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Report:	A brief report on observations, experiences and methodology of the Business Environment and Enterprise Performance Survey (BEEPS)
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1. __Background__

The Business Environmental and Enterprise Performance Survey (BEEPS) is a joint initiative of the European Bank for Reconstruction and Development (EBRD) and the World Bank Group (WBG). The survey was first undertaken on behalf of the EBRD and the WBG in 1999 –2000, when it was administered to approximately 4,000 enterprises in 26 countries of Central and Eastern Europe (CEE) (including Turkey) and the Commonwealth of Independent States (CIS) to assess the environment for private enterprise and business development. In the second round of the BEEPS, the survey instrument was administered to approximately 6,500 enterprises in 27 countries in 2002.

This round of the survey aimed to establish benchmarks for comparative analysis of enterprises in transition economies and non-transition economies.

Synovate implemented the BEEPS instrument and provided the EBRD with electronic data sets. As data analysis would be the responsibility of the EBRD, the objective of this report is to summarise Synovate's observations and experiences arising from the survey and the methodology employed.

__2. Specifications of the survey__

In this third round, the targeted sample was 3,000 enterprises in 5 non-transition economies: 1,000 enterprises in Germany (including the former GDR) and 500 enterprises in each of the following countries – Greece, South Korea, Portugal and Vietnam.

2.1 Targeted distributional criteria of the sample

The general targeted distributional criteria of the sample in each country, as outlined in the Terms of Reference (TOR), were as follows:

- __Sector:__ In each country, the sectoral composition in terms of manufacturing (including agro-processing) versus services (including commerce) was to be determined by the relative contribution to GDP, subject to a 10% minimum for each category. Firms that operated in sectors subject to government price regulation and prudential supervision, such as banking, electric power, rail transport, and water and waste water, were to be excluded from the sample

- __Size:__ At least 10% of the sample was to be in the small and 10% in the large size categories. Firms with only one employee and more than 10,000 employees were to be excluded from the sample

- __Ownership:__ At least 10% of the firms were to have foreign control and 10% were to have state control

- __Exporters:__ At least 10% of the firms were to be exporters, meaning that some significant share of their output was to be exported

- __Location:__ At least 10% of firms were to be in the category of "small city or countryside"

2.2 Definitions of the distributional criteria of the sample

2.2.1 Sector

The following enterprises within the Industry and Services sectors were eligible for selection:

		ISIC section
Industry	Mining and quarrying	Section C: 10-14
	Construction	Section F: 45
	Manufacturing	Section D: 15-37
Services	Transportation, storage and communications	Section I: 60-64
	Wholesale, retail, repairs	Section G: 50-52
	Real estate and business service	Section K: 70-74
	Hotels and restaurants	Section H: 55
	Other community, social and personal activities	Section O: see note

Note:
Group 90.0-91.3: excluded
Group 92.1-92.4: included
Group 92.5-92.7: excluded
Group 93: included

As some enterprises were engaged in more than one business activity (e.g., manufacturing and perhaps retailing or any other activity), an enterprise was classified as belonging to a given sector if 70% or more of its total sales came from that sector activity.

2.2.2 Enterprise size

For this survey, the following enterprise size categories were defined:

- Small: 2-49 full-time employees
- Medium: 50-249
- Large: 250-9,999

2.2.3 Ownership

The universes of eligible state-owned enterprises in Greece, South Korea and Portugal were very small. Because of this, in consultation with the EBRD, the quotas were relaxed for Greece and South Korea to zero and for Portugal to 2.61% of the total sample.

2.2.4 Exporting firms

An enterprise was regarded as an exporter if it exported 20% or more of its total sales.

2.2.5 Location

"Small city or countryside" was defined as having a population under 50,000 inhabitants.

2.2.6 Year of establishment

In order to capture historical data/information, enterprises which began operations in 2002, 2003, or 2004 were excluded from the sample.

3. Scope of work

3.1 Sample

3.1.1 Establishment of the sample frame

In each country we developed as complete as possible sample frames of businesses within the defined parameters of the study. We established the sample frames by collecting information, among others, from the following sources:

- National statistical institutes
- Chambers of commerce and industry
- Published information in industry registries
- Commercial directories

Further details of the sources of information used in each country are given later in this report.

3.1.2 Sample design

The sample structure for this survey was designed to be as representative (self-weighted) as possible to the population of firms within the Industry and Service sectors subject to the minimum quotas (specified in the TOR) of the total sample. This approach ensured that there was sufficient weight in the tails of the distribution of firms by the various relevant controlled parameters (sector, size and location). This was also the approach we used for the design of samples of comparable surveys (e.g., BEEPS II-2002).

As pertinent data on the actual population of foreign-owned or exporting enterprises were not readily available, it was not possible to build these two parameters into the design of the sample from the onset. The primary parameters used for the design of the sample were as follows:

- Longitudinal parameters

  - Total population of enterprises
  - Size of enterprise: Small, medium and large
  - Geographic location: Spread (capital city, small cities and countryside, etc) across each country

- Latitudinal parameter

  - Economic sub-sectors (e.g., manufacturing, wholesale, etc)

For some enterprise parameters (i.e., firm population/distribution by region, etc) where statistical information was not available, we estimated these from other accessible demographic (e.g., human population concentrations in rural and urban areas) and socio-economic (e.g., employment levels) data.

Because of the interlocking nature of the controlled parameters, we generated sample guidelines, and not definitive sample designs. The objective of the sample guidelines was to meet the survey quotas and at the same time maintain representativeness to the population of firms.

Step 1: The first step was to determine the GDP contribution of all major economic sectors and their constituent sub-sectors (see Appendix A, Table A1).

Step 2: As firms within agriculture and some sub-sectors within Industry and Services were excluded from the survey, their contribution to the GDP was also excluded by re-weighting total Industry and total Services so that Industry+Services=100%. The BEEPS total industry and service quotas were calculated from the re-weighted GDP contribution (see Appendix A, Table A2). The quotas are summarised below.

Country	Industry	Services	Total
Germany	373	627	1,000
Portugal	192	308	500
Greece	139	361	500
South Korea	262	238	500
Vietnam	285	215	500
Total	**1,251**	**1,749**	**3,000**

Step 3: The population of eligible enterprises was obtained from the Statistical office and other sources and was broken down in the longitudinal and latitudinal parameters.

Step 4: Based on the universe data, the proportions of longitudinal and latitudinal parameters of the sample within Industry and Services were estimated.

Step 5: Using the proportions estimated in step 4, and the number of enterprises apportioned to each sector (step 2), a self-weighted sample within each sector and across all parameters was constructed.

Step 6: The sample size of some parameters resulting from the self-weighted sample from step 5 was outside the minimum quotas of this survey. For this reason, we re-weighed the sub-sector with the revised total samples (quotas) but still maintained the proportions of the original self-weighted universe. The same procedure was applied across enterprise size and location.

Step 7: The wholesale, retail and repairs sub-sector dominated the sample of the Services with 60-80% enterprises, whilst the remaining sub-sectors (transportation, hotels, real estate, etc) commanded a share ranging from 2-15% each. In this case we considered a trade-off between representativeness and a better "mix" of sub-sectors within the Service industry.

The wholesale/retail/repairs sector was associated with small enterprises; therefore the sample design suggested that the majority of firms within Services should be wholesalers, retailers, etc, the implication of this was that the quotas for medium and large enterprises were unlikely to be met. For this reason, we decreased judgmentally the sample of wholesale, retail, repair firms and increased the number of interviews with firms operating in transportation, real estate, etc, Judgmental adjustments were done systematically and consistently so as to ensure that all Service sub-sectors were adequately represented in the survey and at the same time improve our chances of meeting the minimum quotas, especially those of enterprise size.

3.1.2.1 Sample design of Germany

As requested by the EBRD, for Germany we assumed that the capital was Frankfurt and we excluded firms in Berlin from the locations.
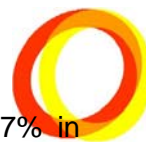
According to our data, the universe of enterprises for total Germany comprised 87% in former West Germany and 13% former East Germany. In terms of the total targeted sample of 1,000 enterprises, these figures translated to a targeted sample of 870 firms in the former West Germany and 130 in the former East Germany. As a total sample of 130 firms for the former East Germany was too small to produce statistically robust results, in consultation with the EBRD we imposed a quota of 300 enterprises.

Based on the procedure outlined in section 3.1.2, we designed the sample structure of total Germany and then used a ratio of 70:30 to apportion the total Germany sample between the West and the East. The final targeted samples broken down by Industry and Services are shown below:

Region	Industry	Services	Total
Former West Germany	261	439	700
Former East Germany	112	188	300
Total Germany	**373**	**627**	**1,000**

All the sample guidelines were provided to the EBRD for approval.

3.2 Survey instrument

3.2.1 Development of the survey instrument

In consultation with the task manager of the EBRD, we reviewed, revised and developed further the draft questionnaires in order to bring them closer to the current realities, to obtain maximum information from respondents and to facilitate accurate data entry and validation of the final results.

For better administration of the survey instrument, this was divided into 2 parts:

"Screener": The objective of this questionnaire was to establish enterprise and respondent eligibility and to secure recruitment. Once eligibility was established, the enterprise and respondent details were recorded and appointments were made to administer the main questionnaire.

"Main": This questionnaire contained the bulk of the BEEPS questions.

As this survey may be repeated in about 2-3 years time, there was a need to establish a panel of firms. To comply with the ESOMAR code of conduct, we asked for the respondent's permission to include their details (respondent and enterprise) in a database which may be used in the future to contact them again.

3.2.2 Translation of the questionnaires

The English questionnaires were translated into the language of each country. Independent translators who had not worked on the translation and who had not seen the original English questionnaires back-translated the questionnaires into English in order to ensure accurate translation of the substance and meaning of the questions.

3.3 Piloting

The questionnaires were piloted with 5 enterprises in each country so as to:

- Adapt, if necessary, questions to make them more appropriate to local context
- Ensure that respondents understood the questions
- Identify problems in the survey instruments

Following piloting of the questionnaires, Synovate reviewed the results and provided the EBRD task manager with recommendations on concepts or questions that required further development, customisation and/or refinement.

The piloting and refinement of the questionnaires took place from 4th – 19th October 2004.

3.4 Fieldwork and quality control

At all stages of the survey, the ESOMAR guidelines and code of conduct were observed.

3.4.1 Training

We conducted two 2-day training workshops, one in Greece and the other in South Korea. For the training workshop in Greece (30th September and 1st October), we invited the country and fieldwork managers of Greece, Germany and Portugal to attend. The training in South Korea (6th – 9th October), was attended by the respective managers of South Korea and Vietnam.

The objectives of the two workshops included:

- A debrief by the project director on the objectives, quality control and overall conduct of the project
- Training on and detailed explanation of the questionnaires
- Issues related to data entry and checking of questionnaires
- Review of detailed instructions and manuals for implementing the survey
- Establishing lines of communication between the members of the team
- Drawing-up of detailed timescales

Country and fieldwork managers trained supervisors and interviewers. Fieldwork personnel were trained before, as well as after, piloting.

Throughout the duration of the fieldwork, we conducted regular refresher training sessions. Results of completed questionnaires were used to identify areas requiring particular attention.

3.4.2 Questionnaire checking, call back visits and telephone checks

A questionnaire was regarded as "successfully completed" if respondents answered approximately 85% of the applicable questions. Interviews with persistent Refusals/Not applicable or Don't Know answers (i.e., where it was obvious that respondents were unwilling to cooperate) were discarded and replacement interviews were conducted.

The country and fieldwork managers as well as fieldwork supervisors checked all completed questionnaires and conducted a minimum of 20% call back visits or telephone checks in order to verify the accuracy of the data recorded and, where deemed necessary, to clarify with respondents any inconsistencies in their answers.

Interviewers were required to submit brief qualitative reports for each interview completed, giving details of comments (on and off the record) made by respondents and further elaborations on questions, problems, reactions, etc.

3.5 Interviewing method and questionnaire administration

To enhance respondent co-operation, we provided respondents with a letter from the EBRD explaining the objectives of the survey and confirming that the survey was conducted on the Bank's behalf.

The eligible respondent at each enterprise was the person (e.g., CEO, general manager, finance director, etc) who normally represented the firm for official purposes. In larger enterprises we conducted "composite" interviews (i.e., more than one person answering questions).

The *"screener"* questionnaire was administered by phone. The *"main"* questionnaire was administered face-to-face.

3.5.1 Arrangement of interviews

Enterprises whose telephone/fax details were found to be wrong were visited in person to arrange interviews. For each randomly selected enterprise, 5 attempts (whether telephone or personal visit) were made to administer the questionnaires. If not successful on the 5th attempt, that enterprise was ignored and we proceeded with fresh recruitment.

3.6 Observations and experiences from the Survey

Specific experiences and observation from each country can be found in Appendix B.

3.6.1.Sample sizes and quotas achieved

Because of the interlocking quotas, we had to over-sample firms in Germany, South Korea and Greece in order to meet the quotas. By meeting the quotas we mean to achieve the absolute number of interviews per quota based on the targeted samples. Because of over-sampling, the quotas of each of the above countries (expressed as a percentage of the total sample achieved) appear "lower" than the targets. We could have rectified this "problem" by removing interviews so that quotas (in terms of percentages of the total sample achieved) were correct, but we did not consider this appropriate.

In total we conducted 3,346 interviews. The final sample sizes and quotas achieved in each country were as follows:

Countries	Target	Completed	City/Town *			Sector		Main Activity		Firm size			Foreign ownerhsip	Exporters	GDP re-weighted Contribution	
			Large	Medium	Small	Private	State	Industry	Services	Small	Medium	Large			Industry	Services
Germany**	1000	1197	11%	35%	53%	95%	5%	39%	61%	79%	10%	10%	8%	13%	37%	63%
Greece	500	546	39%	37%	24%	100%	0%	30%	70%	81%	10%	9%	10%	11%	28%	72%
Portugal	500	505	14%	25%	61%	97%	3%	38%	62%	77%	13%	10%	10%	10%	38%	62%
Korea	500	598	54%	37%	8%	100%	0%	48%	52%	78%	11%	10%	9%	11%	52%	48%
Vietnam	500	500	42%	20%	38%	90%	10%	57%	43%	72%	18%	10%	10%	15%	57%	43%
Total	**3000**	**3346**	**29%**	**32%**	**39%**	**96%**	**4%**	**42%**	**58%**	**78%**	**12%**	**10%**	**9%**	**12%**		

* Large = Capital + other over 1 million
  Medium = other 250,000 - 1 million + other 50,000 - 250,000
  Small = under 50,000

** West Germany 68% of total completed sample
  East Germany 32% of total completed sample

Please note that the percentages give in the above table were calculated based on the completed and not the targeted interviews.

3.6.2 Interview success rate

In total we contacted 12,166 enterprises and achieved an interview completion rate of 27.50%. Respondents who either refused outright (i.e., not interested) or were unavailable to be interviewed (i.e., on holiday, etc.) accounted for 36.50% of all contacts. Enterprises which were contacted but were non-eligible (i.e., due to business activity, size, year of establishment etc.) or quotas were already met (i.e. size, ownership etc.) or to which "blind calls" were made to meet quotas (i.e., foreign ownership, exporters etc.) accounted for 36% of the total number of enterprises contacted.

Respondents in Vietnam were the most enthusiastic participants in the survey with South Korean managers the least eager to cooperate with us.

In Portugal we had to contact the greatest number of enterprises in order to meet the quotas, particularly those for large and foreign owned firms.

The table below summarises the interview success rates for each country.

Country	Enterprises contacted	Completed interviews	Refused/Not available	Not eligible/quotas already met	Completed interviews	Refused/Not available	Not eligible/quotas already met
	Number of enterprises				% of enterprises		
Greece	1847	546	610	691	29.56%	33.03%	37.41%
Germany	4568	1197	1579	1792	26.20%	34.57%	39.23%
South Korea	2448	598	1153	697	24.43%	47.10%	28.47%
Portugal	2267	505	800	962	22.28%	35.29%	42.43%
Vietnam	1036	500	298	238	48.26%	28.76%	22.97%
Total	12166	3346	4440	4380	27.50%	36.50%	36.00%

3.6.3 Permission to include enterprise details in database for future BEEPS

In total 58.04% of respondents agreed to include their details in a database for use in future BEEPS. The highest number of permissions was given by respondents in Vietnam, and the least by managers in Korea. The table below shows the details for each country.

Country	Completed	Permission	
		Granted	Refused
Germany	1197	62.5%	37.5%
Greece	546	56.6%	42.7%
Korea	598	23.2%	76.8%
Portugal	505	64.6%	35.4%
Vietnam	500	84.0%	16.0%
Total	3346	58.04%	41.96%

4. Proposals for analysis

The questionnaire contains many attitudinal questions (rated on a scale), for example on corruption, lobbying activities, infrastructure, etc. Using these questions one can create a dichotomous or other dependent variable and then use "Attributable effects" or regression analyses in order to determine if interactions with government authorities have an impact on the success of a firm.

One can also consider creating a segmentation scheme to identify systems/processes where the government has created a favourable business environment and those who have not. This type of analysis would work across countries.

Alternatively one could create segmentation schemes from the standpoint of firms. This analysis would segment enterprises in terms of how they perceive the favourability of the political climate. Here the policy issue is one of determining whether there is something systematic about firms finding their political system as being favourable or not. This analysis would be particularly interesting across countries to determine if various economies have different distributions across the enterprise classification categories. Some questions that could be used for the segmentation analysis include scaled questions along with some relevant questions of "Yes/No" (i.e., Q20, 21, 22, 27, 28, 31d, 34, 35a, 36a, 36b, 37, 38, 38b, 39, 40, 41, 42, 44, 53, 54, 60, 63 and 64).

The dependent variable(s) for these analyses should be the identifiers of whether or not firms are successful/profitable/growing. Once the dependent variables are identified, one can analyse the results as described above in order to find relationships.

Factor analysis may also be employed to analyse respondent perceptions on infrastructure/regulations (Q54) and determine which are the key overall factors driving the overall ratings. One may argue that among the overall factors rated in Q54 are Financing (access to financing, cost of financing), Public Services (telecommunication, electricity, transportation), Taxation (tax rates, tax administration), Regulation (….) and Crime (….). It would be interesting to see if – as a result of - factor analysis the attributes in Q54 are grouped together into the overall factors mentioned above, or if some of these are grouped with sub-factors, which may at this stage appear not correlated. For example, factor analysis may group together "corruption" with "business licensing and permits". In this example, one can draw the conclusion that corruption goes hand in hand with business licensing and that this is not associated with "customs and trade regulation" or the "functioning of the judiciary".

From our experience we sometimes find that respondents rate some factors (Q54) as being minor obstacles to the operation and growth of their firm - for example "transportation". If one were to analyse the results based on the frequency scores (minor to major obstacle) only, may draw the conclusion that indeed "transportation" is not a major problem, therefore no recommendations for improvement should be made. In our view, although the "transportation" system of some countries is quite bad, some respondents take this for granted without realising how much they can benefit with improvements in the system. For this reason, it may be beneficial to analyse not just the obstacle ratings but also to determine the impact/importance of the "transportation" system on an overall dependent variable, whether this is a perception or a factual variable.

APPENDIX A

Sample design based on the GDP contribution

TABLE A1. GDP CONTRIBUTION

	Portugal	Greece	Germany	Korea	Vietnam
Agriculture, forestry and fishing	3.90%	7.10%	1.13%	4.10%	21.83%
1. Total agriculture, forestry and fishing	**3.90%**	**7.10%**	**1.13%**	**4.10%**	**21.83%**
Mining and quarrying	0.30%	0.60%	0.25%	0.30%	9.42%
Manufacturing	18%	11.20%	22.26%	26.90%	20.80%
Construction	7%	6.90%	4.54%	8.60%	5.88%
2. Total BEEPS industry	**25.30%**	**18.70%**	**27.05%**	**35.80%**	**36.10%**
Electricity, gas and water supply	2.60%	1.80%	1.82%	2.60%	3.84%
3. Total electricity, gas and water supply	**2.60%**	**1.80%**	**1.82%**	**2.60%**	**3.84%**
Transport, storage and communication	7.00%	8.50%	6.13%	7.50%	3.73%
Wholesale and retail trade, repairs	15.60%	14.60%	10.70%	7.80%	13.77%
Real estate, renting and business activities	12.80%	17.10%	25.90%	12.80%	4.55%
Hotels and restaurants	3.10%	7.10%	1.20%	3.00%	3.12%
Community, social and personal service activities	2.00%	1.30%	1.48%	1.50%	2.07%
4. Total BEEPS services	**40.50%**	**48.60%**	**45.41%**	**32.60%**	**27.24%**
Financial intermediation	5.40%	5.50%	3.91%	9.10%	1.80%
Public administration and defence: Compulsory social security	8.00%	6.10%	6.03%	5.90%	2.76%
Education	6.00%	4.60%	4.17%	5.40%	3.54%
Health and social work	6.30%	5.10%	6.54%	3.40%	1.42%
Other service activities	2%	2.50%	1.41%	1.10%	
Scientific activities and technology			0.38%		0.61%
Recreational, cultural and sporting activities			2.02%		0.55%
Activities of Party and of membership organisations					0.13%
Private households with employed persons			0.13%		0.18%
5.Total excluded services	**27.70%**	**23.80%**	**24.59%**	**24.90%**	**10.99%**
6. Total Service sector	**68.20%**	**72.40%**	**70.00%**	**57.50%**	**38.23%**

Total   100.00%   100.00%   100.00%   100.00%   100.00%

TABLE A2. SAMPLE DESIGN BASED ON THE <u>BEEPS SECTOR GDP CONTRIBUTION</u>

Sector	Portugal	Greece	Germany	Korea	Vietnam
Total agriculture (Section: 1)					
Total BEEPS Industry (Section: 2)	25.30%	18.70%	27.05%	35.80%	36.10%
Total BEEPS Services (Section: 4)	40.50%	48.60%	45.41%	32.60%	27.24%
Total BEEPS	**65.80%**	**67.30%**	**72.46%**	**68.40%**	**63.34%**
Total sample	**500**	**500**	**1,000**	**500**	**500**
Re-weighted Industry sample (excluding agriculture)	**192**	**139**	**373**	**262**	**285**
Re-weighted Services sample (excluding agriculture)	**308**	**361**	**627**	**238**	**215**

Appendix B

Country reports on observations and experiences

<u>B1. Germany</u>

The ongoing economic downturn in the 5 former East German regions was the only factor that affected fieldwork. Some of the companies to be interviewed no longer existed or had reduced their worforce.

The sources of information used for the establishment of the sample frame and for sampling were as follows:

- Statistical yearbook
- General Statistical Office (GSO) - The website contains an overview of the company population by industry and size
- Dun & Bradstreet - The only source that provides both the company size and the city size
- Hoppenstedts'
- Yellow Pages

The survey covered the following regions:

- Baden-Württemberg, Bayern, Brandenburg, Bremen, Hamburg, Hessen, Mecklenburg-Vorpommern, Niedersachsen, Nordrhein-Westfalen, Rheinland-Pfalz, Sachsen, Sachsen-Anhalt, Schleswig-Holstein, Thüringen

It was difficult to complete the quota for state-owned enterprises because most of these companies are in sectors which were excluded from the sample, such as energy and water supplies.

In Frankfurt, problems were faced in finding large enterprises within the industry sector. This was mainly because Frankfurt has changed from an industrial city to more of a banking and insurance centre.

On average the interview length was 1 hour, which was considered to be long for German respondents.

Overall only one respondent was needed to complete the interview.

Some of the reasons for respondents declining to be interviewed were lack of time and lack of interest in participation.

The majority of respondents who took part in the survey were quite impressed by the questionnaire content.

By and large, we believe that answers obtained from respondents were truthful. Some respondents faced difficulties answering questions about corruption, but with the use of the projective technique ('in your industry'), we are confident that truthful answers were obtained.

Problems encountered on particular questions were as follows:

- Q9 - Some respondents were unsure whether their customers were multi-national or large private domestic companies. This problem was also encountered for state owned and controlled companies

- Q12b/c - It was extremely difficult for some respondents to give the percentage of their market share, whether this was national or local. We also found that some companies sell their products over the Internet, and obviously this complicated matters further
- Q19 - Some respondents commented that this question does not include the quality aspect. They would only change suppliers if the quality were not the same. Some retailers mentioned that their customers demand certain brands (available from one supplier) and therefore could not change their supplier whatever the supplier might choose to do
- Q20 – Some respondents mentioned that a change of main customer was not due to their initiative but was an initiative of customers looking for new suppliers
- Q27 – Some respondents regarded this question as being too broad. Point 4 "affordable" was criticised because it is affordable, but perceived as being too expensive. The costs depend on the case-by-case complexity
- Q31d – Many respondents were involved in cases concerning labour law. As such for the next survey, it is recommended that labour courts be incorporated in this question.
- Q35 - Respondents reported that they do not spend much time in dealing with public officials. They consider it to be really nerve-racking, and for this reason they hired outside agencies to act on their behalf
- Q42 - Many respondents said that they do not make unofficial payments but know others in their industry who do.
- Q46e - Some respondents could not answer because they had a credit line with unlimited duration
- Q57 - Some respondents refused to answer this question
- Q68 – Some respondents commented that they had skilled workers from other industries and not necessarily from their own
- Q69 – Some respondents commented that "Vocational qualification" did not fit into this question, because the other categories refer to the school system in which vocational qualification is a combination of school and work experience
- Q70 - Many companies have not searched for new hires over the past years and therefore could not answer this question. Some respondents mentioned that the delay in filling vacancies was not due to lack of available workers, but due to their internal selection procedures and bureaucracy

B2. South Korea

The sources of information used for the establishment of the sample frame and for sampling were as follows:

- National Statistics Office, Republic of Korea: "Survey on establishments nationwide" and "Population" – 3,000,000 businesses
- Maeil business newspaper – 300,000 businesses
- Korea Chambers of Commerce – 100,000 businesses

The survey covered the following regions:

- Capital, Kyung-Gi Province, Kang-Won Province, Chung-Cheong Province, Cheon-Ran Province, Kyung-Sang Province

Problems were faced in finding enterprises located in areas with populations under 50,000. These enterprises amounted to appoximately 4% of the total universe. Over-sampling these enterprises to 10% allowed the quota to be met.

It was hard to meet the quota for companies having foreign ownership. According to the most exhaustive list of foreign-owned companies obtained, foreign-owned companies

represented approximately 0.30% of the actual universe. In addition to this, some enterprises in the database which were thought to be foreign owned, turned out to be local companies with foreign names.

Another difficulty in meeting the quotas was finding large and medium-sized companies. These companies represent about 3% of the total universe of eligible enterprises.

On average the interview length was 1.5 hours. The only exception was in cases where more than one person was involved in completing the questionnaire. The interview length was about 1.75 hrs.

The length of interview was a problem encountered during the implementation of the questionnaire due to the hectic schedule of respondents. Twenty interviews were terminated when the interview exceeded the 1 hour mark and had to be completed at a latter date.

Some respondents declined to be interviewed because they were concerned about confidentiality. However, most of the respondents who declined to be interviewed said that they had no time to be interviewed or were not interested in the study.

The attitude of respondents could be summarised as follows:

- Some respondents described the questionnaire too complicated, long, boring, general, not applicable to their businesses and not suitable to the Korean market situation
- The majority of respondents were very positive and active in participating in the survey
- For some respondents, several questions that dealt with market share, turnover and profit made them nervous. They were concerned that they would be reported to the office of National Tax Administration and be inspected due to their responses
- A few respondents mentioned that the questions were very difficult because they lacked the knowledge to answer the questions and therefore needed a lot of time to search for the correct answers
- Some respondents were very suspicious about the purpose and the benefits of the study because they were not very aware of the EBRD
- There was doubt about the confidentiality of the survey, even after our assurances were given
- Unofficial payment sector - Most of the managers of the sectors covered in this survey insisted that the practice of making unofficial payments no longer existed in Korea because the economic system had become more transparent and honest compared to the past. However, some respondents from the construction industry mentioned (off the record) that they still make unofficial payments but would not admit to this practice when answering the questions
- As for employment levels, several large companies said they out-source work but were unable to give precise numbers

Respondents had difficulties answering the following questions:

- Q3a-Q3b – Some respondents were unsure who were the owners of the firm
- Q12b, Q12c – Some respondents had no idea about their market share in that they had never measured this
- Q57, Q58 – Some respondents refused to answer these questions even after our reassurances of confidentiality
- Q15, Q17, Q30, Q51, Q55 - Many business service enterprises such as real estate agencies (ISIC code 7031) and architectural activities related technical consultancy (ISIC code 7420), answered that they do not have any material inputs and supplies (Q15), no

days of inventory of main input or supply (Q17), and no purchases of material inputs or services (Q30, Q51, Q55)

- Q29, Q30 - Some respondents regarded credit card payments as "sold on credit" and "purchase on credit."

B3. Greece

The sources of information used for the establishment of the sample frame and for sampling were as follows:

- National Statistical Service of Greece (EYSE, Establishments Census)
- ICAP

The survey covered the following regions:

- Capital, Central/West Macedonia, East Macedonia, Thrace, East Sterea, West Sterea, Thessalia, Hepirus, Peloponnisos

We faced problems in recruiting large enterprises because of the small universe. It was also extremely difficult for senior managers to find the time to be interviewed because the later part of the fieldwork coincided with the end of the fiscal year and many respondents of large companies were pre-occupied with preparing budgets and business plans.

The main reasons given by prospective respondents for refusing to be interviewed, were either the anticipated length of the questionnaire and/or lack of interest in the subject of the survey.

There were several cases when we made appointments and arrived at the premises only to be informed that the interview was either cancelled or postponed for a later date. In large companies it was normal for the board of directors to decide whether the company should take part in the survey.

Interviews with small enterprises were conducted with one respondent, whilst with large companies we sometimes had two managers present.

The average interview length was about 1 hour. The only exception was in cases where more than one person was involved in completing the questionnaire. Then the interview took about 1.5 hours.

Almost all enterprises requested to see a formal invitation and explanation of the reasons why they should participate. In this regard, the letter of representation provided by the EBRD proved to be very useful.

The attitude of respondents could be summarised as follows:

- Some of the respondents pointed out that the questionnaire wasn't flexible enough and they did not have the opportunity to make comments, as they would have liked to
- Moreover, respondents mentioned that there were a lot of questions where they had to estimate percentages, which was quite tiring for them considering the total length of the interview
- The majority of the respondents had no problems in completing the questionnaire. The only issue was the length of the questionnaire
- The majority of respondents were very polite, friendly and willing to provide us with as much information and to be as accurate as possible

- Some enterprises wanted to receive a copy of the final report
- Respondents were generally very suspicious and/or reluctant to answer questions on financial performance
- In general, respondents tried to answer all the questions. Where deemed necessary, they asked other people in the company to help them to provide accurate answers
- By and large we believe that all answers provided by respondents were honest and truthful. In cases where respondents didn't want to answer particular questions, they stated this very clearly and did not give answers just for the sake of answering

Some respondents mentioned that the questionnaire was too complicated and difficult to complete. Respondents had difficulty answering the following questions:

- Q35 – Several respondents had difficulty accurately estimating the time spent dealing with public officials
- Q38 – In Greece there are only National laws and regulations, and as such it was not appropriate to ask about local or regional laws
- Q46e – There were several cases where the loan was for an unlimited time
- Q57 – Some respondents had difficulty in estimating of the replacement value of the physical production assets
- Q69 – For the bigger companies with several establishments it was difficult to provide the requested information
- Enterprises in the service sector had difficulties answering questions Q8, Q15, Q16, Q17, Q26, Q33

B4. Vietnam

The sources of information used for the establishment of the sample frame and for sampling were as follows:

- Statistical yearbook
- General Statistical Office (GSO)

The survey covered the following regions:

- Capital , North (including, Thi Tran Dong Anh, Ha Tay, Ba Vi, Hai Dung, ...) , Center (including, Da Nang, Quang Nam, Quang Ngai) , South (Ho Chi Minh, Hoic Mon, Man Thit, ...)

Problems were faced with determining the population of communes. Based on the data from the statistical institute, there were just a few city/towns with populations under 50,000 across the country. For this reason, we contacted leaders of the communes and asked for information on the actual population and the number of enterprises in each commune.

On average the interview length was 1 hour and 20 minutes. Even though respondents completed the interviews, they mentioned that these were too long.

In most cases, only one respondent was involved in the completion of the questionnaire. When respondents couldn't answer a question, they asked for advice/assistance from other managers.

Only one interview was terminated because the respondent was not willing to cooperate.

It was more difficult to get managers in state owned companies to agree to be interviewed because potential respondents were afraid to take responsibility for the information that was to be provided.

The letter of representation from the EBRD proved to be very useful, because almost all respondents wanted to know who was "behind" this survey and what were its the objectives.

The attitude of respondents could be summarised as follows:

- The majority of respondents felt that this survey will have a positive impact on the business environment
- Some respondents asked for incentives to participate. We explained that this is not a normal market research survey and incentives could not be given
- Respondents complained about the sensitivity of the questions (i.e., on corruption and finances)

Respondents had difficulty answering the following questions:

- Q12bc – It was difficult for enterprises to estimate their market share. Due to lack of information, most respondents gave estimates rather than accurate figures. Respondents mentioned that there were no sources of available information to provide them with a clear picture of their market share, whether regional and/or country level
- Q44 –As this question was politically sensitive, our partner politely refused to ask this question out of fear of police intervention and prosecution. In consultation with the EBRD, it was agreed that this question should not be asked
- Q57 – In Vietnam people are cautious when having to reveal information about their financial performance to strangers. The projected estimate of the replacement value of the physical production assets was difficult for respondents to answer. Most of the answers were based on assumptions. This financial indicator was something new to all respondents

B5. Portugal

The sources of information used for the establishment of the sample frame and for sampling were as follows:

- National Bureau of Statistics (Instituto Nacional de Estatística)
- Official/governmental publications:
- o Ministry of Economy and Finances (2003)
- o Ministry of the Cities and Territorial Organisation (2004)
- o IAPMEI – Institute of Support to Small and Medium Companies and Investment (2004)
- Other sources of information were:
- o Economic publications such as "The 500 bigger & better companies of 2004" (prepared by Dun & Bradstreet for the business magazine "Exame" – October 2004),
- o Website of National Bureau of Statistics (Instituto Nacional de Estatística) www.ine.pt
- o Companies Directories – Kompass and Dun & Bradstreet (both from 2004)
- o The Yellow Pages and the phone books of several regions (from 2004)

The survey covered the following regions:

- Capital, Lisbon and Tagus Valley, North, Center, Alentejo, Algarve

Problems were encountered in finding state owned companies, because most companies were in the process of privatisation. In addition, the majority of state owned enterprises were in sectors excluded from this survey.

It was also difficult to meet the quota for large and foreign owned enterprises due to small universes. Managers of some of these companies refused to be interviewed because they were busy preparing their end-of-the year accounts.

On average the length of the interview was 1.5 hours. There were very few cases in which the interview length was less than 1 hour. However, some interviews took more than 2 hours, especially with large companies where respondents required the assistance of one or more other managers from the company to help answer some questions (HR and Finance).

In general, even though there were complaints about the length of the questionnaire, the majority of respondents, were quite polite and tried to answer all the questions.

Reasons for respondents declining to be interviewed were lack of time or interest in the survey. Others said that it was the firm's policy not to participate in any kind of market research. Some respondents expressed concern about the confidentiality and anonymity of the information to be provided.

The attitude of respondents could be summarised as follows:

- Most of the respondents had no problems in completing the questionnaire
- Some respondents were very suspicious about some questions related to financing and investment
- The questionnaire was considered by some respondents to be too complicated, with very difficult questions (to answer and/or to understand) and was inevitably too long.
- There were respondents who considered the questionnaire not appropriate to their businesses (mainly small enterprises and some firms in the services sector) and/or "completely inadequate for the Portuguese market"
- Some respondents commented that it was very difficult to give answers in percentages
- With regard to answers concerning corruption and disclosure of financial information, the extent of truthfulness and honesty of the responses of a considerable number of enterprises is, in our view, questionable

Respondents had difficulty answering the following questions:

- Q12b/c – Some companies were not aware of their market share
- Q59 – Due to the structure and relation of foreign controlled companies with their parent company, it was difficult to determine "profit margins"
- Q57 – Some companies refused to answer this question, claiming that the information was confidential.
- Q68, Q69, Q71 – Overall respondents found it very difficult to answer questions such as those related to the work force in percentages.