



RONALD COASE INSTITUTE

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## Questionnaire on Costs of Exchange: Registering a New Business Officially

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with Brian Gunia, Miguel Jaramillo,  
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# Questionnaire on Costs of Exchange: Registering a New Business Officially

September 2003 version

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**Abstract** This questionnaire examines the costs of exchange that new small businesses encounter when registering their enterprises officially. It is designed with modules to be tailored specifically to the regulations existing in specific countries. São Paulo, Brazil and Lima, Peru were the venues for surveys conducted using this instrument in 2003. The questionnaire represents work in progress and is subject to revision.

**Keywords** Costs of exchange, transaction costs, measuring transaction costs, registering a business, survey, cross-national

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# RONALD COASE INSTITUTE

## Questionnaire on Costs of Exchange: Registering a New Business Officially

Questionnaire by Alexandra Benham and Lee Benham, with Brian Gunia, Miguel Jaramillo, Mary Shirley, and Decio Zylbersztajn

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### RECORD BEFORE START OF INTERVIEW

- R1. Location of firm
- a. Country\_\_\_\_\_
  - b. City\_\_\_\_\_
  - c. District/neighborhood\_\_\_\_\_
  - d. Street address\_\_\_\_\_
  - e. Telephone\_\_\_\_\_
  - f. E-mail\_\_\_\_\_
  - g. Web site\_\_\_\_\_
- R2. Name of firm\_\_\_\_\_
- R3. Name of respondent\_\_\_\_\_
- R4. Gender of respondent Male\_\_\_ Female\_\_\_
- R5. Date of interview: Day\_\_\_\_\_ Month\_\_\_\_\_ Year\_\_\_\_\_
- R6. Time of starting interview \_\_\_\_\_

### BEGIN INTERVIEW

[SAY]: This survey is part of an international study by scholars who want to measure the costs that business people actually face in getting things done, in different countries. Today, we would like to ask about **your** experiences in **registering a new business officially**. Your answers will be kept completely confidential. You and your firm will not be identified to any outside persons or in print. We appreciate your input. It will be very helpful for studying and comparing the costs that business people actually face around the world.

**First I'd like to ask some general information about your firm.**

1. What does your firm produce?

\_\_\_\_\_ [IF THE FIRM DOES NOT **MANUFACTURE APPAREL**, END THE INTERVIEW]

2. In what month and year did your firm **first start operating** (even if the registration process was not completed yet)? Month \_\_\_\_\_ Year \_\_\_\_\_

3. And in what month and year did your firm **start doing business officially**, with all registration steps officially completed?

a. Month \_\_\_\_\_ Year \_\_\_\_\_

[IF THIS WAS MORE THAN 3 YEARS AGO, END THE INTERVIEW;  
OTHERWISE, CONTINUE]

b. Firm has **not finished** all registration steps yet \_\_\_\_\_ [CONTINUE]

c. Firm has **not begun** the registration process yet \_\_\_\_\_ [END THE INTERVIEW]

4. How many individuals normally work in the firm, including full-time employees and managers, part-time employees, and family members? \_\_\_\_\_

a. How many of these individuals work **full-time permanently**? \_\_\_\_\_

[IF MORE THAN 20, END THE INTERVIEW; OTHERWISE, CONTINUE]

b. How many are family members? \_\_\_\_\_

c. Are extra workers hired during periods of unusually high demand? Yes \_\_\_\_\_

No \_\_\_\_\_

[IF YES] d. How many, typically? \_\_\_\_\_

5. What is your exact role – or your job description - in this firm?

\_\_\_\_\_

6. Are you familiar with the experience your firm has had in registering officially?

Yes \_\_\_\_\_ No \_\_\_\_\_ [IF NO, END THE INTERVIEW]

7. What **type of business organization** is your firm?

[USE A LIST SUITABLE FOR THIS COUNTRY]

a. Sole proprietorship \_\_\_\_\_

b. Partnership \_\_\_\_\_

If yes: General \_\_\_\_\_

Limited \_\_\_\_\_

Limited liability LLP \_\_\_\_\_

c. Limited liability company LLC \_\_\_\_\_

d. Corporation \_\_\_\_\_

e. Cooperative \_\_\_\_\_

f. Not registered officially yet \_\_\_\_\_

8. Are the **owners** of your firm

a. Individuals \_\_\_\_\_

How many \_\_\_\_\_

b. Banks \_\_\_\_\_

How many \_\_\_\_\_

c. Other firms \_\_\_\_\_

How many \_\_\_\_\_

d. Other [SPECIFY] \_\_\_\_\_

How many \_\_\_\_\_

9. Does your firm
- Produce final goods? Yes\_\_\_ No\_\_\_
  - Produce piece goods for a final producer? Yes\_\_\_ No\_\_\_
  - Sell final goods in the retail market? Yes \_\_\_ No\_\_\_
  - Other [SPECIFY] \_\_\_\_\_
10. Does your firm own its building, or does it rent?
- Owns it \_\_\_
  - Is it part of a personal residence? Yes\_\_\_ No\_\_\_
  - Rents it \_\_\_
  - Is it part of a personal residence? Yes\_\_\_ No\_\_\_
  - Other situation [SPECIFY]\_\_\_\_\_

**Next I'd like to ask about your firm's general experience in registering officially to do business.**

11. Many firms operate without registering officially. What was the **most important reason** for the decision to register your firm officially?  
[DO NOT SUGGEST AN ANSWER – WAIT FOR RESPONDENT'S REPLY]
- \_\_\_\_\_
- \_\_\_\_\_

12. [SHOW CARD]

Here are various reasons that **other firms** have mentioned for registering officially. For your firm, please rank the **3 most important reasons**. [#1 = most important, #2 = second, #3 = third]

- To obtain credit\_\_\_
- To gain access to new customers or suppliers\_\_\_
- To use the courts to enforce contracts \_\_\_
- To operate on a visible (large) scale, or with visible hours of business\_\_\_
- To export\_\_\_
- To benefit from government incentive programs\_\_\_
- To avoid paying penalties\_\_\_
- To avoid paying bribes\_\_\_
- To be able to advertise\_\_\_

13. Was your firm operating in business at all **before** official registration was complete?

a. Yes\_\_\_ No \_\_\_\_\_

[IF YES]

b. How long?\_\_\_\_\_ [TIME UNIT]

c. During that time, did your firm have to pay any **fees or penalties** for operating without official registration?

Yes\_\_\_ No \_\_\_\_\_

[IF YES]

d. How much?\_\_\_\_\_ [MONETARY UNIT]

e. During that time, was your firm asked to pay any **bribes** to avoid punishment?

Yes\_\_\_ No \_\_\_\_\_

[IF YES]

f. How much in total\_\_\_\_\_ [MONETARY UNIT]

14. When did your firm **begin** the process of **registering** officially?  
 Month\_\_\_\_\_Year\_\_\_\_\_
15. When was the process **completed** (so your firm had all permissions needed to operate officially)?  
 a. Month\_\_\_\_\_Year\_\_\_\_\_
- b. Not yet completed\_\_\_\_\_
16. So let me make sure I've got that right.  
 a. Between (1) starting the process of registering officially and (2) the moment when everything was completed, **how long did it take?**  
 \_\_\_\_\_ days/weeks/months/years [CIRCLE TIME UNIT]
- OR
- b. If it is not yet completed, **how long has the process been underway?**  
 \_\_\_\_\_ days/weeks/months/years [CIRCLE TIME UNIT]

17. [SHOW CARD]  
**Before starting** the registration process, did your firm **seek information or advice** from anyone about how to do it? [MARK ALL WHO WERE CONSULTED]
- a. Accountant\_\_\_\_\_
- b. Lawyer\_\_\_\_\_
- c. Other facilitator [SPECIFY]\_\_\_\_\_
- d. Friend or relative\_\_\_\_\_
- e. Government agency [SPECIFY]\_\_\_\_\_
- f. Industry or trade association [SPECIFY]\_\_\_\_\_
- g. Publications\_\_\_\_\_
- h. Internet [SPECIFY Web site]\_\_\_\_\_
- i. Other [SPECIFY]\_\_\_\_\_

18. Which source of information was the most useful?  
 \_\_\_\_\_

19. [SHOW CARD]  
**During the actual registration process**, did your firm use the **services of anyone outside your firm?** If so, how much did that **cost?** For example, did you use the services of: [MARK ALL WHOSE SERVICES WERE USED. RECORD THE COST OF EACH SERVICE.]

<b>Service used</b>	<b>Cost of service</b>
a. Accountant outside the firm_____	_____
b. Lawyer outside the firm _____	_____
c. Other facilitator [SPECIFY]_____	_____
d. Friend or relative_____	_____
e. Government agency [SPECIFY]_____	_____
f. Industry or trade association [SPECIFY]_____	_____
g. Other [SPECIFY]_____	_____
h. None_____	_____

20. [SHOW CARD WITH A LIST SUITABLE FOR THIS COUNTRY.]

Here is a **list of steps that must be completed** to register a firm officially. Please think about how your firm completed each step.

**For each step**, please tell me

- a) how many people **inside** your firm worked on that step
- b) how many people **outside** your firm (such as facilitators) worked on it.

Also, counting all the time spent by each person, how many total hours were spent to complete that step?

- c) How much money did your firm pay in official government fees to complete that step?
- d) Which steps have not yet been completed?

STEP	INSIDE the firm		OUTSIDE the firm		Official fees paid to the government agency	This step is not yet completed
	How many people worked on this step	Total hours spent to complete	How many people worked on this step	Total hours spent to complete		
<b>Register with</b>						
a. National tax authority						
b. Social security agency						
c. Other national agency						
d. Regional or provincial agency						
e. Industry or trade association						
f. Fictitious name registration						
g. Sales tax						
<b>Get permits</b>						
h. To operate in municipality						
i. Zoning						
j. Occupancy						
k. Environmental						
l. Fire inspection						
m. Proof of workers' compensation insurance						
n. Other required permit[SPECIFY]						

**Contract with specialist**

- o. The firm contracted with a specialist to handle the entire registration. \_\_\_\_\_
  - o1. Total money cost to the firm, including all fees \_\_\_\_\_ [MONETARY UNIT]
  - o2. Total time cost to the firm of dealing with the specialist and the registration process \_\_\_\_\_ [HOURS]

**Now I'd like to ask more about the main person in the firm who was in charge of registering the firm officially.**

21. **Who** was that person?
- a. Respondent \_\_\_\_\_
  - b. Non-respondent owner \_\_\_\_\_
  - c. Non-respondent manager/CEO \_\_\_\_\_
  - d. Non-respondent other employee [SPECIFY] \_\_\_\_\_
22. Is this the **first time** that (you have/this person has) registered a firm?  
Yes \_\_\_\_\_ No \_\_\_\_\_
23. How many **days** (were you/was this person) **actively working** to complete this process?
- a. \_\_\_\_\_ days
- And typically how many **hours per day**?
- b. \_\_\_\_\_ hours per day
24. We'd like to estimate the overall **cost of the time** (you/this person) **spent** on the process of registering.
- a. What task would (you/this person) have been doing if not registering?  
\_\_\_\_\_
  - b. What would you estimate is the **value of the time lost** while (you were/this person was) registering the firm officially?  
\_\_\_\_\_ [MONETARY UNIT]
25. Was there a **second person in the firm** involved **significantly** in the registration process?  
[IF NO, SKIP TO NEXT PAGE] Yes \_\_\_\_\_ No \_\_\_\_\_
26. How many **days** was this person **actively working** to complete this process?
- a. \_\_\_\_\_ days
- And typically how many **hours per day**?
- b. \_\_\_\_\_ hours per day
27. We'd like to estimate the overall **cost of the time** this person **spent** on the process of registering.
- a. What task would this person have been doing if not registering?  
\_\_\_\_\_
  - b. What would you estimate is the **value of the time lost** while this person was registering the firm officially?  
\_\_\_\_\_ [MONETARY UNIT]
28. How many other people in the firm were **significantly involved** in the process?
- a. \_\_\_\_\_
  - b. What would you estimate is the **total value of their time lost**?  
\_\_\_\_\_ [MONETARY UNIT]

Let's talk now about some specific experiences your firm may have had while registering officially.

29. During the process, did any government agency **lose a document** from your firm?

a. Yes \_\_\_\_\_ No \_\_\_\_\_

[IF YES]

b. Which agency? \_\_\_\_\_

c. What happened then? \_\_\_\_\_

30. Did any government agency **fail to meet its own deadline** for completing its task?

a. Yes \_\_\_\_\_ No \_\_\_\_\_

[IF YES]

b. Which agency? \_\_\_\_\_

c. How long was the delay? \_\_\_\_\_ [TIME UNIT]

31. To facilitate the registration process, did you or your firm **join** or participate in some **group** or organization?

a. Yes \_\_\_\_\_ No \_\_\_\_\_

[IF YES]

b. Which group? \_\_\_\_\_

c. Did it help? Yes \_\_\_\_\_ No \_\_\_\_\_

32. To facilitate the process, did your firm get support from a **politically influential person**?

a. Yes \_\_\_\_\_ No \_\_\_\_\_

[IF YES]

b. Did it help? Yes \_\_\_\_\_ No \_\_\_\_\_

c. What type of position or political office did this person hold? \_\_\_\_\_

33. Considering your experience with the opening of this firm, in your opinion is it **possible to facilitate the process** of registering a firm officially by paying a **bribe** to some government agent?

a. Yes \_\_\_\_\_ No \_\_\_\_\_

[IF YES]

b. Which government offices are known to ask for such payments?  
\_\_\_\_\_

c. How much would the usual amount be? \_\_\_\_\_ [MONETARY UNIT]

d. What other types of activities might constitute a bribe in this process?  
\_\_\_\_\_

e. Are there any steps in the process where payment of a bribe is **essential**, or else the process cannot be completed?

Yes \_\_\_\_\_ No \_\_\_\_\_

[IF YES]

f. Which step(s)? \_\_\_\_\_

g. How much is the typical payment? \_\_\_\_\_ [MONETARY UNIT]

34. Compared to similar firms (those that are similar in size and activity), **how difficult was your firm's experience** in registering officially: easier than average, more difficult than average, or just about average?

Easier \_\_\_\_\_ [GO TO 34a.]

More difficult \_\_\_\_\_ [GO TO 34b.]

Average \_\_\_\_\_ [GO TO 35]

34a. [IF EASIER: SHOW CARD 34a] Please look at this card. To make the registration process **easier** for your firm, which of these factors were **extremely important**? Which were **somewhat** important? Which were **not** important at all?

Factors making process easier	Extremely important	Somewhat important	Not important at all/Not applicable
1. Strong ties to local community			
2. Good political connections			
3. Membership in a business association			
4. Past experience starting a firm			
5. Information or advice from others			
6. Help from a government agency			
7. Gender M _____ F _____			
8. Being native-born citizen			
9. Ethnic or language affiliation [SPECIFY] _____			
10. Religious affiliation [SPECIFY] _____			
11. Other [SPECIFY] _____			

34b. [IF MORE DIFFICULT: SHOW CARD 34b] Please look at this card. To make the registration process **more difficult** for your firm, which of these factors were **extremely important**? Which were **somewhat** important? Which were **not** important at all?

Factors making process more difficult	Extremely important	Somewhat important	Not important at all/ Not applicable
1. Lack of ties (or having only weak ties) to local community			
2. Lack of political connections			
3. Lack of membership in a business association			
4. Lack of past experience starting a firm			
5. Lack of useful information or advice from others			
6. Lack of help from government agencies			
7. Gender M _____ F _____			
8. Being an immigrant			
9. Ethnic or language affiliation [SPECIFY] _____			
10. Religious affiliation [SPECIFY] _____			
11. Other [SPECIFY] _____			

35. Suppose you want to start another business now. To register your new business officially,
- How much money will it cost? \_\_\_\_\_ [MONETARY UNIT]
  - How much time will it take? \_\_\_\_\_ [TIME UNIT]

36. If you were asked to carry out the process or **registering** a business officially for **some other firm**, how much would you charge to do it?  
 \_\_\_\_\_ [MONETARY UNIT]

37. Here are some disadvantages to operating officially that others have mentioned. **For your firm**, which of these apply?

Paying taxes \_\_\_\_\_  
 Paperwork \_\_\_\_\_  
 Costs of accounting \_\_\_\_\_  
 Other [SPECIFY] \_\_\_\_\_  
 None \_\_\_\_\_

38. Have you had any experience in **closing down a firm officially**?

- Yes \_\_\_\_\_ No \_\_\_\_\_  
 [IF YES] **Compared with opening** a firm officially,
- Which process is **more complex**? Opening \_\_\_\_\_ Closing \_\_\_\_\_
- Which process takes **more time**? Opening \_\_\_\_\_ Closing \_\_\_\_\_
- Which process **costs more**? Opening \_\_\_\_\_ Closing \_\_\_\_\_

39. Now I'd like to ask about any experience your firm may have had in exporting goods.

**Within the last 12 months**, did your firm **export any goods** to other countries?

- Yes \_\_\_\_\_ No \_\_\_\_\_  
 [IF YES]
- More than one time during this period? Yes \_\_\_\_\_ No \_\_\_\_\_
- For the firm's **most recent** export shipment, how long did it take to clear customs, outward bound? \_\_\_\_\_ [TIME UNIT]
- For the **most recent** export shipment, did the firm have to pay any official export fees or taxes to export the goods? Yes \_\_\_\_\_ No \_\_\_\_\_  
 [IF YES]
- How much? \_\_\_\_\_ [MONETARY UNIT]
- After the firm's **most recent** export shipment, how long did it take to receive VAT tax or other refund? \_\_\_\_\_ [TIME UNIT]
- What is the **longest time** it has ever taken for the firm to clear an export shipment through customs, outward bound? \_\_\_\_\_ [TIME UNIT]

**Finally, I would like to ask a couple of questions about your own background.**

40. What has been your business experience until now? [CHECK ALL THAT APPLY]

- a. Owner, this firm\_\_\_\_\_
- b. Owner, another firm\_\_\_\_\_
- c. Manager, this firm\_\_\_\_\_
- d. Manager, another firm\_\_\_\_\_
- e. Employee, this firm\_\_\_\_\_
- f. Employee, another firm\_\_\_\_\_
- g. Other, specify\_\_\_\_\_

41. Before working in this firm, did you work earlier in other textile firms?

Yes\_\_\_ No\_\_\_

42. What is the highest level of formal education you've completed?

Years\_\_\_\_\_Degree\_\_\_\_\_

43. What is your age? \_\_\_\_\_Years

44. Could you give us the name of any other local firms that are similar to yours in size and type of activity?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

a. Could we use your firm's name as a reference? Yes\_\_\_ No\_\_\_

b. Do you know anyone who started to register a new firm officially but then did not complete that registration because the process was too difficult or time-consuming or expensive? Yes\_\_\_ No\_\_\_

[IF YES] c. Could we contact that person using you as a reference?

Yes\_\_\_ No\_\_\_

[IF YES] d. Name, address, telephone of person to contact

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

45. Are there other comments you would like to make? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**Thank you very much for your time!**

**END INTERVIEW**

46. Interview was completed on this date: Day\_\_\_\_\_ Month\_\_\_\_\_Year\_\_\_\_\_

47. Time finished\_\_\_\_\_

48. Interviewer's

Name\_\_\_\_\_

49. Assistant interviewer's name\_\_\_\_\_

50. Code the answer given to Question 1 "What does your firm produce?"  
a. CNAE code \_\_\_\_\_ b. NAICS (6-digit) code 315\_ \_ \_

51. Checker's name \_\_\_\_\_

52. Interview was checked on this date: Day \_\_\_\_\_ Month \_\_\_\_\_ Year \_\_\_\_\_

**RECORD IMMEDIATELY AFTER CONCLUSION OF INTERVIEW**

S1. Address where interview took place \_\_\_\_\_  
\_\_\_\_\_  
(Street address, city, country)

S2. How was this firm selected?  
Survey design (from database, etc.) \_\_\_\_\_  
Industry or trade association referral \_\_\_\_\_  
Acquaintance's or friend's referral \_\_\_\_\_  
Other firm's referral \_\_\_\_\_  
Other [SPECIFY] \_\_\_\_\_

S3. How many attempts/telephone calls did it take to **schedule** this interview?  
\_\_\_\_\_ attempts

S4. How many trips to the interview location to **start** this interview? \_\_\_\_\_ trips

S5. How many sessions to **complete** this interview? \_\_\_\_\_ sessions

S6. **Total time spent** by the interviewer to contact, arrange interview, travel to location, and conduct interview: \_\_\_\_\_ hours

S7. Does the firm have distinctive ethnic, political, or religious affiliations? \_\_\_\_\_  
\_\_\_\_\_

S8. Does the district where the firm is located have distinctive ethnic, political, or religious characteristics? \_\_\_\_\_  
\_\_\_\_\_

S9. Stories or examples mentioned by the respondent \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

S10. Which interview questions should be changed? Why? How?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

S11. Interviewer's additional comments  
\_\_\_\_\_  
\_\_\_\_\_