposed to the national economy – medium sized and large companies are in majority. Despite this obvious drawback, the samples have a favourable property: larger companies play more important role in the business cycles, so the data produced from the sample may as well be closer to the actual attributes of the economy – compared to the case when the small companies have their actual weight in the sample. Our conclusion is that most of the information in our “sample” is relatively solid.³

³ This issue is discussed by two lectures at the 25th CIRET conference: Némethné, P.K.-Papanek, G.-Petz, R.: *Reliability of Sample Data in GKI Co. 's Enterprise Surveys*; Adler, J.-Barta, J.-Petz, R.: *Service Sector Surveys in Hungary*

Figure 1.

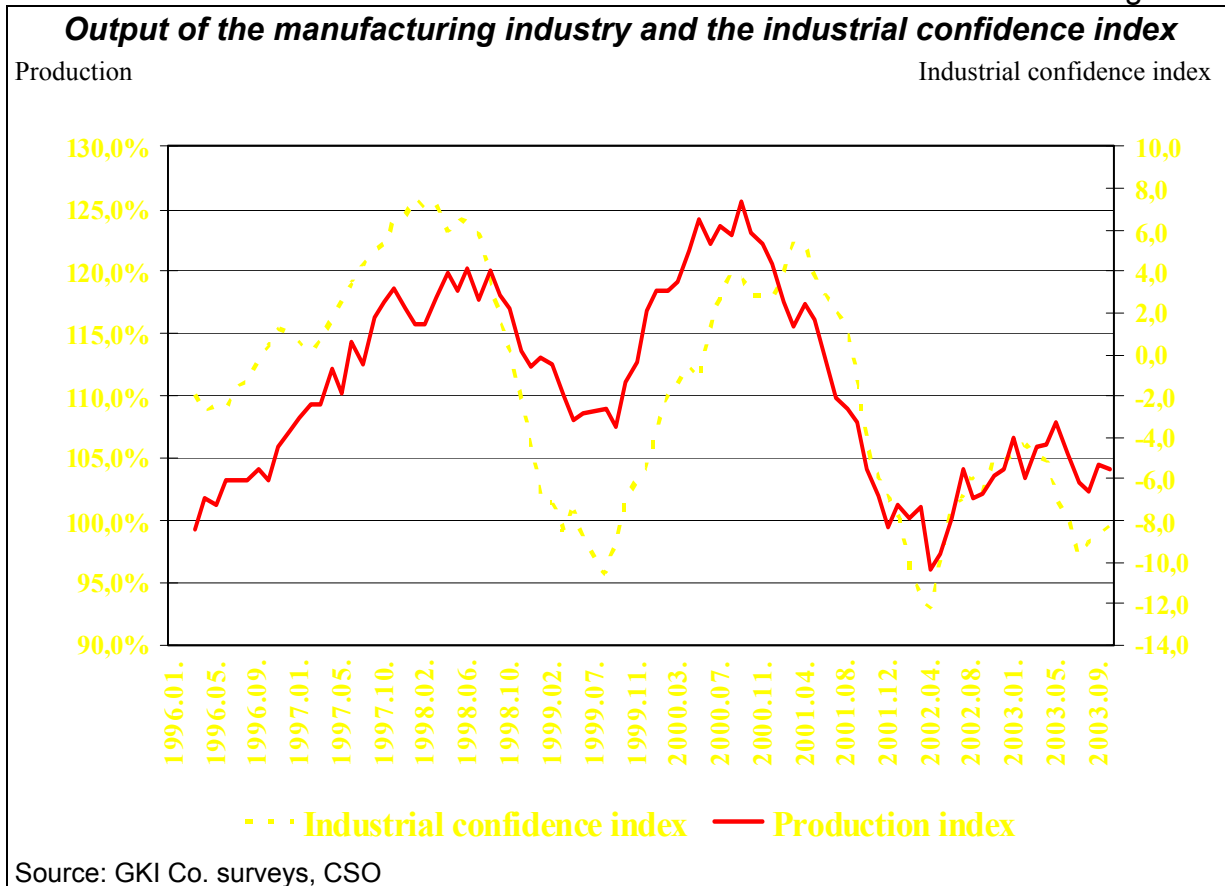


Our philosophy is to be as harmonized as we can, our questionnaires are identical with the EU questionnaires.

Based on the survey results, GKI Co. also computes and publishes composite indexes. The business confidence index is the weighted average of the industrial, retail trade and building sector indexes. With the help of the business and the consumer confidence indexes, the so-called GKI economic sentiment index is computed.

The resulting survey information is used in GKI Co. forecasts and studies. The most important figures of the business surveys are published in almost all Hungarian daily and some weekly economic newspaper (e.g. Figyelő, Építési Piac). Since 1997, these results are published in the European Economy as well. National Bank of Hungary and some large companies subscribe for the periodically published booklets that present the detailed survey results.

Figure 2.



GKI Co. has always done significant efforts to improve its short-term business cycle surveys and to increase publicity for the research results.

- Together with the new questionnaire, the responders receive a small booklet containing the most important conclusions of the previous month's survey.
- The media and the press are informed about the results on a regular basis (see above). In addition, scientific and educational articles are published about the survey type and the possibilities of using the results.

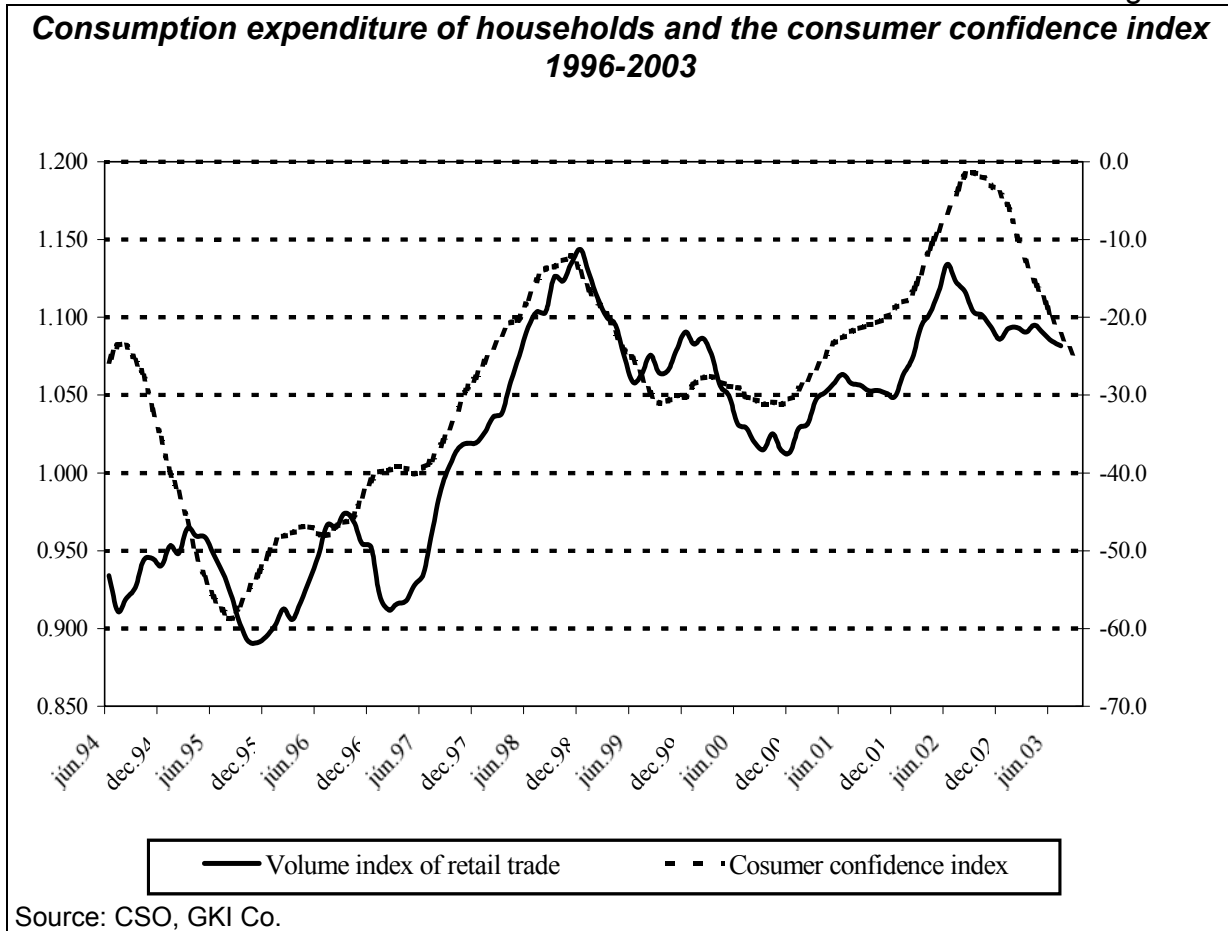
Nevertheless, we still have to face some problems:

- The government is less interested in the information provided by the business tendency surveys.
- This survey method became a fashion in Hungary. In recent years, other research organisations started similar surveys, the methodological background for which is rather questionable – the sampling and surveying methods has not yet been published. The National Bank of Hungary “audited” the research institutions that undertake empirical researches, and GKI Co. was “rated the best”. Experts from NBH will give account of their work at the CIRET conference as well.
- The response ratio is still far below the EU average. Although the tests of the responses are reasonably solid, i.e. the received samples proved to be of quite a stable structure throughout the survey series, GKI Co. would like to improve this indicator.

II. Consumer surveys

GKI Co. has been conducting monthly surveys on the households' expectations since 1993. The consumer confidence index – computed from the results – is also available since 1993. The questionnaire is the Hungarian language version of the EU harmonised questionnaire, and the computation methods (balances) are also equivalent to those used in the EU. The surveys themselves are implemented in the opinion poll section of Szonda Ipsos, on a monthly basis, with a 1500 member representative sample. Beside the 12, monthly asked questions, every quarter we also have 3 additional questions on investments.

Figure 3.



From the index changes we managed to verify at least ex post the forecast of household consumption. In fact to do the verification, we have to calculate quarterly average from the raw index, because the Central Statistical Office measures consumption only quarterly. Although we have not yet constructed linear regressions or autoregressive models, the interrelation is visible.

In the first years, the government (Ministry of Finance) and one of the largest Hungarian insurance companies subscribed for the short report that summarised the survey results. As time went by, there was less and less interest in this publication; it has not been ordered for years now. Based on the survey results, we make business forecast for the passenger car market; as the facts correspond fairly well to these forecasts, there are some subscribers.

Results of the consumer surveys are published in almost all Hungarian daily and some weekly economic newspapers (e.g. Figyelő). Since 1995, these results are also published in European Economy.

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