# The use of incentives for Statistics Canada's household surveys

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**Abstract**: To confront the problem of decreasing response rates in household surveys, Statistics Canada has been looking at various options. In particular, it has investigated the possibility of making more household surveys mandatory and the possibility of introducing the use of incentives for some household surveys. In this paper, we focus on the latter. We have reviewed the literature on incentives, giving special consideration to their use in large-scale household surveys conducted by national statistical organizations. Based on the findings, in conjunction with “local” considerations, we have come to some tentative conclusions (e.g., financial incentives will only be used in exceptional cases) and begun developing formal guidelines on the use of incentives. In this paper, we discuss these conclusions.

1. **Introduction**

To deal with the problem of decreasing response rates in household surveys, Statistics Canada, like similar organizations throughout the world, has looked at numerous options such as improving the data collection process by making better use of paradata, using better communication strategies with potential respondents, and making more household surveys mandatory (currently, with the exception of the census and the monthly Labour Force Survey, Statistics Canada’s household surveys are voluntary). In the past year, the feasibility and desirability of using incentives was also investigated, and this is the focus of this short paper.

We remark that the use of incentives by national statistical organizations can be controversial. Consider the following item from the January 2013 issue of the ASA’s Survey Research Methods Section Newsletter:

***Bill banning incentives on federal surveys introduced in [U.S.] House***

*For the second time in four months, Congressman Scott Tipton (R-CO) has taken action to prohibit the use of federal funds for survey incentives. On October 5, he introduced H.R. 6569, the Survey Savings Accountability Act, which states,*

*An executive agency may not provide to an individual compensation that is*

*(a) included with a survey or mailing to encourage the individual to return the survey or mailing; or*

*(b) in exchange for a response to a survey or mailing.*

This particular legislation did not pass, but it is indicative of one view that is not likely to disappear soon.

Traditionally, Statistics Canada has not used monetary incentives for its surveys. However, in light of recent nonresponse trends, it became evident that their use should be considered. Two loosely connected working groups were formed. The first group looked at the literature on incentives as well as practices in other statistical agencies. A second agency-wide group was formed to look at broader issues such as “local” conditions, the legal framework (stemming from Canada’s Statistics Act) and the impact the use of incentives might have on the public’s image of Statistics Canada.

The two groups considered all types of incentives: non-monetary incentives such as small gifts and feeding back survey results to respondents, monetary incentives or their equivalent (e.g., pre-paid gift cards), and the reimbursement of expenses incurred by respondents. For the latter, Statistics Canada has some experience: for the Canada Health Measures Survey (CHMS), respondents are first interviewed at home. They are then invited to go to a designated clinic on their own. Typically, respondents drive to the clinic in their own vehicle or take public transportation. Because this is somewhat exceptional (compared to our usual surveys), respondents who attend the clinic are paid a fixed amount as compensation.

The working groups considered incentives along different dimensions such as universal versus selective incentives (e.g., should only initial refusals, young adults and other low-response groups be offered an incentive?) and pre-participation (unconditional) versus post-participation (conditional) incentives. In its review, the first group looked at the impact of incentives both on response rates and on bias (representativity). We will not discuss the literature review here, other than to mention that there were no surprises compared to previous similar reviews. A document summarizing the findings of the review is being prepared.

1. **The Statistics Canada context and experience**

Over the last twenty years or so, Statistics Canada has tested the use of incentives in a limited way. Canada’s household expenditure survey, the Survey of Household Spending (SHS) and its earlier version called the Family Expenditure Survey (FAMEX), is very burdensome. As a result, both versions of the survey conducted tests on the effect of incentives. The FAMEX results, in 1990, indicated that non-monetary incentives had no significant impact on response rates. In the case of the SHS test, in 1997, almost one in five respondents said (in a post-survey questionnaire) that incentives influenced their participation in the survey, but overwhelmingly, the primary factor in their decision to respond was a sense of responsibility. In the same test, the effect of a telephone calling card incentive on response rates was modest but statistically significant.

Statistics Canada conducts its International Travel Survey (ITS) using several collection methods. In one method, people entering the country are given a questionnaire that they can fill out later and mail back. The return rate for these questionnaires is very low. In a test conducted by the ITS in 1998, the promise of a small gift (e.g., a travel guide or a poster) to respondents resulted in a two percentage point increase in the return rate, from 9% to 11%.

Finally, the longitudinal National Population Health Survey (NPHS) conducted six post-survey focus groups in 2009. The focus group participants were recruited from respondents to the survey. One noteworthy observation was that token gifts such as bookmarks and key chains (referred to as “trinkets” by some focus group participants) had no impact on the decision to participate in the survey and, in fact, these gifts were viewed as a waste of money.

Since Statistics Canada operates under the Statistics Act, the second working group looked at whether there are any implications of the law on the use of incentives. It turns out that the use by Statistics Canada of lotteries and contests to encourage response is likely not legal under the Act (in fact, lotteries are illegal under the Criminal Code). This is relevant because some surveys conducted by private sector firms offer such incentives (e.g., “a chance to win a free trip if you respond”), and this option has been raised by some of our clients.

Surveys conducted by Statistics Canada can be divided into two broad categories: our “own” surveys, whose funding is part of Statistics Canada’s ongoing budget, and cost-recovery surveys[[2]](#footnote-2). A typical cost-recovery survey is funded by another government department (such as Health or Transportation) but is conducted by Statistics Canada. This dichotomy in survey funding raises the issue of consistency in our approach to the use of incentives. Even if Statistics Canada were to decide never to use incentives for “its own” surveys, there could be pressure from other departments to use them for the cost-recovery surveys that they fund.

1. **Working group conclusions and recommendations**

The agency-wide working group mentioned in the introduction was tasked with making recommendations on next steps. Their principal recommendation was that Statistics Canada develop formal guidelines on the use of incentives. They also recommended that monetary incentives only be used in exceptional cases and that these exceptions would need to be approved at the highest level (Statistics Canada’s Policy Committee). This should apply to all surveys conducted by the agency, including cost-recovery surveys. It is noteworthy that the use of monetary incentives has not been ruled out because, until now, the use of monetary incentives has not been a part of “StatCan culture”.

The working group recommended continuing to reimburse participants for exceptional costs (as in the CHMS case mentioned above). It also suggested that the agency look for inventive ways of providing survey results back to respondents, particularly at the local level, and that it focus on a communication strategy to increase response rates. Finally, in their report to senior management, the working group noted that the use of small gifts as incentives is not likely to improve response rates and may create a negative perception of the agency.

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**Discussion**

How different is Statistics Canada’s approach to incentives compared to other statistical organizations?

Should/must government statistical agencies be more “conservative” than private sector organizations when it comes to the use of incentives?

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2. In fact, some surveys are part of Statistics Canada’s ongoing budget but also receive external funding for additional or “top up” sample. [↑](#footnote-ref-2)