



## METHODOLOGICAL EXPLANATION

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# BUSINESS TENDENCY

This methodological explanation relates to the data releases:

- Sentiment indicator, monthly (First Release)
- Business tendency, monthly (First Release)



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## 1 PURPOSE

The purpose of publishing the data on Business Tendency (PT) is to get monthly information about past, current and future state of the economy and households.

Published key statistics are:

- Sentiment indicator
- Confidence indicators in manufacturing, retail trade, construction and services

## 2 LEGAL FRAMEWORK

- [Annual Programme of Statistical Surveys \(LPSR\) \(only in Slovene\)](#)
- [National Statistics Act \(OJ RS, No. 45/95 and 9/01\)](#)
- Legal basis for the Survey: [“Joint Harmonised EU Programme of Business and Consumer Surveys”](#)

The business surveys are co-financed by the European Commission. However, the European Commission accepts no responsibility or liability whatsoever with regard to the material published in this document.

## 3 UNIT DESCRIBED BY THE PUBLISHED DATA

The published data describe the situation and expectation of main economic indicators. The data are published according to the Standard Classification of Activities (Slovene version of NACE Rev. 2) and individual economic indicators.

## 4 SELECTION OF OBSERVATION UNIT

The observation units are enterprises registered according to the Standard Classification of Activities (SKD 2008):

Business Tendency	SKD 2008
Manufacturing	C Manufacturing (from 10 to 33)
Retail trade	G Wholesale and retail trade; repair of motor vehicles and motorcycles (45, 47 except 46 wholesale trade)
Construction	F Construction (41, 42, 43)
Services	H Transportation and storage (49, 50, 51, 52, 53)
	I Accommodation and food services activities (55, 56)
	J Information and communication (58, 59, 60, 61,

	62, 63)
	K Financial and insurance activities (64, 65, 66)
	L Real estate activities (68)
	M Professional, scientific and technical activities (69, 70, 71, 72, 73, 74, 75)
	N Administrative and support service activities (77, 78, 79, 80, 81, 82)
	R Arts, entertainment and recreation (92, 93)
	S Other service activities (95, 96)

Performance of enterprises is monitored by main activity. The main activity performed by a enterprises is the statistical activity defined in the Statistical Business Register for statistical purposes, and is in some cases different from the registered activity defined in the Business Register of Slovenia, which is kept by AJPES. The statistical activity is determined for the major units for which it is evident from the existing statistical data that their classification would differ from the classification regarding the registered activity.

In construction, retail trade and services the panel includes all large and medium-sized enterprises and a share of small enterprises, while in manufacturing all large and a share of medium-sized and small enterprises are included. The sample of enterprises is selected on the basis of threshold by two criteria:

- the size of the enterprise (the number of employees in accordance with the Companies Act; in retail trade according to turnover) and
- the classification of the enterprise by main activity.

The size of the enterprise depending on the number of employees:

- a small enterprise has up to and including 50 employees,
- a medium-sized enterprise has more than 50 and up to and including 250 employees,
- a large enterprise has more than 250 employees.

Threshold in manufacturing:

- at least 20 employees for individual entrepreneurs,
- at least 10 employees for other enterprises.

Threshold in retail trade:

- for entrepreneurs: turnover of at least EUR 320,500.00 or at least 10 employees,
- for other enterprises: turnover of at least EUR 320,500.00 or at least 5 employees.

Threshold in construction:

- at least 10 employees, without individual entrepreneurs.

Threshold in services:

- in groups 50, 51, 52, 55, 56, 62, 63, 66, 68, 69, 70, 71, 73, 74, 77, 78, 79, 81, 80, 82, 95 at least 5 employees, in other groups of activity at least 10 employees.

There are around 2,913 units in the survey.

## 5 SOURCES AND METHODS OF DATA COLLECTION

Data are collected monthly.

Observation units which are already registered in the eSTAT web application fill in the questionnaire on the website; other observation units are called from the CATI (computer-assisted telephone interviewing) studio. Reporting units send questionnaires to the Statistical Office by 10th of the current month with the data for the current month. Persons responding to the monthly questionnaire are managers of enterprises or other executives. They respond between the 1st and the 15th in the month. The questionnaire is completed by approximately 2,300 units each month.

Data for the survey are not obtained from administrative sources.

## 6 DEFINITIONS

The results are shown as the **balance** by individual questions. The balance is the difference between the share of positive and negative answers.

**Sentiment indicator** is a weighted indicator of the confidence indicators in manufacturing (40%), services (30%), consumer confidence indicator (20%), retail trade (5%) and construction (5%).

The **confidence indicator in manufacturing** is the average of balances to the questions on production expectation, assessment of overall order books and assessment of stocks of finished products (the latter with inverted sign).

The **confidence indicator in retail trade** is the average of balances to the questions on sales, expected sales and the present volume of stock (the latter with inverted sign).

The **confidence indicator in construction** is the average of balances to the questions on order-books assessments and employment expectations.

The **confidence indicator in services** is the average of balances to the questions on business situation, demand and expected demand.

The **consumer confidence indicator** is the average of balances, calculated from answers to the questions about the current household financial situation, the expected household financial situation, the expected general economic situation in the country and the expectations for major purchases.

The **long-term average** is the average of balances from the beginning of the time series to December of the previous year.

### **Limiting factors**

We display the results for the limiting factors in two ways:

#### **1) % of companies**

- results for companies where revenue or the number of employees is not taken into account (interpretation: what proportion of companies in the industry experience certain restrictions).

#### **2) % of employees** (in services, manufacturing and construction)

- where we take into account the number of employees in each company (interpretation of the result: what proportion of employees in Slovenia in a certain activity feels, for example, the effects of insufficient demand).

#### **% of revenue** (in retail trade)

- we take into account the amount of sales revenue in an individual company.

- interpretation of the result: what share of sales revenue in Slovenia in a certain industry is influenced by e.g. restrictions due to low demand.

**Labour Hoarding Indicator** measures the percentage of managers or other persons in a managerial position expecting their firms output to decrease, but employment to remain stable or increase. A decrease in output **in retail trade** means a decrease in the volume of sales, **in services** a decrease in the volume of demand for the company's services, **in construction** a decrease in the volume of overall orders books, and **in manufacturing** activities a decrease in the volume of production.

## **7 EXPLANATIONS**

### **7.1 CLASSIFICATIONS**

The Standard Classification of Activities ([SKD](#)) 2008 is the national version of the European statistical classification of economic activities [NACE Rev. 2](#), which includes all activities of the European classification and at the same time adds some national subclasses.

### **7.2 DATA PROCESSING**

#### **DATA EDITING**

For Business Tendency data statistical data editing is not used.

## **WEIGHTING**

With weighting adjustment we want to achieve representativeness of the sample, so that the weighted data give us as good population estimates as possible. The process of weighting depends on the sampling design, the unit non-response rate and available auxiliary variables used for calibration. The final weight is the product of the sampling weight, the non-response weight and the calibration factor.

## **SEASONAL ADJUSTMENT**

All indicators are directly seasonally adjusted, except for the ones mentioned below, which are indirect:

- Confidence indicator in manufacturing
- Confidence indicator in retail trade
- Confidence indicator in construction
- Confidence indicator in services
- Sentiment indicator

For seasonal adjustment of time series we use the TRAMO/SEATS method. A time series model is set up, and it is revised in detail and corrected about once a year. By using the model, the time series is decomposed into:

- the trend-cycle component (which consists of the trend and cyclical movements over a period longer than one year),
- the seasonal component (which consists of the seasonal effects and the calendar effects; the calendar effects are composed of the working day effect, the leap-year effect, the holiday effect and the Easter effect),
- the irregular component (which consists of random fluctuations and some outliers).

Seasonally and calendar adjusted data (seasonally adjusted data) are original data from which the seasonal and calendar effects are eliminated.

For more, see the general methodological explanations [Seasonal adjustment of time series](#).

## **DATA PROCESSING OTHER**

### **CALCULATION OF BALANCES IN BUSINESS TENDENCY**

#### *Example*

The respondents are asked: Do you think that your current business situation is... We get the following answers:

- 35% of respondents assess their business situation as good,
- 40% of respondents assess their business situation as satisfactory,
- 25% of respondents assess their business situation as bad.

The enterprises that assessed their situation as satisfactory are considered to be »neutral« and do not affect the result of the business situation appraisal. The two remaining percentage values (35-25) are now balanced. The resulting value of 10 is the assessment of the business situation.

### **7.3 INDICES**

Indices are not published.

### **7.4 PRECISION**

The precision is not calculated.

### **7.5 OTHER EXPLANATIONS**

Some totals do not add up due to rounding.

Data that are statistically protected to respect the confidentiality of reporting units are replaced with the letter »z«.

## **8 PUBLISHING**

- SiStat Database: [Enterprises](#) – Business Tendency; Sentiment indicator, Business tendency in retail trade, Business tendency in services, Business tendency in manufacturing, Business tendency - investment in manufacturing, Business tendency in construction. Quality of Life: Consumer Opinion. The results are shown as the balance by individual questions for sector and total.
- First Release (Enterprises, Business Tendency): »Sentiment indicator, monthly«.
- First Release (Enterprises, Business Tendency): »Business tendency, monthly«.
- [European Commission \(EC\)](#)

## **9 REVISION OF THE DATA**

### **9.1 PUBLISHING OF PRELIMINARY AND FINAL DATA**

Provisional data are not disseminated. Only final data are published.

## 9.2 FACTORS INFLUENCING COMPARABILITY OVER TIME

Until March 2002 the sentiment indicator was calculated only from the confidence indicators in manufacturing and retail trade and the consumer confidence indicator. Since April 2002 also the confidence indicators in construction and services have been included in the calculation of the sentiment indicator.

According to the instructions of the European Commission, in May 2021, the part of the Business Tendencies questionnaire was changed, namely the part that refers to investments in manufacturing activities. In accordance with this change, the entire time series was also recalculated and then republished, thus ensuring comparability of data across years.

## 10 OTHER METHODOLOGICAL MATERIALS

Methodological materials on SURS's website are available at <https://www.stat.si/statweb/en/Methods/QuestionnairesMethodologicalExplanationsQualityReports>.

- Questionnaire (only in Slovene):
  - Poslovne tendence (PT)

Theme: Enterprises, Subtheme: Business tendency

- Quality report for the survey:
  - Business tendency

Theme: Enterprises, Subtheme: Business Tendency