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## PROGRESSREPORTONTHEMULTI-COUNTRYBUSINESSSURVEY

**Meeting on the Regulatory Management and Reform Group, Public Management Committee, OECD Headquarters, ChâteaudelaMuette, Paris, 29-30 June 1998**

*1. This document reports progress on the PUMA multi-country business survey through May 1998. The survey is now being implemented in ten countries. Other countries have shown interest in launching it in the coming months. Countries participating should complete the survey by early 1999 in order to have the indicators incorporated in the final report.*

*2. For background information, delegates may also wish to consult the following documents:*

- *The PUMA Multi-country Business Survey: Benchmarking regulatory and administrative business environments [PUMA/REG(97)10] which includes a general description of the project.*
- *Summary of comments received on "The PUMA Multi-country Business Survey" [PUMA/REG(98)5], and*
- *Implementation guidelines, the multi-country business survey: Benchmarking regulatory and administrative business environments [PUMA/REG(98)6] which includes the final questionnaires.*

*For additional information, please contact Cesar Cordova at (33-1) 45248947; fax (33-1) 45248796; e-mail: cesar.cordova@oecd.org.*

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1. The Public Management Service's (PUMA) multi-country business survey is intended to produce the first comparative indicators and benchmarks of general regulatory and administrative business environments in OECD countries. The survey focuses on the quality of the regulations, the quality of the administration implementing the regulations and on the administrative cost of complying with regulations in three important policy areas: employment, environment and tax compliance. Results from the survey should help governments develop policy relevant information to support initiatives to improve the regulatory and administrative environment for businesses, particularly small and medium-sized enterprises (SMEs). The indicators will provide participating countries with estimates of the costs imposed on business in key areas and allow them to benchmark burdens against those of other participating countries. The benchmarking element of the survey will support identification and dissemination of best practices in improving the business environment. Such information will also promote dialogues on reform with the business communities and the wider public in participating countries.

2. Since the completion of the statistical protocol and questionnaires, ten countries have begun implementation of the survey. Several other countries have indicated interest and are in the process of finalising their position and internal organisation to launch the survey in the following months. In order to incorporate the results of a larger number of countries, the deadline for receiving results from participating countries is extended until Spring 1999.

### **Launching the survey (first stage)**

3. In October 1997, after earlier discussions with members of the Regulatory Management and Reform Group, PUMA circulated the document *The PUMA multi-country business survey: Benchmarking regulatory and administrative business environments* (PUMA/REG(97)10) to a wider range of groups and experts for discussion<sup>1</sup>. Suggestions were made on the specificity of the questions, the choice of the sample unit and the complexity and length of the questionnaires. The document *Summary of comments received on The PUMA Multi-country Business Survey* (PUMA/REG(98)5), distributed as Room Document No. 2 at the 4 - 5 December 1997 meeting of the group on Regulatory Management and Reform, responded to the first two issues. In February 1998, a new version of the three questionnaires (one for each policy area) was included in the *Implementation Guidelines*, PUMA/REG(98)6, incorporating the principal comments related to the difficulties to answer the questionnaires. At the end of the December meeting, the group agreed to start the implementation of the survey.

### **Implementing the survey (second stage)**

4. The survey is designed to be administered through a partnership between PUMA, Member government administrations and business associations. This approach is designed to secure high quality results and share costs.

#### *Support tools from PUMA*

5. The major challenge was designing a survey that took into account, on one hand, the differences in circumstances prevailing among OECD countries but provided, on the other hand, comparable and harmonised final results. This was done through flexible and adaptable guidelines and the setting up of a help desk in PUMA to provide assistance to countries implementing the survey.

<sup>1</sup> In addition to comments from the Regulatory Management and Reform Group, written comments were received from the Working Group of the Industry Committee, the Working Party on Tax Policy Analysis and Tax Statistics of the Committee on Fiscal Affairs, the PUMA Committee, the PUMA Group on Benchmarking, the Directorate on Education, Employment, Labour and Social Affairs, as well as those in charge of the World Bank *Survey on Institutional Obstacles to Doing Business*, and Gallup France (the PUMA survey consultant).

6. The *Implementation Guideline* includes a statistical protocol, a step-by-step procedure for managing the survey, the three standardised final questionnaires and additional relevant material (e.g. examples of cover letters). This document, which was developed with the assistance of Gallup France and a statistics consultant, intends to provide a clear and user-friendly guide that is helping participants to plan and perform the tasks and to produce data that are comparable with those from other countries. Its main features consist of:

- **A sample stratification**. In order to respond to the needs of Member countries in the design of reform policies, a stratification was developed to improve the quality of the results and to provide indicators that report separate results for 3 firm size ranges and 3 economic sectors.
- **A statistical robust protocol minimising the sample size.** In order to get significant results for each stratum a statistical protocol was prepared for a sample size of 900 addresses for each one of the 3 policy areas (environment, employment, tax compliance). PUMA's statistical consultants calculated this sample size based on a hypothesis of 20% response rate; that is based on the need of a minimum of 180 answered questionnaires for each policy area to produce meaningful statistical results.

However, for countries with fewer resources, demanding less accuracy in each stratum or willing to invest time and resources in the follow-up phase in order to achieve a greater response rate, a smaller protocol was prepared. This option corresponds to 500 questionnaires mailed and 100 questionnaires answered in each policy area. The main difference with the recommended survey size is that the optional sample will not produce statistical estimates for each stratum but only national results for all firms and all sectors. Nevertheless comparison of national results obtained with the optional sample will be possible with those obtained from one country using the recommended sample.

7. Additionally PUMA has developed and released a *data entry software* to help countries input the answers to the questionnaires and to send them back to the OECD via e-mail or diskettes. This programme will not only help countries to organise and codify their results, but will permit a harmonised analysis by PUMA of the results of each participating country and the preparation of the comparative indicators.

#### *The survey implementation by countries*

8. Ten countries have commenced the implementation of the survey. Annex 1 summarises the current situation in participating countries. Four to five other countries are planning to launch the survey later this year. In order to incorporate their results the project was extended until the beginning of 1999. The new deadline is now set to March 1999, in order to include them in the final report.

9. It should be noted that Denmark, the Netherlands and Switzerland have launched business survey on the same subjects as the PUMA Business Survey over the past few years. Even though the methodologies differ, these countries have indicated that they would be interested in comparing their results with those of other countries.

10. A variety of organisational structures have been used by the countries implementing the survey. A crucial partner in speeding the setting up of the population sample is the national statistical office. At least six countries have contracted out the mailing and follow-up of the survey to specialist consultancies or universities with practical experience in carrying on a business survey. This modality, funded by their governments and/or the business associations, seem to be more cost- and time-efficient.

11. An important consideration is the time required for organising the survey and getting the results. After the ad hoc working group in charge of the survey is set up in each country, the preparation and implementation of the survey should include three main phases. A first phase of 8 to 6 weeks should be

dedicated to drawing up the random sample of addresses from a representative business registry. Parallel to this task, the questionnaires and cover letters should be translated and adapted to the national and business context. A second stage of another 6 weeks should concentrate on the mailing and follow up. The major concern in this phase should be to achieve a higher than 20% response rate in each stratum for each policy area in order to have statistically robust data. In the final phase, which could be undertaken in parallel to the previous one, countries should input the responses into the specific data entry software and send them back to PUMA.

### **Preparing the comparative indicators (third stage)**

12. As results reach the Secretariat, a statistical analysis will be carried out for each country. This will lead to a summary report providing a statistical assessment of the quality of the data obtained and describing synthetically the main results obtained. This report, together with the data in a spreadsheet or database format, will be sent back to the government and to the business association sponsoring the survey. Some countries have already indicated that these country results are important contributions in their own right to their policy response to dealing with administrative compliance costs.

13. After receiving the results from 5 or 6 countries, PUMA will start developing the comparative indicators. Some possible ones will be:

#### *A. Quantitative indicators*

1. Aggregate administrative compliance costs based on businesses' estimates
2. Administrative compliance costs related to firm size
  - measured by the number of employees
  - measured by turnover
  - correlation between administrative compliance costs and number of employees, and between administrative compliance costs and turnover
3. Administrative compliance costs by economic category
4. Costs of contracting-out administrative compliance services

#### *B. Qualitative indicators*

1. Business perception of administrative compliance costs
2. Business perception of changes in administrative compliance costs
3. Business perception on the quality of the regulatory instruments
4. Business perception on the quality of the regulatory administration

### *PUMA reports*

14. Based on the country summary reports and the comparative exercise, PUMA will prepare a second progress report at the end of 1998. With the results from the countries participating during the second half of this year, a comprehensive report should be presented by Spring 1999.

## ANNEX1

<b>Countries participating</b>	<b>Government sponsor(s)</b>	<b>Business Representative sponsor(s)</b>	<b>Out-sourced implementation</b>	<b>Size of the mailing</b>	<b>Date of first mailing</b>
<b>Australia</b>	Office of Small Business (OSB), in the Department of Workplace Relations and Small Business, and Office of Regulation Review	Australian Chamber of Commerce and Industry (ACCI)	AutoListData Technology Pty Ltd (consultancy firm)	1,500 firms	April 1998
<b>Belgium</b>	Ministry of Middle Classes and National Institute of Statistics	Fédération de l'Entreprise Belge (FEB) and Conseil Supérieur des Classes Moyennes.		Not yet established	
<b>Finland</b>	Business Development Department of The Ministry of Trade and Industry	Confederation of Finnish Industry and Employers, and the Federation of Finnish Enterprises	Centre For Economic Research, School of Business and Economics of the University of Jyväskylä	2,100 firms	May 1998
<b>Germany</b>	Federal Ministry of Economic Affairs	Deutscher Industrie und Handelstag (DIHT)		Not yet established	
<b>Iceland</b>	Prime Minister Office	Employers Association and Chamber of Commerce	Researcher of the University of Iceland	1,660 firms	April 1998
<b>Mexico</b>	Economic Deregulation Unit of the Ministry of Trade and Industry	Private Sector Centre for Economic Studies (CEESP) part of the Business Coordinating Council (CCE) and Confederation of Industrial Chambers of Commerce (CONCAMIN)	Gallup, Mexico	2,100 firms	May 1998
<b>Norway</b>	Ministry of Trade and Industry	Næringslivets Hovedorganisasjon (Confederation of Norwegian Business and Industry) Handels- og Service næringens Hovedorganisasjon (Confederation of Norwegian trade and service industry) Norsk Bedriftsforbund (Association of Norwegian SMEs)	Statistics Norway	2,100 firms	April 1998

<b>Portugal</b>	Secretariat for Administrative Modernisation (SMA) and the Institute for Small and Medium-sized Enterprises (IAPMEI) from the Ministry of Economy	Portuguese Industrial Association (AIP)	None	2,100 firms	June 1998
<b>Sweden</b>	Ministry of Industry and Trade	Swedish Employers' Confederation (SAF)	Demoskop AB (research institute)	1,500 firms	March 1998
<b>USA</b>	None	National Association of Manufacturers (NAM)		Not yet established	