

**Findings and Recommendations from Cognitive Testing
of the Imported Services Screener Question**

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Background

The imported services item was proposed by the Bureau of Economic Analysis (BEA) in order to facilitate the building of a survey frame of companies in the U.S. that purchase services from foreign providers. The item includes a yes/no screener question with a follow-up question asking whether the value of purchased services is greater than a certain amount. It is intended for inclusion on a future self-administered questionnaire.

Purpose

This report documents issues that arose during the cognitive testing of the imported services item. The testing focused on two primary research questions:

- How do respondents comprehend the imported services items and their specific terminology?
- How do respondents complete these items, including types of records needed, interactions with other company personnel, etc.?

Methodology

The cognitive interview protocol was developed in May 2006. Thirteen interviews were conducted that same month: five personal interviews and eight via telephone. Interviewees from the local Washington/Baltimore metropolitan area were recruited from lists provided by BEA and by Census EPCD staff. The BEA list contained companies known to BEA to purchase services from foreign entities, while EPCD generated a list of companies for whom it was not known whether they purchase such services. By recruiting from the two lists, we were able to test the imported services item with respondents for whom it was applicable as well as with those for whom it was not applicable, in order to assess the likelihood of erroneous positive responses.

During the interviews, respondents were asked to complete the first two pages of the 2005 Report of Organization, in which the imported services item was embedded. Some respondents completed the form in advance of our interview, while others reviewed it for the first time during the interview. Those who completed the form in advance were asked to describe the process they went through in completing it (a retrospective technique) and those who were seeing the form for the first time were asked to describe the process they *would* go through in providing the requested information (a concurrent “think-aloud” technique). The “think-aloud” technique allowed us to pinpoint problems respondents encountered as they cognitively processed specific parts of the survey item. Although the retrospective technique asked respondents to recall their reporting actions from some point in the past, it had the advantage of allowing us to deconstruct respondents’ actual reports, unlike the concurrent interviews in which descriptions of response processes could be somewhat hypothetical.

Rebecca Morrison and Dave Tuttle conducted the cognitive interviews. We conducted all the telephone interviews together except one, but we conducted

the personal interviews separately. During the interviews we probed respondents' interpretations of "purchased services" and "affiliated and unaffiliated foreign entities," terms that are most critical to respondents' correct understanding of the question and which we anticipated might prove problematic. We also probed their perception and comprehension of instructions in parentheses, which contained additional details critical for correct understanding.

Findings and Recommendations

Overall, respondents had few problems in comprehending the imported services item. The item is somewhat complicated and respondents often had to read it two or more times in order to comprehend it fully, but everyone was able to understand what it asks for. The follow-up question was also clear, although somewhat more problematic in that respondents do not always have access to the information they need to answer it correctly. For example, they may not know whether their service providers are foreign entities or foreign-owned US companies, and may not be able to tell whether a payment is for services or goods. Also, their records may contain details that are too small for them to notice but that add up to more than greater than \$250,000. Respondents often have to go to other personnel or departments for assistance in answering the questions, e.g., accounts payable, supply chain, or professional services. These are issues unrelated to the design of the question, and we have no recommendations for remedying them.

We observed a few problems that can be addressed through modifying the questionnaire in which the item will appear. One recurring issue was what exactly is meant by a "service". For example, a few respondents wondered whether buying software is considered a service or a good. Likewise, one respondent wondered whether buying an article from an author for publication in a journal would be a service or a good. We recommend adding some clarification of "service" to the instructions accompanying the form, as there is no room within the item for a lot of additional text.

Some respondents said they would include services purchased by their companies' foreign subsidiaries. For the version of the question asked of multi-unit companies, we suggest adding wording to the effect of "Exclude services purchased by your company's foreign affiliates" to the parenthetical instruction appearing after the question (there should be enough room for that). Also for multi-unit companies, it may also be useful to change the question to read, "...did your company or its US affiliates purchase..." No such change is necessary for the question asked of single-unit companies.

Some respondents said they would include goods, apparently because the word "imported" found in the item header made respondents think of goods. For this reason, and also since the services do not necessarily have to be "imported," i.e., performed within the U.S., we recommend changing the header for both single-

and multi-unit versions to something like “Services Purchased from Foreign Entities” to more accurately reflect the nature of the question.

Revised Question

Note: The suggested revision below is only for forms going to multi-unit companies. For single-unit companies, only the item title should change, not the question itself.

② Services Purchased from Foreign Entities

- A.** In 2005, did your company or its U.S. affiliates purchase services from any affiliated or unaffiliated foreign entities (i.e., located outside the 50 States, District of Columbia, U.S. Commonwealth Territories, or U.S. possessions)? *(Include services purchased from foreign entities regardless of where the services were performed. Exclude services purchased from domestic subsidiaries of foreign firms. Exclude services purchased by your company’s foreign affiliates.)*



Mail your completed form to:
U.S. CENSUS BUREAU
1201 East 10th Street
Jeffersonville, IN 47132-0001

address label

Need help or have questions about filling out this form?

Visit our Web site at
www.census.gov/econhelp

- OR -

Write to the address above.
Include your 11-digit Census File Number (CFN) printed in the mailing address.

(Please correct any errors in this mailing address.)

YOUR RESPONSE IS REQUIRED BY LAW. Title 13, United States Code, requires businesses and other organizations that receive this questionnaire to answer the questions and return the report to the U.S. Census Bureau. By the same law, **YOUR CENSUS REPORT IS CONFIDENTIAL.** It may be seen only by persons sworn to uphold the confidentiality of Census Bureau information and may be used only for statistical purposes. Further, copies retained in respondents' files are immune from legal process.

The purpose of this form is to obtain an accurate and up-to-date list of your establishments, i.e., separate business locations that were in operation or new plant(s) under construction during part or all of 2005. This list should include establishments of your company and each of its subsidiaries. To make it easier for you to complete this report, we have prelisted information in 5A that you have previously provided to the U.S. Census Bureau. Please list all other establishments of your organization on 5B. Do not duplicate establishments already prelisted in 5A. Be sure to include items 1 through 4 when returning your completed report form. Before completing this form, please read the enclosed definitions and instructions.

1 COMPANY OWNERSHIP OR CONTROL

A. DOMESTIC OWNERSHIP OR CONTROL

1. Does another domestic company hold more than 50 percent of the voting stock of your company **or** have the power to control the management and policies of your company?

Yes - Enter the following information on the owning or controlling company ↴

No - Go to line B

Name of owning or controlling company	Enter Employer Identification Number (EIN) of owning or controlling company (9 digits) →		-		
Home office address (Number and street)					
City, town, village, etc.				State	ZIP Code

2. What percent of voting stock was held by owning **or** controlling company? (Mark "X" only ONE box.)

Less than 50% 50% More than 50%

1 COMPANY OWNERSHIP OR CONTROL - Continued

B. FOREIGN OWNERSHIP OR CONTROL

Does a foreign entity (company, individual, government, etc.) own directly or indirectly 10 percent or more of the voting stock or other equity rights of your company?

Yes - Enter the following information on the owning entity and go to line C 7

Name of foreign beneficial owner		
Home office address (Number and street)		
City	Country	
What was the percent ownership (direct and indirect)? (Mark "X" only ONE box.)	<input type="checkbox"/> 10-24%	<input type="checkbox"/> 50%
	<input type="checkbox"/> 25-49%	<input type="checkbox"/> 51-99%
		<input type="checkbox"/> 100%

No - Go to line C

C. FOREIGN AFFILIATES

Does this company alone, or with its domestic affiliates, own 10 percent or more of the voting stock of an incorporated foreign business enterprise, or an equivalent interest in an unincorporated business enterprise, including ownership of real estate?

Yes

No

2 IMPORTED SERVICES

A. In 2005, did your company purchase services from any affiliated or unaffiliated foreign entities (i.e., located outside the 50 States, District of Columbia, U.S. Commonwealth Territories, or U.S. possessions)? (Include services purchased from foreign entities regardless of where the services were performed. Exclude services purchased from domestic subsidiaries of foreign firms.)

Yes - Go to line B

No - Go to 3

B. What was the value of services purchased from foreign entities during 2005?

Less than \$250,000

\$250,000 or more

3 EMPLOYEES FROM A PROFESSIONAL EMPLOYER ORGANIZATION

Did your company lease 50 percent or more of your permanent full- and part-time workforce from a Professional Employer Organization during 2005? (Permanent workforce excludes temporary staffing from a staffing service and contractors.)

Yes

No

4 CERTIFICATION - This report is substantially accurate and was prepared in accordance with the instructions.

Name of person to contact regarding this report				Title				
Telephone	Area code	Number	Extension	Fax	Area code	Number		
		-				-		
Internet e-mail address				Date completed		Month	Day	Year