



RONALD COASE INSTITUTE

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Questionnaire on Costs of Exchange: Registering a New Business Officially

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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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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.]
- | Service used | Cost of service |
|---|------------------------|
| 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		
Register with						
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						
Get permits						
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

