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

JEL classification D23

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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
   a. Produce final goods? Yes___ No___
   b. Produce piece goods for a final producer? Yes____ No___
   c. Sell final goods in the retail market? Yes ___ No___
   d. Other [SPECIFY] ____________________________________

10. Does your firm own its building, or does it rent?
    a. Owns it ___    b. Is it part of a personal residence? Yes___ No___
    c. Rents it ___    d. Is it part of a personal residence? Yes___ No___
    e. 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]
    a. To obtain credit___
    b. To gain access to new customers or suppliers___
    c. To use the courts to enforce contracts ____
    d. To operate on a visible (large) scale, or with visible hours of business___
    e. To export___
    f. To benefit from government incentive programs___
    g. To avoid paying penalties___
    h. To avoid paying bribes___
    i. 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?

<table>
<thead>
<tr>
<th>STEP</th>
<th>INSIDE the firm</th>
<th>OUTSIDE the firm</th>
<th>Official fees paid to the government agency</th>
<th>This step is not yet completed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>How many people worked on this step</td>
<td>Total hours spent to complete</td>
<td>How many people worked on this step</td>
<td>Total hours spent to complete</td>
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<td>Register with</td>
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<td>a. National tax authority</td>
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<td>b. Social security agency</td>
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<td>c. Other national agency</td>
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<td>d. Regional or provincial agency</td>
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<td>e. Industry or trade association</td>
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<td>f. Fictitious name registration</td>
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<td>g. Sales tax</td>
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<tr>
<td>Get permits</td>
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<tr>
<td>h. To operate in municipality</td>
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<tr>
<td>i. Zoning</td>
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<tr>
<td>j. Occupancy</td>
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<tr>
<td>k. Environmental</td>
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<td>l. Fire inspection</td>
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<td>m. Proof of workers’ compensation insurance</td>
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<td>n. Other required permit[SPECIFY]</td>
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<tr>
<td>Contract with specialist</td>
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<td>o. The firm contracted with a specialist to handle the entire registration. _____</td>
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<tr>
<td>o1. Total money cost to the firm, including all fees___________ [MONETARY UNIT]</td>
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<tr>
<td>o2. Total time cost to the firm of dealing with the specialist and the registration process ______________ [HOURS]</td>
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</tbody>
</table>
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?

<table>
<thead>
<tr>
<th>Factors making process easier</th>
<th>Extremely important</th>
<th>Somewhat important</th>
<th>Not important at all/Not applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Strong ties to local community</td>
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<tr>
<td>2. Good political connections</td>
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<td>3. Membership in a business association</td>
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<tr>
<td>4. Past experience starting a firm</td>
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<td>5. Information or advice from others</td>
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<td>6. Help from a government agency</td>
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<td>7. Gender M____ F___</td>
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<td>8. Being native-born citizen</td>
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<tr>
<td>9. Ethnic or language affiliation [SPECIFY]_______</td>
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<td>10. Religious affiliation [SPECIFY]_____________</td>
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<tr>
<td>11. Other [SPECIFY]___________________</td>
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</table>

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?

<table>
<thead>
<tr>
<th>Factors making process more difficult</th>
<th>Extremely important</th>
<th>Somewhat important</th>
<th>Not important at all/ Not applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lack of ties (or having only weak ties) to local community</td>
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<tr>
<td>2. Lack of political connections</td>
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<tr>
<td>3. Lack of membership in a business association</td>
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<tr>
<td>4. Lack of past experience starting a firm</td>
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<tr>
<td>5. Lack of useful information or advice from others</td>
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<td>6. Lack of help from government agencies</td>
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<td>7. Gender M____ F___</td>
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<td>8. Being an immigrant</td>
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<td>9. Ethnic or language affiliation [SPECIFY]_______</td>
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<td>10. Religious affiliation [SPECIFY]_____________</td>
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<tr>
<td>11. Other [SPECIFY]_______________________</td>
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</tbody>
</table>
35. Suppose you want to start another business now. To register your new business officially,
   a. How much money will it cost?________________________ [MONETARY UNIT]
   b. 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?
   a. Yes____ No _____
      [IF YES] Compared with opening a firm officially,
      b. Which process is more complex? Opening____ Closing____
      c. Which process takes more time? Opening____ Closing____
      d. 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?
   a. Yes____ No _____
      [IF YES]
      b. More than one time during this period? Yes____ No _____
      c. For the firm’s most recent export shipment, how long did it take to clear customs, outward bound?______________ [TIME UNIT]
      d. 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]
         f. How much?__________________ [MONETARY UNIT]
      e. After the firm’s most recent export shipment, how long did it take to receive VAT tax or other refund?________________ [TIME UNIT]
      f. 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  
   _______________________________________________________________________
   _______________________________________________________________________
   _______________________________________________________________________