

Response option for production constraints amended

BACKGROUND

Since 1996, the Economic Tendency Survey has been part of the European Commission Directorate-General for Economic and Financial Affairs (DG ECFIN) Joint Harmonised EU Programme of Business and Consumer Surveys. This harmonisation means that the results of these surveys need to be comparable across the EU member states. Until now, the questionnaires sent to firms in the manufacturing industry and the building and civil engineering industry in Sweden have included a response option formulated differently to the EU standard, complicating such comparisons. This difference has existed ever since Sweden began to deliver data to the EU in 1996.

In the manufacturing survey, the following question is affected: “What main factors are currently limiting your production?” One of the Swedish response options has previously been “Shortage of machinery and plant capacity” and has now been amended to “Shortage of material and/or equipment”.

In the construction survey, the question affected is: “What main factors are currently limiting your building activity?” The previous Swedish response option “Shortage of machinery capacity and/or building materials” has again been amended to “Shortage of material and/or equipment”. The difference between the old and new response options is smaller here than in the manufacturing survey. The question on production constraints is put to building and civil engineering firms every month, but to manufacturing firms only once a quarter.

At present, many manufacturers are encountering shortages of materials and other supply constraints. Given the recent situation with extensive shortages of materials, many firms will have previously chosen the response option “Other factors”. Had the Swedish response option been “Shortage of material and/or equipment” rather than “Shortage of machinery and plant capacity”, a substantial proportion of the firms previously responding “Other factors” would presumably have chosen the option “Shortage of material and/or equipment” instead.

HOW ARE WE DEALING WITH THIS?

Starting from the October 2021 survey, the Swedish National Institute of Economic Research (NIER) has amended the response options in both the manufacturing and construction surveys so that they conform to the EU standard.

In the manufacturing survey, the share of firms responding “Other factors” fell from 33 per cent in July to 13 per cent in October, while the share choosing the response option now reformulated as “Shortage of material and/or equipment” climbed from 25 to 41 per cent. Much of this change in the manufacturing survey stems from the automotive industry, where the share of firms responding “Other factors” decreased from 71 to 6 per cent, and the share choosing “Shortage of material and/or equipment” increased from 20 to 63 per cent.

In the construction survey, too, there was an increase in the percentage of firms choosing the reformulated response option in the October survey. It is difficult to know whether the changes in the results are down to the revised wording or would have occurred anyway.

As a result of the NIER’s reformulation of this response option, there will be a break in the time series for “Shortage of material and/or equipment” and “Other factors” in the manufacturing survey. We do not intend to attempt to link the old series with the new series to aid comparability, because we do not see how such an adjustment could be made.