




Annual Report 2021

'Another virtual year'

June 2022



'Our job is to lay the facts on the table'

Last year was a challenging one for KOF but one that also produced outstanding achievements. Executive Committee chairperson Julia Dannath plans to work closely with director Jan-Egbert Sturm to put in place the structures needed to ensure that KOF remains successful in future.


Julia Dannath, you have been chairing KOF's Executive Committee since January 2021. How would you describe your role?

Julia Dannath: The Executive Committee is a supervisory body whose remit includes approving KOF's budget and devising its strategy. It is a governance body rather than an operational one. The Executive Committee's terms of reference are laid down in the contractual agreement with the Swiss Society for Economic Research (SGK). However, the events of recent years have taught us that there are things defining the relevant interactions and the terms of reference that need to be reconsidered

being my job much more than contributing new ideas. Nonetheless, I think it would be interesting for KOF to engage much more than it has previously with the other ETH units such as the AI Center. I believe that such collaborations could become increasingly important for KOF in future and that they will be used more effectively.

Last year saw structural changes at KOF. Two professorial chairs were lost as a result. Could you explain this decision in more detail?

Jan-Egbert Sturm: For several years we had had – in addition to my professorial chair – two further chairs that were linked to KOF like satellites. We had hoped that this would produce strong synergies and spill-overs in both directions. Given its national remit, KOF pursues highly applied research. These professorial chairs are very research driven and active in teaching. However, KOF does not operate like a professorship. We have specific production processes and procedures which, because of our national remit, have to be in place. But the relevant incentives were, in my view, structured in such a way that the separation between KOF and these professorial chairs increased. This ultimately led to the loss of these chairs, which is a shame as far as we are concerned, because such stimulus from



'KOF has to integrate science, we want to be scientifically strong.'

Professor Jan-Egbert Sturm

or revised. My job is to work closely with Jan-Egbert Sturm in order to provide KOF with the structures that enable it to operate as successfully as possible. KOF now needs to be reconfigured and consolidated if it is to remain successful. What is needed is someone to accompany KOF through these turbulent times. And I see that as

academic research is important to KOF. We will now have to find ways of internally rebuilding the expertise that is no longer directly available to us. We must, for example, provide resources in the field of public finance to ensure that we can achieve more here. This also applies to issues such as innovation and internationalisation. At the same time, we need to consider what that means in structural terms. Julia Dannath has already touched on this subject. These areas were clearly structured in such a way that, viewed in the long term, it was not competitive for researchers strongly focused on the academic market to work at KOF. We

therefore have to consider how we can adjust these structures accordingly.

Where do you see KOF's role in the tension between its national remit, applied work and academic research?

Dannath: As far as ETH is concerned, it is essential for KOF to combine all of these aspects, integrating its cutting-edge research into its applied research and applied work. That's what makes KOF so successful.

Sturm: KOF has to integrate academic research, and we aspire to be strong in this field. But we must always bear in mind that our remit is to analyse and monitor the



Dr Julia Dannath, Chair of the KOF Executive Committee and ETH Vice President Personnel Development and Leadership, with Prof. Jan-Egbert Sturm, Director of KOF.

Swiss economy. Our job is to lay the facts on the table – in a highly practical way so that others can make political decisions on a sound basis.

‘The combination of applied work and scientific research is what makes KOF successful.’

Dr Julia Dannath

Looking back, how would you assess 2021 now? What was it like for KOF and what were the main challenges?

Sturm: We faced both internal and external challenges. One external challenge was monitoring the COVID-19 pandemic. We collected, analysed and provided large amounts of data on this topic in 2020. And, implicitly, KOF performed a role in the Swiss National COVID-19 Science Task Force, of which I was vice-chair last year. Our members of staff carried out many calculations, thereby making a major contribution here as well. This was extremely important during this two-year pandemic. Our work has always had a practical focus; but in all my 16 or so years of working for ETH, even I had never before been quite so closely involved in the political decision-making process as I was in the past two years. And internally we had to adjust and redesign many models to enable us to manage the COVID-19 situation. We were not only approached more by external partners because people were suddenly keen to understand what impact coronavirus would have on the economy: internally, too, we had much more work than we would have in a normal year. This two-year period was highly challenging.

What lessons has KOF learned and what experience has it gained from the pandemic in terms of funding – such as third-party funded projects?

Dannath: The COVID-19 pandemic has forced KOF to align its structures and formats with the needs of the market and society, and this is exactly what it has done. It has had to make these adjustments at the same time as fulfilling its national remit, which imposed an additional burden.

The virtual form of working necessitated by the pandemic has impacted on funding at various levels. Firstly, it has altered the way in which KOF interacts with society and the economy. This is because all meetings suddenly had to be held online whereas, in the past, Jan-Egbert Sturm had conducted many personal interactions himself. And, secondly, virtual meetings require a different form of communication and behaviour. The financial aspect should not be underestimated here. This is because we are not all prepared to invest in digital formats to the same extent as we are for in-person conferences and other events.

Various lessons have been learned in terms of the impact that such societal and economic changes will have on KOF in future. But, even here, there are several potential scenarios. Do we expect these recent trends to continue? And, if so, to what extent in percentage terms? What potential changes might yet occur, and what environmental factors might we have to contend with? One highly topical example is the war in Ukraine. What does it mean for the economy and society, and how will this affect KOF? The tools that can be used to adapt to perpetual change more swiftly should probably be embedded even more firmly in KOF's structures.



Dr Julia Dannath.

On the subject of workplace culture: COVID-19 has transformed people's everyday working lives. How have KOF and ETH reacted to this trend?

Sturm: In retrospect it is amazing to see just how flexible individuals can be when they have to. What initially appeared to be temporary lasted much longer than we had expected. But we can honestly say that technology has helped us hugely during the pandemic. The fact that ETH was already well-equipped in this respect enabled us to swiftly introduce the necessary technology. But talking to someone virtually is not the same as sitting and chatting with them in the same room. It is impossible to compensate for the lack of personal contact. Individuals conduct many in-person discussions that may not appear to be very productive at first sight, but they are at the end of the day. And

virtual meetings are no substitute for such discussions. What concerns me the most is how we manage to utilise these new options in the near future without losing the benefits of the 'old world'. Sometimes, for example, it is more efficient not to have to travel abroad for every single meeting. The question here is how to strike the right balance.

Dannath: By the way, I've just realised, Jan-Egbert, that this is the first time that I have seen you without a virtual background. If I review the pandemic from a psychological perspective, it is important to say that we are good at sharing factual information in a virtual format – as evidenced by several studies. However, human beings are social animals. This means that the social aspects of

collaboration – such as trust, emotion, proximity and cohesion, but also friction – have been lost to some extent during the pandemic. And the loss of such social interaction can affect individuals differently depending on their levels of resilience. That's why, right from the outset, ETH has offered various formats and initiatives such as townhall meetings, a lunch lottery and psychological counselling.

Does a small research institute such as KOF find it more difficult than a large firm to cope with this kind of situation?

Dannath: I think that large organisations find these situations less difficult than SMEs or KOF do, for example. I believe that a sense of identification with a particular employer or team can also be created by people coming together and feeling a connection with each other. And this is more important for SMEs. Jobseekers usually

base their decisions not only on the content of the work offered but also on the people, managers and working environment in each case.

Sturm: We are, for example, working on improving how we onboard new members of staff. But we are also doing all we can to maintain and refine our SME culture, i.e. how we collaborate at KOF. That is why in September 2021 – when we could finally see light at the end of the tunnel during the pandemic – we organised a small event where we were able to meet up again informally. This has also worked well in smaller units during the pandemic, but KOF has a total of 42 full-time-equivalent employees. Without personal contact it is much more difficult to sustain a communal culture. We need to feel that we are part of a group.

A key issue is diversity. What targets have ETH and KOF set in this field, and what are both of them already doing to promote diversity?

Dannath: ETH – right across its organisation – has a clear idea of what we want to achieve. We aim to ensure that women continue to account for at least 40 per cent of all newly appointed members of staff and that the proportion of women in managerial roles is raised to 25 per cent by 2024. Women already accounted for 45 per cent of the professors newly appointed at ETH last year. There is also a requirement that at least two women must be short-listed for each appointment. If a woman is rejected for a professorial post, reasons must be given for this decision. ETH Diversity is promoting various causes, including the subject of work/life balance. This team is also currently developing a diversity strategy, which covers not only gender issues but also other topics around diversity. But all of this will take time because the most challenging aspect of any change is not the numbers but societal and cultural trends. What we need is a different but shared mindset – the right attitude and awareness. Once we have achieved that and are being more encouraging by removing barriers, the numbers will take care of themselves.



Professor Jan-Egbert Sturm.

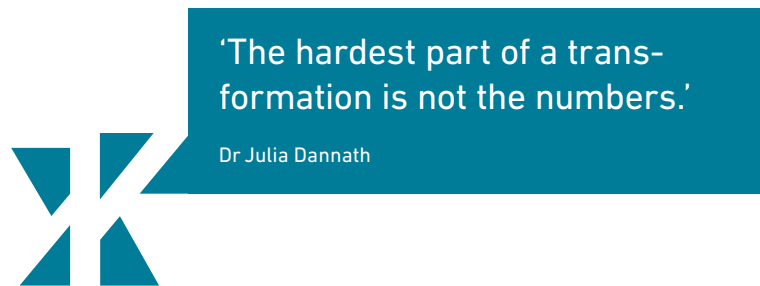
Sturm: Diversity is also highly relevant to KOF. Whenever we are recruiting and selecting new members of staff, we look to see whether there are any female candidates who meet the necessary criteria. Although a fairly large proportion of our PhD students are women, they account for a much smaller share of more senior roles. In Administration and Support, for example, women are better represented than they are in the various research areas. Even here, however, there are variations within the units concerned. Another important diversity aspect for KOF is regional and linguistic criteria. Although we are based in Zurich, our research covers the whole of Switzerland. We are therefore keen to recruit our workforce not only from the German-speaking regions but also from western Switzerland and Ticino.

KOF experienced a few highlights in 2021. Which of them particularly stand out for you?

Sturm: I thought the publication of an article about discrimination on online recruitment platforms in the scientific journal Nature was a spectacular achievement. It was truly impressive that KOF employees managed to get an article on an applied, economic and specifically Swiss topic published in this leading scientific journal. Although this did not directly boost our national remit, the subject matter around discrimination on online recruitment platforms was highly applied and socially relevant. This shows that it is possible to publish applied research in top scientific journals. That is a highly encouraging sign. We have worked for a very long time to achieve this. The fact that we are now also publishing articles in leading economic journals such as the American Economic Review demonstrates that the policy which we have been pursuing in recent years is paying off because we are very industry-focused and cover the right methodical approaches and topics.

Dannath: One thing that has been especially important for us at ETH was our professors' and researchers' involvement in the Swiss National COVID-19 Science Task

Force, where we were well-represented. This has strengthened our reputation with the Swiss government and the general public. ETH is regularly asked to give its views and opinions on, and its assessment of, topical economic and social issues. ETH has been only too pleased to help



'The hardest part of a transformation is not the numbers.'

Dr Julia Dannath

out in such cases, and the same applies to KOF. KOF – represented by Jan-Egbert Sturm – has made a huge contribution in this respect. When the going gets tough, you can always rely on the experts at ETH and KOF.

The interview was conducted by Thomas Domjahn, who works in KOF Corporate Communications.



Review

Research highlights

KOF's researchers continued to study the effects of the COVID-19 crisis during the second year of the pandemic. In contrast to 2020, however, the focus of their work shifted from providing readily available short-term information to analysing the pandemic's medium- and longer-term impacts on various sectors of the Swiss economy.

A project examining the COVID-19 pandemic's impact on Swiss firms was completed. This project, which was funded by Switzerland's State Secretariat for Economic Affairs (SECO), used text-mining and web-scraping methods to investigate how companies were affected during the first and second waves of the coronavirus pandemic. A key finding of this study entitled 'How were Companies Affected During the First and Second Waves of the Corona Pandemic in Switzerland?' was that primarily small and medium-sized enterprises (SMEs) reported production problems during the first wave of COVID-19 (almost 10 per cent of them), whereas larger firms were more seriously affected during the second wave. In addition, website data and short-time working registrations reveal that Ticino was the worst-hit region in Switzerland during the first wave, whereas regional variations were less pronounced in the second wave.

KOF was able to compile its quarterly economic forecasts in a slightly more benign environment than it had done in 2020. However, the methods used were improved and expanded. The production-side scenario calculator developed during the first year of the pandemic was constantly refined. The same applies to the other forecasting models used at KOF. However, the scenario calculator's findings were relevant not only for KOF. The Swiss National COVID-19 Science Task Force also used them to estimate the macroeconomic impact of the COVID-19 restrictions. The KOF Business Tendency Surveys conducted on a regular basis asked firms about the impact that the COVID-19 pandemic was having on various key performance indicators such as demand and revenue and about these firms' assessment of whether the continued survival of their business was at risk.

Refinement of high-frequency indicators

KOF devised a weekly GDP indicator for Switzerland (KOF WBI) as part of its toolkit of high-frequency indicators. The reason for developing this new kind of indicator was that most traditional macroeconomic indicators were not capable of capturing the sharp economic downturn in the spring of 2020 in an accurate and timely fashion. When conducting high-frequency observations of the Swiss economy, KOF uses, among other things, a dynamic factor model that estimates the weekly change in Switzerland's real gross domestic product (GDP), i.e. GDP adjusted for sporting events. The high-frequency factor is extracted from a comprehensive dataset, which includes daily and weekly alternative data such as credit card transactions but also traditional monthly indicators such as KOF Business Tendency Surveys, consumer sentiment, retail sales and industrial output. This model approach provides several benefits. It factors in data of varying frequencies simultaneously, although temporal restrictions ensure that the high-frequency factor is correctly explained by indicators of the same or lower frequencies. In addition, the integration of stochastic volatility enables the factor to more accurately capture the dramatic changes occurring during times of crisis.

This project also saw the launch of KOF's Nowcasting Lab, which is a real-time testing platform for forecasting current-quarter GDP by using previously available and higher-frequency data. These models are updated daily for a number of countries based on large quantities of data and are published online (further information is provided in the case study on page 12).

Research networks are essential

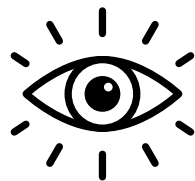
KOF is a small institute in international terms (for further information please refer to the chapter entitled 'The Institute' on page 19). In order to ensure that KOF can nonetheless compete in the national and international research arenas, it is vitally important that its researchers maintain strong links with other institutes and researchers. This repeatedly gives rise to socially relevant projects, which were either launched, continued or successfully completed in 2021 as well.

Working closely with RWI – Leibniz Institute for Economic Research and the SIAW Institute at the University of St Gallen, KOF was commissioned by SECO to conduct a project on the subject of investing at a time of low interest rates. This project examined both the causes and effects of low interest rates on the Swiss economy. Nominal and real interest rates have fallen continuously over recent decades, which has fuelled fears that low real interest rates lasting for a considerable period might cause undesirable side-effects. The microeconomic analysis section on the impact that individual real interest-rate expectations have on individual construction and equipment investment and on Swiss firms' research & development spending used the data from the investment survey conducted by KOF. The project was completed in June 2021.

KOF was also commissioned by SECO to carry out a project evaluating the implementation of Switzerland's job reporting requirement in collaboration with the firm BSS Volkswirtschaftliche Beratung AG. This project is investigating key issues around the implementation of the job notification requirement that came into effect in July 2018. The study is based on administrative data on jobseekers' situation and the jobs reported in notifiable professions, new kinds of process data on how regional employment offices (RAVs) find jobs for individuals, and how the Job-Room online platform is used by jobseekers.

However, KOF's researchers are also collaborating with other researchers on two projects as part of the 'Digital Transformation' national research programme (NFP 77) under the auspices of the Swiss National Fund (SNF). The project entitled 'Digital transformation: how it changes organizations, performance, and markets – a multi-level analysis', which is being conducted in cooperation with the Chair of Strategic Management and Innovation at ETH, is investigating how digital transformation impacts on the performance of firms in Switzerland and on market dynamics. The aim here is to develop a representative database and identify the implications for policymakers and strategists.

Knowledge transfer



304 946
views on
website



1608
followers
on LinkedIn



3102
followers
on Twitter



4714
Online-News

KOF's second NFP 77 project entitled 'What Workers Want: Determinants and Implications of Job Search Strategies on an Online Job Platform' is being conducted in collaboration with the Professor of Applied Economics and Econometrics at HEC Lausanne. New kinds of data from a public recruitment platform are used to investigate how unemployed individuals search for jobs online. This project aims to improve understanding of jobseekers' success factors as well as trends in the Swiss labour market and to optimise how employment offices find jobs for individuals.

Another cross-institutional project is 'Edumap', which aims to promote the teaching of STEM subjects in secondary schools, which is being conducted as a collaboration between the Department of Economics, the Assistant Professor of the Economics of Child and Youth Development at the University of Zurich and the Executive Boards of ETH and the University of Zurich. The project aims to support secondary schools by providing them with data analysis to help them promote the teaching of STEM subjects (science, technology, engineering and maths). To this end, the University of Zurich and ETH are supplying data on all of their students since 2010. These new kinds of data are used to analyse what individual and school-related factors play a role in pupils' decision to study a STEM subject at one of these two universities. The relevant findings are made available to schools on an online platform to help them decide what course of action to take. ■



531
reports
in print



76
radio and
TV



8
public
events

Third-party funded projects

KOF's funding comes from three sources, one of which is third-party funding. The aim is for third-party funding to account for 30 per cent of KOF's total budget. This proportion was slightly lower at 24 per cent in 2021, which was largely attributable to the pandemic. This was partly because some projects were postponed as it was difficult to recruit the necessary staff and partly because tendering for research projects focused heavily on topics relating to coronavirus. KOF tendered for projects wherever it identified potential. Especially noteworthy in this context was the submission of a successful tender for the National Centre of Competence in Research entitled 'On the Move – between Migration and Mobility' under the auspices of the Swiss National Fund (SNF) for the project entitled 'Monitoring Ethnic and Immigrant Discrimination in Hiring Decisions in Times of Crisis'. But existing third-party funding is, of course, particularly relevant in terms of annual revenue. One significant project here is the development of forecasting and estimation models for the public finances, which is being conducted on behalf of Switzerland's Federal Finance Administration (FFA). KOF is working with a PhD student from the FFA to develop models and tools that will enable timely and consistent estimates and forecasts to be made for the public finances and budgets. Further ongoing third-party funded projects have already been explained in more detail in the section entitled 'Research highlights'. ■

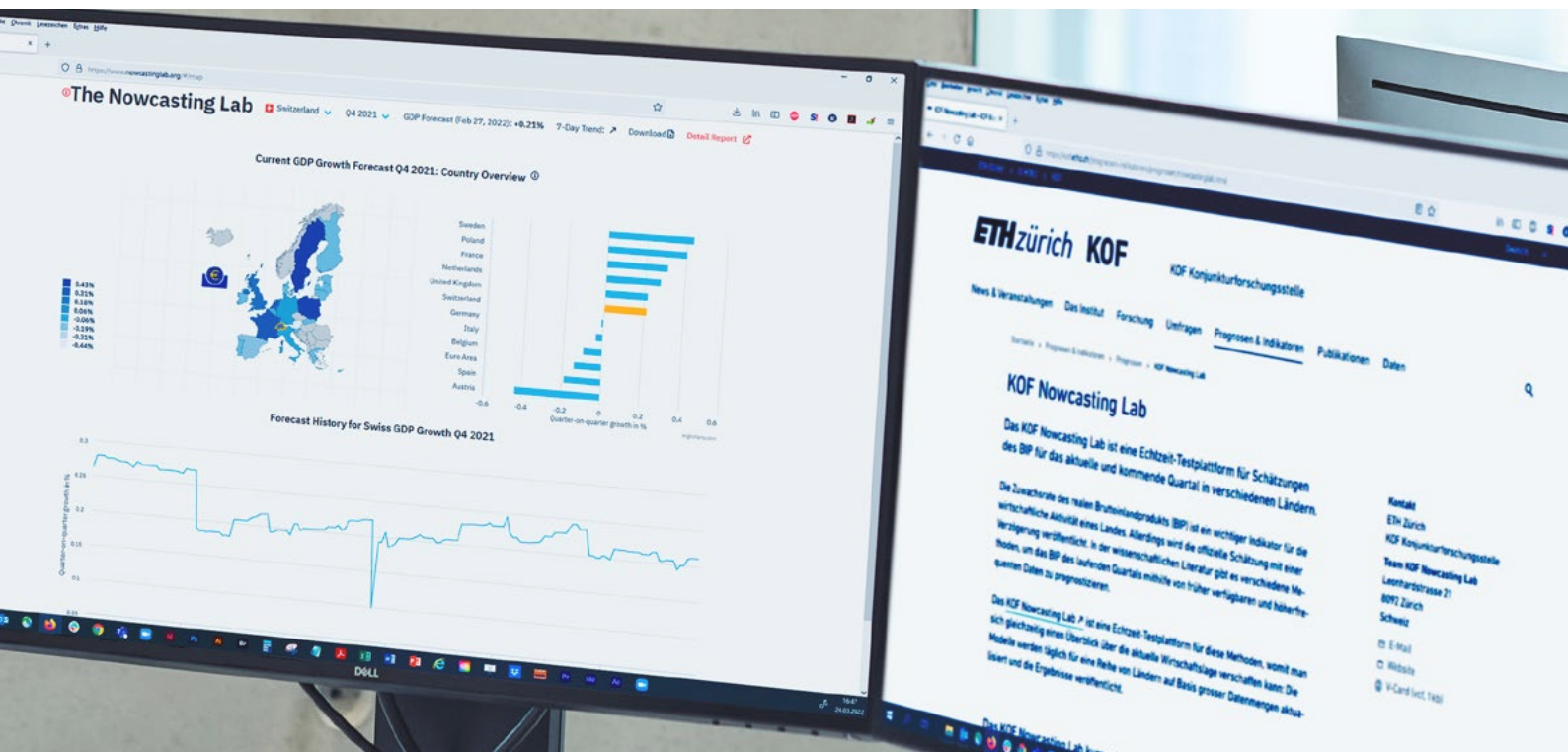


The KOF Nowcasting Lab: a real-time platform for testing GDP estimates

The KOF Nowcasting Lab provides daily updated forecasts of the growth rates in gross domestic product (GDP) for the current and following quarters in a number of European countries.

Real gross domestic product (GDP) is generally used to measure a country's economic activity. Even though it is not uncontroversial, it is still the most reliable way of measuring economic activity. Because calculations of GDP are based on a large number of factors and data, the numbers relating to changes in GDP are published with a fairly substantial delay.

The COVID-19 pandemic in particular demonstrated that it is important to have the latest information on current economic trends – such as GDP – in the current quarter. The academic literature describes various methods of forecasting current-quarter GDP using higher-frequency data that is available earlier.



KOF has developed its Nowcasting Lab as a real-time platform for testing various forecasting methods. This platform provides a snapshot of the current and future economic situation. The models used are updated daily for a number of countries based on more than 3,000 time series, and the results are published.

One major advantage of the Nowcasting Lab is that it does not just publish Switzerland's GDP but also produces forecasts for a number of countries such as Germany, the United Kingdom, France, Italy, Spain, the Netherlands, Poland, Sweden, Belgium, Austria and the entire euro area. The aim is to further increase the number of countries covered by the Nowcasting Lab.

The Nowcasting Lab is not an official KOF forecast. It should be seen as the latest estimate of real GDP growth based on the economic data available for the current and following quarters. The Nowcasting Lab's forecasts do not include any expert judgment. Its estimates are based solely on the models' data-driven mathematical results. ■

'The KOF Nowcasting Lab already generated a great deal of interest in its first year. That motivates us to develop the lab further.'

Dr Heiner Mikosch
Head of Section International Forecasts



Further information on the KOF Nowcasting Lab is available here:

<https://kof.ethz.ch/prognosen-indikatoren/prognosen/nowcastinglab.html>

Direct link to the KOF Nowcasting Lab:

<https://www.nowcastinglab.org>

Publications

The publication of papers – especially in peer-reviewed journals – is an indicator of the quality of academic research. KOF can look back on a historic year in this respect. This was the first time in the history of KOF that its researchers published an article in the scientific journal Nature. This article discusses the relevant findings on the subject of discrimination on online recruitment platforms.

The underlying study entitled ‘Monitoring hiring discrimination through online recruitment platforms’ used Big Data and machine learning to investigate whether discrimination takes place on such platforms. When conducting their analysis, the study’s authors Dominik Hangartner (ETH Zurich), Daniel Kopp and Michael Siegenthaler had access to the Job-Room platform run by Switzerland’s State Secretariat for Economic Affairs (SECO). The study reveals that foreign candidates are, on average, contacted 6.5 per cent less frequently than Swiss applicants with otherwise identical characteristics. The study also shows that discrimination against foreign applicants is partly determined by the time of day and that both men and women suffer discrimination.



Image: <https://www.nature.com/nature/volumes/589/issues/7843>

‘A major highlight for me in 2021 was the publication of our article in the renowned journal “Nature”.’

Dr Michael Siegenthaler
Head of Section Swiss Labour Market



KOF’s researchers also managed to publish articles in further leading journals such as the Journal of the European Economic Association and the American Economic Review. They published a total of 24 articles in peer-reviewed journals as well as ten KOF working papers. Compared with the previous year these researchers published slightly more articles in peer-reviewed journals but far fewer working papers. This is partly because of changes in KOF’s organisational structure (i.e. the loss of two professorial chairs).

Further evidence of the quality of research is its acceptance at academic conferences. The COVID-19 pandemic meant that in 2021 – as in 2020 – fewer conferences were held than in previous years. KOF researchers presented their latest work at ten conferences. ■

Support for young research staff

Florian Eckert successfully completed his dissertation entitled 'Bayesian State Space Models in Business Cycle Research and Economic Forecasting' at KOF in 2021. His work deals with the statistical estimation of unobservable variables – such as missing observations, output gaps and high-frequency factors – in empirical business cycle research. A total of 13 PhD students and six post-docs were employed at KOF as at 31 December 2021. This was slightly fewer than in previous years, which was a result of the organisational changes at KOF. KOF lost two professorial chairs last year.

A doctorate poses many challenges for young research staff. KOF has created a mentoring programme for its PhD students to enable them to meet these challenges. This idea behind this programme is for senior researchers to advise and support PhD students with any questions or concerns they may have around their research or any other matter. The programme helps to build a relationship of trust between a doctoral student and an experienced researcher, who is neither a PhD supervisor nor a line manager. KOF once again organised the Young Swiss Economists Meeting of the Swiss Society of Economics and Statistics in 2021 in order to promote dialogue between economics researchers in Switzerland.

In addition to the work that they do at KOF, KOF's researchers are involved in teaching at ETH and other universities around the world. Teaching at ETH is constantly evolving. Working closely with the Department of Management, Technology and Economics (D-MTEC), KOF researchers wrote lectures on labour economics for Master's students and on time series econometrics and macroeconomic forecasting, and they presented these lectures for the first time in 2021. ■

Prizes and awards

Michael Siegenthaler, head of the Labour Economics section, was appointed as a research fellow at IZA Institute of Labor Economics in Bonn, Germany, in 2021. IZA is one of the world's leading networks in the field of labour economics, comprising more than 1,600 scholars from around 60 countries. ■

Committees

KOF director Jan-Egbert Sturm was one of the original members of the Swiss National COVID-19 Science Task Force set up by the Federal Council in 2020. He became a member of the taskforce's management team and vice-chair in February 2021. This scientific advisory body continued to help policymakers and the authorities to manage the coronavirus crisis during the second year of the pandemic. ■

Visiting researchers

The sharing of knowledge between researchers around the world during the second year of the COVID-19 pandemic continued to be largely restricted to virtual meetings. Nonetheless, Anne Kathrin Funk and Pascal Seiler (the latter being a PhD student) had the opportunity to deepen their research at the European Central Bank (ECB) in Frankfurt. At KOF both of these researchers work on the institute's Business Tendency Surveys.

And, unlike in 2020, KOF was also able to host visiting researchers to a limited extent. Joseph Winkelmann, a PhD student at Harvard University, and Sophie Cottet, a PhD student at the Paris School of Economics, worked as visiting researchers in the Labour Economics section. Joseph Winkelmann collaborated with this section on the NFP 77 project entitled 'What Workers Want'. Bastian Krieger, a researcher in the Economics of Innovation and Industrial Dynamics department at the Leibniz Centre for European Economic Research (ZEW) in Mannheim and a PhD student at the Doctoral School of Economics and Finance at the University of Luxembourg, worked as a visiting researcher in the Innovation Economics research division at KOF. He worked closely with the Innovation Group to investigate questions around the spread of environmental measures in Europe. ■

Events

2021 was the year of digital events. What KOF had put in place in 2020 in response to the COVID-19 pandemic became the 'new normal' last year. Although these online formats attracted a broad public in Switzerland and neighbouring countries, it became clear that what was increasingly missing was the personal contact, the sharing of ideas among researchers and the opportunity to come together socially.

The compelling topics that we offered the public at economic forums included fascinating talks and interesting discussions on subjects such as 'Joe Biden's first 100 days: what can Switzerland expect over the next 1,360 days?', 'China in Europe: how to strike a balance between partnership and rivalry?' and 'Winners and losers of the COVID-19 pandemic'.

The latest series of events entitled 'KOF Beyond the Borders', at which economic policy issues are discussed in an international context, was also well attended again. Subjects such as 'Brexit done – how should the United Kingdom position itself and will Switzerland now become its strongest ally?' and '50 years of women's suffrage in Switzerland: how much progress have we made on equality? A comparison with Denmark' generated huge interest.



'KOF Beyond the Borders', November 2021.

However, KOF is also keen to interest the youngest members of our society in economics and its importance in everyday life. It therefore frequently participates in ETH events that are aimed at the general public. Last year saw Anne Kathrin Funk giving a children's lecture entitled 'Money, money, money – how does the world pay?' as part of the Treffpunkt Science City programme at ETH. KOF director Jan-Egbert Sturm also presented a lecture entitled 'Coronavirus and its consequences: the end of globalisation' at this series of events.

KOF's forecasting conference on the topical subject of 'Think globally, produce locally. Is a new era of globalisation on the way?' was held in October. Representatives from industry and academia spoke about the future of globalisation and the lessons learned from the COVID-19 pandemic.



Children's lecture by Anne Kathrin Funk.



Forecasting conference 2021.

In conclusion we can say that the events which we held in 2021 once again managed to attract and interest a broad public. We now hope, however, that the events scheduled for 2022 will largely take place in-person so that we can once again be a forum for dialogue between the public, academics and experts. ■



The Institute

The second year of COVID-19 continued to be characterised by remote working and, consequently, in most cases by virtual meetings and discussions for the institute and its employees. Because the basis for these processes had already been created back in 2020, the relevant activities were able to be continued seamlessly in 2021. When performing its functions, KOF remains firmly focused on its mission statement (see cover) and follows it consistently. KOF's research and activities are guided by the principle of academic neutrality. The findings of its research and work are published and therefore made available to anyone interested.

One of the KOF-specific results of the evaluation of the MTEC department conducted in 2019 was that KOF should overhaul its publication strategy in order to make its research findings available to the public even more easily. KOF followed this advice last year and devised a strategy for modernising its publications. This strategy is to be gradually implemented over the coming years.

The institute's infrastructure activities focused on a project and its launch: KOF's survey portal became operational in the summer. This is a web-based online tool that enables KOF Business Tendency Survey respondents to view their outstanding surveys on a single platform and to participate in them. In addition, respondents can see their contact details and request

that they be amended. This platform also provides them with information on survey findings and other KOF indicators. The aim is for survey respondents to be able to view online – in a hub – all survey findings of relevance to them.

Small institute with high productivity

Viewed internationally, KOF is a small institute, as illustrated by the table showing a comparison of institutes based on the monitoring of research conducted in 2021. This table lists the relevant institutes according to the authors affiliated with them and mentioned in the above monitoring; statistics on their publications in academic journals, including weightings of the journals concerned; and the numbers of publications. KOF is fairly productive in this comparison and continued to improve last year in terms of the average number of publications per author and the total points

'The KOF's new survey portal allows survey participants to put together a customised graphic overview with the industries of their interest.'

Stefan Meichtry Blass
IT team

based on the number of authors employed at an institute. These achievements were only possible, however, because all parts of the institute worked closely together.

The institute focuses on empirical research and knowledge transfer, which are supported by various technical and administrative functions. KOF had 45.2 full-time-equivalent (FTE) employees at the end of 2021. This was a modest increase of 2 per cent compared with 2020. Of the total number of employees, 29.6 full-time equivalents were researchers and 15.6 FTEs worked in technical and administrative functions (a detailed overview can be found on page 23). KOF is also keen for its non-research staff to pursue lifelong learning, which it supported through various forms of continuing professional development in the fields of management and marketing. ■



Comparison of institutes' publications

Research institute	Country	Publications	Points	Authors	Av. publications	Av. points
KOF Swiss Economic Institute	CH	247	11.0	15	16.5	0.7
Max-Planck-Institute/Bonn	DE	261	8.8	14	18.6	0.6
Bank for International Settlements (BIS)	CH	632	32.8	64	9.9	0.5
European Central Bank (ECB)	DE	958	63.8	150	6.4	0.4
IWH Halle	DE	472	11.8	32	14.8	0.4
Kiel Institute for the World Economy (IfW)	DE	779	17.8	56	13.9	0.3
DIW Berlin	DE	2027	21.1	80	25.3	0.3
ZEW Mannheim	DE	517	14.6	62	8.3	0.2
RWI – Leibniz Institute for Economic Research	DE	847	11.4	49	17.3	0.2
Deutsche Bundesbank	DE	911	39.2	183	5.0	0.2
Ifo Institute Munich	DE	1350	12.5	64	21.1	0.2
Swiss National Bank (SNB)	CH	248	13.2	69	3.6	0.2
The Macroeconomic Policy Institute (IMK)	DE	149	2.7	15	9.9	0.2
IAB Nuremberg	DE	975	21.1	127	7.7	0.2
IAMO Halle	DE	168	2.4	17	9.9	0.1
WIFO Vienna	AT	1449	9.4	68	21.3	0.1
Austrian Nationalbank OeNB	AT	459	5.8	47	9.8	0.1
Institute for Advanced Studies (IHS)	AT	220	3.0	31	7.1	0.1

Source: research monitoring, 2021

Explanation:

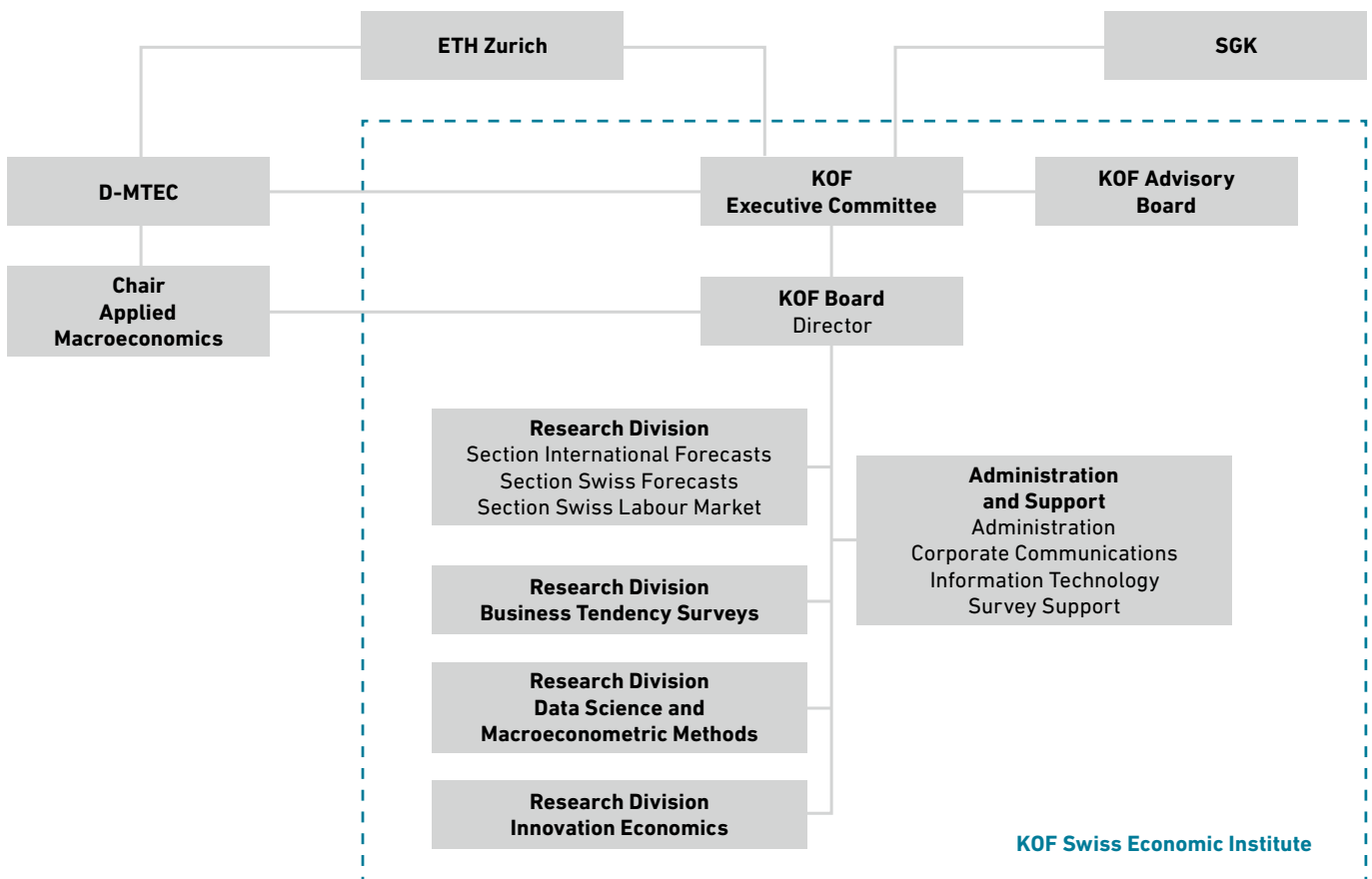
The comparison of institutes is based on the VWL (economics) institute ranking of the Forschungsmonitoring. In the ranking, which was also published in the newspaper Handelsblatt, the weights of all publications by all economists employed at an institute at the time of the survey are added up for the years 2012 to 2021. Only institutes based in German-speaking countries (Germany, Austria, Switzerland) are taken into account. The KOF is not considered an independent institute in this ranking due to its full affiliation with ETH Zurich and is therefore not included in the official reporting. All data used to calculate the table is based on data from the research monitoring. The standard ranking of the research monitoring is based on SJR weights, there is a co-author correction, all journals are ranked relative to the top 5 journal, the minimum weight for a journal is 0.025 and the maximum weight is 1, and all journals in the EconLit database are considered. The table shows the number of summed, weighted publications per institute. The column 'Points' shows the calculation of the publications in scientific journals with the weighting of the journal. The 'Author' column shows the number of authors employed at an institute in the German-speaking world at the time of the survey (2021). The columns 'Ø Publications' and 'Ø Points' show the number of average publications per author and the amount of points measured by the number of authors employed at an institute. Further information: <https://forschungsmonitoring.org/ranking/vwl/institute> (in German)

Personnel

Last year saw organisational adjustments that also resulted in personnel changes. This meant, for example, that KOF lost its two professorial chairs in Applied Economics: Innovation & Internationalization and Public Economics. The two holders of these chairs were members of KOF's Board of Directors as well as heads of the Innovation Economics and Public Economics research divisions. Because their professorial chairs had been spun off, Peter Egger and Marko Köthenbürger both stepped down from their roles at KOF in the middle of the year. The Executive Committee appointed Martin Wörter as the new head of the Innovation Economics research division. The Public Economics research division was dissolved.

Research institutes – in common with all other organisations – experience staff turnover. After completing their doctorates, or shortly afterwards, some researchers leave KOF. This was also the case last year, when a total of three researchers – Florian Hälg, Stefan Neuwirth and Florian Seliger – left KOF to take up new roles at Swiss institutions and at a leading Swiss publication. ■

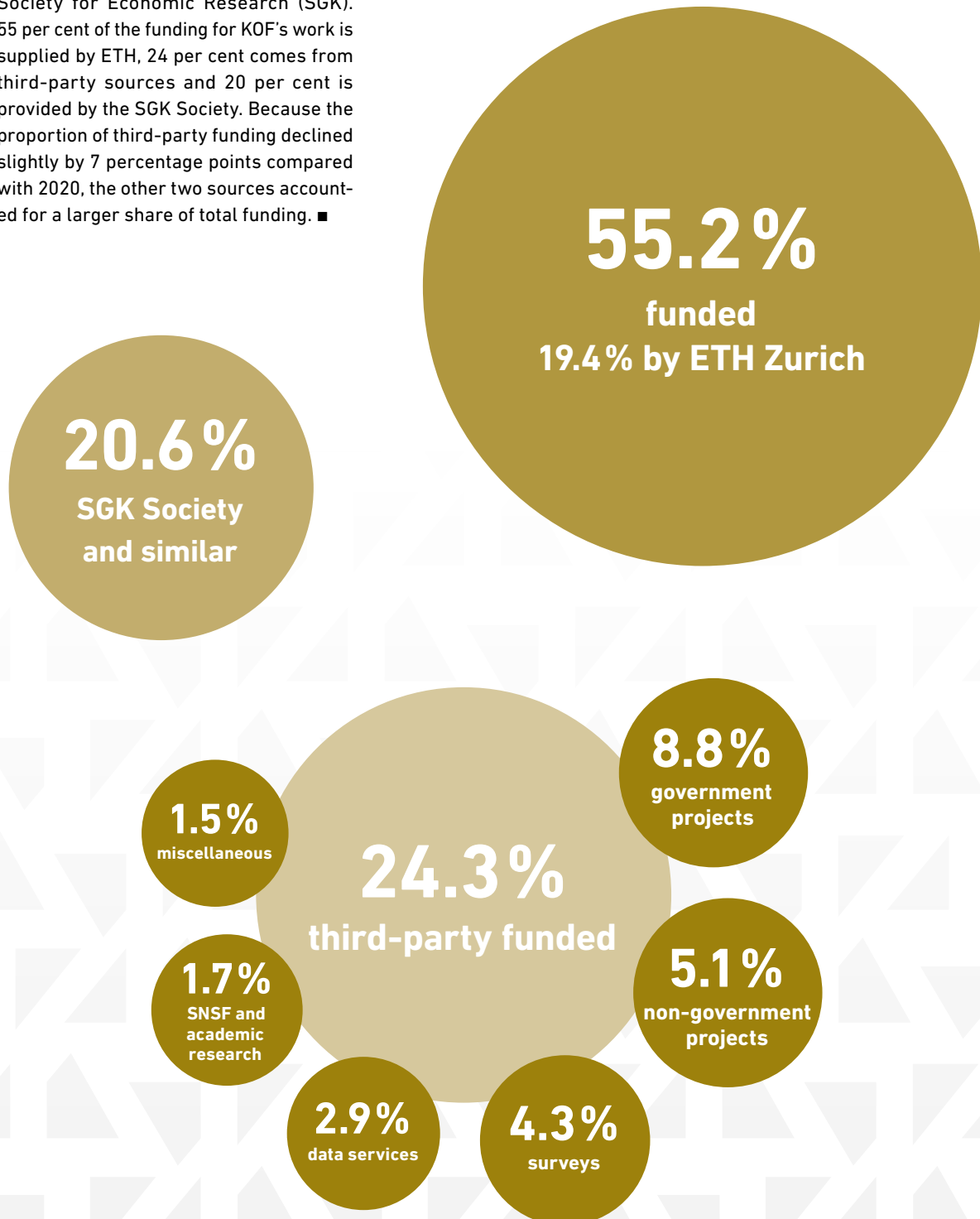
Organisation



SGK: Swiss Society for Economic Research
 D-MTEC: Department of Management, Technology and Economics

Funding

A major contribution to KOF's work is the financial support provided by the Swiss Society for Economic Research (SGK). 55 per cent of the funding for KOF's work is supplied by ETH, 24 per cent comes from third-party sources and 20 per cent is provided by the SGK Society. Because the proportion of third-party funding declined slightly by 7 percentage points compared with 2020, the other two sources accounted for a larger share of total funding. ■



Human resources

	31.12.2020	31.12.2021	Change in %	FTEs
Total employees (full-time equivalents [FTEs])	44.3	45.2	2.0	0.9
Temporary research positions	23.6	22.7	-4.0	-0.9
Temporary technical/ administrative positions	3.3	3.4	3.0	0.1
By function				
Research staff	30.5	29.6	-3.0	-0.9
Full professors	2.0	2.0	0.0	0.0
Senior research staff	8.3	8.7	5.0	0.4
Postdoctoral students	3.0	3.9	30.0	0.9
Doctoral students	12.8	12.6	-2.0	-0.2
Trainees	2.5	0.0	-100.0	-2.5
Research assistants	1.9	2.4	24.0	0.5
Technical / administrative staff	13.8	15.6	13.0	1.8
Technical and IT staff	5.5	5.0	-9.0	-0.5
Administrative staff	8.3	10.6	28.0	2.3
By division				
Research Division Business Tendency Surveys	5.2	4.6	-12.0	-0.6
Research Division Macroeconomic Forecasting	12.3	12.6	2.0	0.3
Research Division Data Science and Macroeconometric Methods	5.0	4.6	-8.0	-0.4
Research Division Innovation Economics	6.5	6.4	-2.0	-0.1
Administration and Support	15.3	17.0	11.0	1.7

Employees

Research Division Business Tendency Surveys



Dr Klaus
Abberger
(Head of Division)



Dr Anne Kathrin
Funk



Mirjam
Hegglin
(Leaving: 31.10.2021)



Nina
Mühlebach



Pascal
Seiler



Stefanie
Siegrist

Research Division Macroeconomic Forecasting



Professor Dr
Michael Graff
(Head of Division)



Dr Heiner
Mikosch
(Head of Section
International
Forecasts)



Dr Maurizio
Daniele



Dr Florian
Hälgl
(Leaving: 28.2.2021)



Philipp
Kronenberg



Dr Stefan
Neuwirth
(Leaving: 31.8.2021)



Tim
Reinicke



Yngve
Abrahamson
(Head of Section
Swiss Forecasts)



Marc
Anderes



Dr Florian
Eckert



Sina
Streicher



Dr Michael
Siegenthaler
(Head of Section
Swiss Labour
Market)



Justus
Bamert



Dr Daniel
Kopp



Salomé
Wittwer

Research Division Data Science & Macroeconometric Methods



Dr Samad
Sarferaz
(Head of Division)



Philipp
Baumann



Laurent
Florin



Alexis
Perakis



Dr Alexander
Rathke

Research Division Innovation Economics



Professor Dr
Martin Wörter
(Head of Section)



Dr Matthias
Beck



Sebastian
Heinrich



Florian
Hulfeld



Dr Michael
König



Dr Nicole
Loumeau
(Transfer from
Chair: 1.1.2021)



Dr Florian
Seliger
(Leaving: 31.3.2021)



Dr Andrin
Spescha

Administration and Support



Tolga
Coban
(Head of Division,
Team Leader Infor-
mation Technology)



Dr Matthias
Bannert



Charles
Clavadetscher



Diana
Diaz



Stefan
Meichtry Blass



Oliver
Müller



Severin
Thöni



Anne
Stücker
(Team Leader
Corporate
Communications)



Vera
Degonda



Dr Thomas
Domjahn



Nicole
Koch



Franziska
Kohler
(Leaving: 30.6.2021)



Corinne
Schibli-Lozano



Sabrina
Humbel
(Team Leader
Administration
Survey Support)



Katharina
Bloch



Tiziana
Borghesi Stäheli



Sebastien
Dufournet



Simone
Schütz



Martina
Meili



Manuel
Willmann

Research assistants



Gilles
Aubert



Sina
Freiermuth



Christian
Gschwendt



Mahsa
Khoshnama
(Leaving: 31.7.2021)



Jan
Lüthi



Theresa
Manz



Beat
Scherrer



Parnian
Shahkar

Research Fellows

Professor Benjamin Balsmeier
Université du Luxembourg, Luxembourg

Dr Frank Bohn
Radboud University, Netherlands

Professor Nauro F. Campos
University College London, United Kingdom

Dr Florian Chatagny
Federal Finance Administration, Switzerland

Professor Dr Jakob de Haan
University of Groningen, Netherlands

Professor Dr Laurent Donzé
University of Fribourg, Switzerland

Professor Dr Axel Dreher
University of Heidelberg, Germany

Professor Dr Ulrich Fritsche
University of Hamburg, Germany

Dr Jaqueson K. Galimberti
Auckland University of Technology, New Zealand

Professor Dr Martin Gassebner
Leibniz University Hanover, Germany

Professor Dr Jochen Hartwig
Chemnitz University of Technology, Germany

Professor Dr Daniel Kaufmann
University of Neuchâtel, Switzerland

Professor Dr Michael Lamla
Leuphana University Lüneburg, Germany

Professor Dr Sarah M. Lein
University of Basel, Switzerland

Professor Dr Simon Lüchinger
University of Lucerne, Switzerland

Professor Dr Pierre Mohnen
Maastricht University, Netherlands

Professor Dr Christoph Moser
University of Erlangen-Nuremberg, Germany

Dr Stefan Pichler
University of Groningen, Netherlands

Dr Boriss Siliverstovs
Latvijas Banka, Latvia

Professor Barry Williams
Monash University, Australia

Official bodies

Swiss Society for Economic Research (SGK)



Ueli
Dietiker



Christian
Mähr



Dr Stephan
Mumenthaler



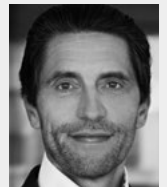
Dr Eric
Scheidegger



Dr Martin
Schlegel



Mario
Senn



Dr Christian
Waldvogel

Executive Board

- Ueli Dietiker (Chairman), former CFO of SWISSCOM AG

Members

- Christian Mähr, UBS AG
- Dr Stephan Mumenthaler, Scienceindustries
- Dr Eric Scheidegger, State Secretariat for Economic Affairs (SECO)
- Dr Martin Schlegel, Swiss National Bank (SNB)
- Mario Senn, Office of Economic and Labour Affairs, Canton of Zurich
- Dr Christian Waldvogel, Renaissance Foundation & Management

Responsibilities

The Swiss Society for Economic Research (SGK) – a society within the meaning of section 60 ff. of the Swiss Civil Code – assists KOF in its empirical research into economic developments and trends in Switzerland and supports the business surveys and economic forecasting services offered by the institute as part of a contractually agreed collaboration with ETH Zurich. The SGK Executive Board oversees the Society's operations and helps KOF to acquire funding for its research.

The SGK Executive Board meets once a year prior to the Society's General Assembly in spring.

The SGK Executive Board held one ordinary meeting and one extraordinary meeting in 2021. Based on Ordinance 3 on Measures to Combat Coronavirus, the Executive Board again decided to hold the 84th General Assembly in the form of written resolutions. The 2021 General Assembly was therefore held online on 10 May.

The main items on the agenda were membership trends, KOF's strategic repositioning and the development of successful advertising strategies for acquiring new SGK members. The Executive Board also decided on a one-off basis – in accordance with the ordinances under FinfraV and FinfraV-FINMA – that it did not wish to trade in derivatives.

Mario Senn, Office of Economic and Labour Affairs for the Canton of Zurich, was elected to replace Dr Aniela Wirz, who had resigned in the second half of 2020 owing to a change of roles. Ueli Dietiker was confirmed in his position as Chairman and, for the last time, was re-elected for a further three-year term. Dr Eric Scheidegger, State Secretariat for Economic Affairs (SECO), and Dr Stephan Mumenthaler, Scienceindustries, were also re-elected as members of the SGK Executive Board.

The SGK Society had 157 members in 2021. SGK members receive a newsletter containing a link to the quarterly journal KOF Analysen. This publication provides analysis and forecasts of international economic conditions as well as developments and trends in the Swiss economy. Each issue also includes KOF staff members' analysis of the latest research topics. In addition, members received invitations to KOF's annual forecasting conference and to the KOF economic forums organised by SGK three or four times a year. ■

KOF Executive Committee



Dr Julia
Dannath-Schuh



Professor Dr
Hans Gersbach



Dr Eric
Scheidegger



Dr Martin
Schlegel

Chairperson

- Dr Julia Dannath, ETH Zurich

Members

- Professor Dr Hans Gersbach, ETH Zurich
- Dr Eric Scheidegger, State Secretariat for Economic Affairs (SECO)
- Dr Martin Schlegel, Swiss National Bank (SNB)

Responsibilities

KOF is managed by an Executive Committee comprising equal numbers of members from ETH Zurich and the Swiss Society for Economic Research (SGK). The KOF director attends the Committee's meetings in a consultative capacity. As well as approving the financial accounts for the previous year and the budget for the following year, the Committee oversees KOF's strategic development. To this end, the Executive Committee convenes an Advisory Board, whose members are proposed by KOF's Board of Directors.

Since 2021 the Executive Committee has been chaired by Dr Julia Dannath, Vice President of Personnel Development and Leadership. In addition to Dr Dannath the Executive Committee comprises Professor Dr Hans Gersbach, D-MTEC at ETH Zurich, Dr Martin Schlegel, Alternate Member of the Governing Board of the SNB, and Dr Eric Scheidegger, Deputy Director of SECO. ■

KOF Advisory Board



Professor Dr
Dominique Foray



Dr Oliver
Adler



Professor Dr
Martin Brown



Livio
Lugano



Professor Dr
Matthias Lutz



Dr Peter
Schwendener



Dr Klaus
Wohlrabe



Professor Dr
Conny Wunsch

Chairman

- Professor Dr Dominic Foray, EPFL – CDM – CEMI

Members

- Dr Oliver Adler, formerly Credit Suisse AG
- Professor Dr Martin Brown, University of St Gallen
- Livio Lugano, Federal Statistical Office (BFS)
- Professor Dr Matthias Lutz, Swiss National Bank (SNB)
- Dr Peter Schwendener, Federal Finance Administration (EFV)
- Dr Klaus Wohlrabe, CES ifo Group Munich
- Professor Dr Conny Wunsch, University of Basel

Responsibilities

The Advisory Board is a permanent body that helps the Executive Committee, KOF's Board of Directors and the heads of the research divisions to perform their functions, ensures independent quality controls and advises KOF on its long-term research and development planning. It also helps to strengthen the contacts between KOF and national and international academic research bodies as well as the relevant economic policy institutions.

2021 saw the Chairman, Professor Dr Dominic Foray, complete his lengthy term of office in his roles both as Chairman since 2018 and as a member of KOF's Advisory Board since 2008. His wealth of experience and his expert leadership were extremely valuable factors in the success and progress achieved by KOF. His innovative contributions were highly valued and appreciated. Professor Dr Martin Brown will take on the role of Chairman next year. He has been replaced by Professor Dr Dina Pomeranz, Professor of Applied Economics at the University of Zurich, who has been elected as a new member of KOF's Advisory Board. ■

Imprint

Publisher: KOF Swiss Economic Institute, ETH Zurich
© KOF Swiss Economic Institute, ETH Zurich
June 2022

KOF

ETH Zurich
KOF Swiss Economic Institute
LEE G 116
Leonhardstrasse 21
CH-8092 Zurich
Tel.: +41 44 632 42 39
kof@kof.ethz.ch
www.kof.ethz.ch
#KOFETH





Mission Statement

The KOF is a forward-looking research institute that analyses economic developments relevant to Switzerland. It has its finger on the pulse of the economy, addresses issues of economic and socio-political relevance, uses its scientific expertise to develop and present politically independent solutions, and promotes the exchange of ideas among economists and a broader public. This bridging function is in line with its national tasks of observing, analysing and forecasting the Swiss economy, as delegated to KOF by the State Secretariat for Education, Research and Innovation (SERI) via the ETH Board.