

The World Bank Group

BEEPS At-A-Glance 2011

Russia

January 2013

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Introduction

The EBRD-World Bank Business Environment and Enterprise Performance Survey (BEEPS) is a joint initiative of the European Bank for Reconstruction and Development and the World Bank. The BEEPS has been carried out in five rounds: in 1999, 2002, 2005, and 2008; the 2011 is currently under implementation. The survey covers virtually all countries of Central and Eastern Europe and the Former Soviet Union, as well as Turkey. The BEEPS covers a broad range of issues about the business environment, and this note presents some simple indicators for key areas.

The Instrument

There were some changes on 2011 questionnaire that made it slightly different from 2008 – mostly due to new questions added to the 2011 questionnaire. In some cases, the questions were modified in terms of wording or response options, thus care should be taken in comparing the results. BEEPS at-a-Glance is deducted primarily to questions that are comparable across periods. The Annex to the BEEPS at-a-Glance document provides additional information on the comparability of indicators, specific differences and methods of calculation, if any.

The Sampling Frame and Sampling Methodology

The sampling frame and the sampling methodology were kept the same between the 2008 and 2011 cycles. Both rounds used stratified sampling methodology that ensured comparability of the sample frame. Key criteria for sampling were firm size, age, primary area of activity, and ownership of the firm. In addition, the 2011 survey sampling for Russian Federation was also expanded to the sub-national level and provided representative samples for 37 regions of the Russian Federation to allow for richer region level representation and comparison.

However, special caution should be taken while comparing the 2008 and 2011 data with earlier rounds, particularly 2005. In 2008, some modifications in sample frame and methodology were introduced that made 2005 round data slightly different. Therefore, care should be taken when comparing current results to earlier versions of BEEPS-at-a-Glance. The sample adjustment process for 2005 is briefly described in Annex I.

Sample Sizes for Indicators

For a number of indicators, the number of firms that responded to a question is smaller than the overall country sample size. In most cases, the difference is attributable to preceding filter questions. Questions for which the smaller number of respondents is due to filtering are marked with a superscript indicator (¹) in Annex II. Other questions have a smaller number of respondents due to the survey instrument, e.g. manufacturing or service modules. Sample sizes for each indicator are also located in Annex II.

Data Notes

This note focuses exclusively on the Main BEEPS questionnaires for 2008 and 2011 and presents [weighted] averages or frequency distributions over all firms with non-missing data. Many apparent changes over time may not be statistically significant. See the Annex for descriptions and definitions particular questions and indicators.

Citation

Please refer to the data in all uses as the “EBRD-World Bank Business Environment and Enterprise Performance Survey (BEEPS)”. The standard practice is to use this lengthy citation the first time the BEEPS is referenced in the document and the shorthand “BEEPS” thereafter.

Sample Summary

The sampling approach used in 2011 differs from the one used in 1999, 2002, and 2005. However it is fully consistent with 2008. This fact eliminated any need for adjustments, other than the use of sampling weights. The raw data is available from <http://www.enterprisesurveys.org/>.

Sampling Methodology

The sampling methodology is consistent between 2008 and 2011 cycles. For both years, stratified random sampling was utilized. Core criteria for stratification of the sample used for 2008 and 2011 surveys were size of the firm, and sector. For the 2011 survey, a new stratification level - region was added. This does not affect consistency of the overall sampling methodology between the 2008 and 2011 rounds.

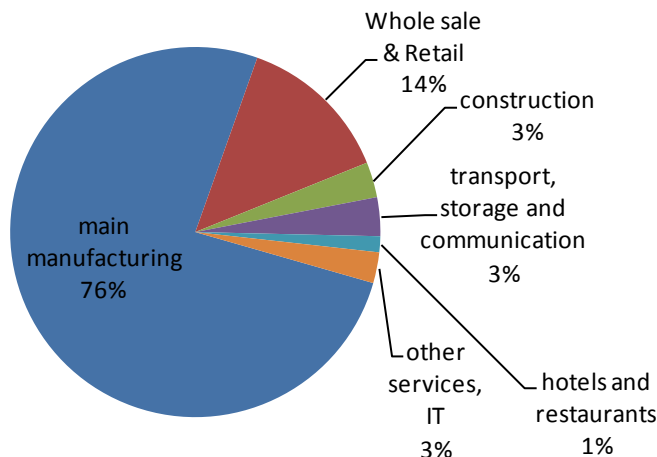
Sampling Frame

Sector: the 2008 and 2011 samples were composed based on six main sectors: manufacturing, construction, retail and wholesale, other services and IT, transportation, and hotels and restaurants (see next page for details).

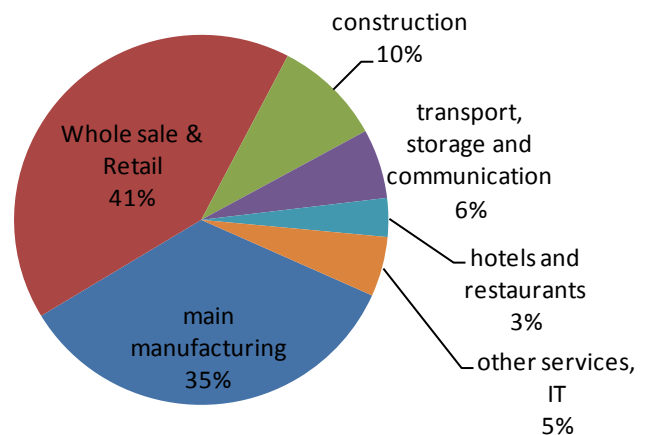
Size: following breakdown of the sample by the size of firms was used in sample construction: small – 5 to 19 employees; medium – 20 to 99 employees; large – 100 and more employees.

Region: The 2008 survey is a representative national survey. In 2011 the sample was also stratified by region. Thus, the 2011 round covers 37 regions of Russian Federation. See next page for summary of the samples for 2008 and 2011 surveys.

2008 Sample for Russia



2011 Sample for Russia



	2008		2011	
	n	(%)	n	(%)
Total	1004	(100%)	4220	(100%)
Sector				
Manufacturing	763	(76%)	1464	(34.7%)
Wholesale and Retail	135	(13.5%)	1744	(41.3%)
Construction	31	(3.1%)	396	(9.4%)
Transportation	34	(3.4%)	255	(6.0%)
Hotels and Restaurants	14	(1.4%)	142	(3.4%)
Other services, IT	27	(2.7%)	219	(5.2%)
Size of firm				
Small (5-19 employees)	429	(42.7%)	1475	(35.0%)
Medium (20-99 employees)	340	(33.9%)	2315	(54.9%)
Large (100+ employees)	235	(23.4%)	430	(10.2%)

Industry sample composition

“Construction”, “Hotels & Restaurants”, “Wholesale & Retail”, “Transport, Storage & Communication”, and “Other Services & IT” are defined identically in 2008 and 2011. “Manufacturing” is composed of different sub-sectors in 2008 and 2011 as follows:

- **2008 Manufacturing** - Food, Textiles, Garments, Plastics and rubber, Chemicals, Non-metallic mineral products, Basic metals, Metal fabrication, Machinery and equipment, Electronics, Other manufacturing
- **2011 Manufacturing** - Precision instruments, Furniture, Tobacco products, Textiles, Garments, Tanning & leather, Paper & paper products, Coke & refined petroleum, Basic metals, Office machinery, Communication equipment, Motor vehicles, Other transport equipment, Recycling

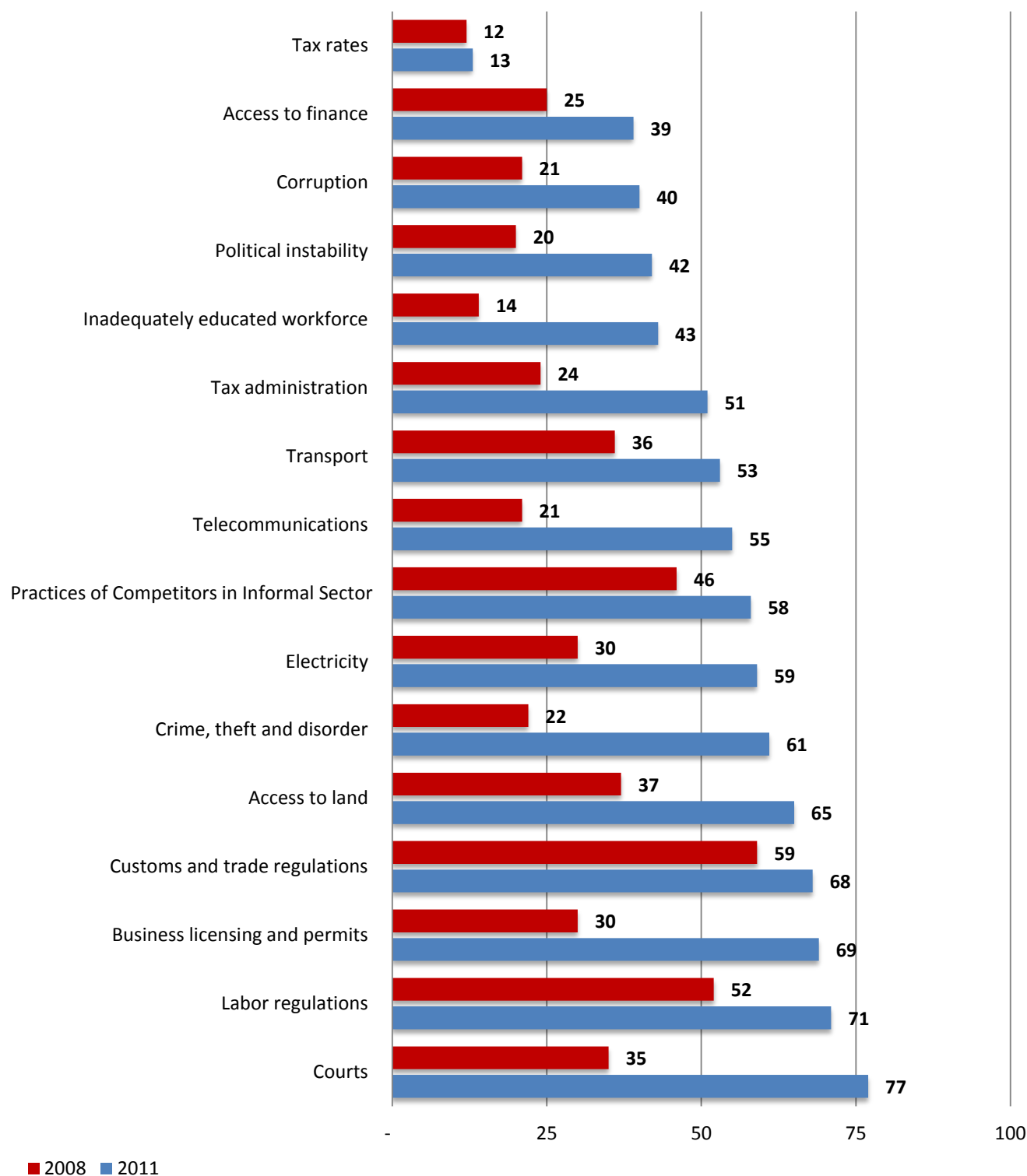
Sampling weights

To account for the apparent differences in the distribution of the different sectors between the 2008 and 2011 samples, with the exception of the charts and table above, in the remainder of the report all frequencies and means reported in this document are weighted. The weighting variable in both data sets is named **wmedian**.

1. Problems Doing Business

1.1 Problems Doing Business 2008 and 2011.

Percentage of firms indicating issues are not an obstacle to doing business



1.2 Ranking of Problems 2008 and 2011

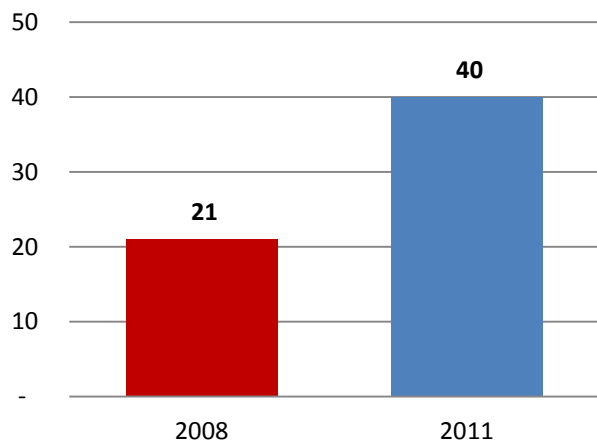
Relative severity of problems measured by the mean score. The most severe problem ranks number 1, the least 16.

Obstacle	2008 rank	2011 rank
Tax rates	2	1
Corruption	3	2
Access to finance	8	3
Political instability	4	4
Inadequately educated workforce	1	5
Telecommunications	9	6
Transport	10	7
Electricity	5	8
Tax administration	11	9
Practices of informal competition	14	10
Access to land	6	11
Customs and trade regulations	15	12
Crime, theft and disorder	7	13
Business licensing and permits	12	14
Labor regulations	16	15
Courts	13	16

2. Unofficial Payments and Corruption

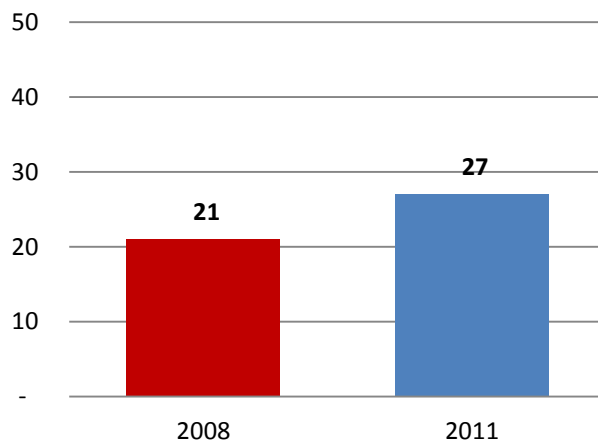
2.1 Problems Doing Business: Corruption

Percentage of firms indicating corruption is **not** a problem



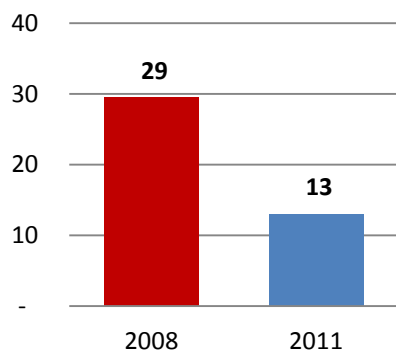
2.2 Bribe Frequency

Percentage of firms saying unofficial payments are frequent



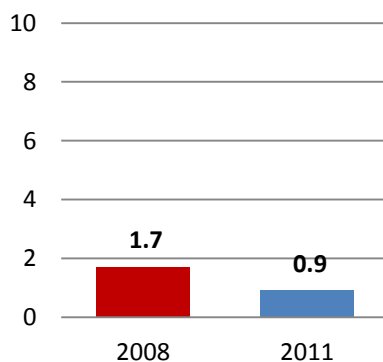
2.3a Bribe Tax

Percentage of firms reporting unofficial payments



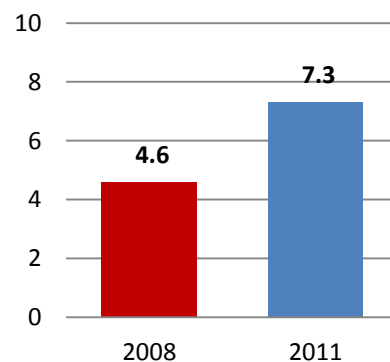
2.3b Bribe Tax - All Firms

Bribes as a share of annual sales



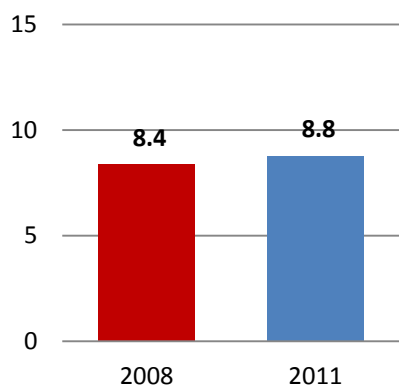
2.3c Bribe Tax - Firms Reporting Payments

Bribes as a share of annual sales¹



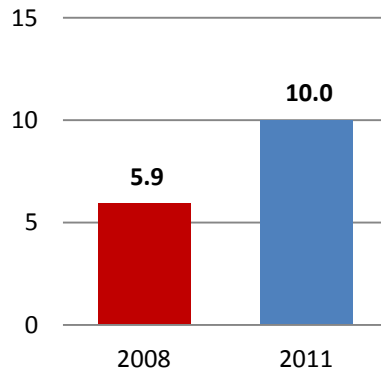
2.4 Unofficial Payments: Taxes

Percentage of firms stating bribery is frequent in dealing with taxes



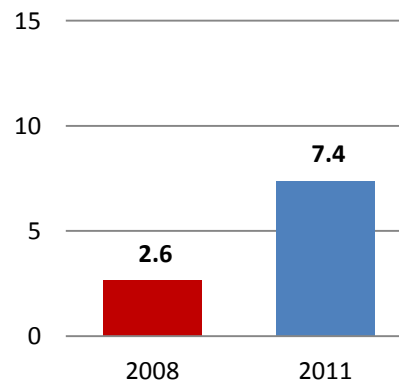
2.5 Unofficial Payments: Customs

Percentage of firms stating bribery is frequent in dealing with customs



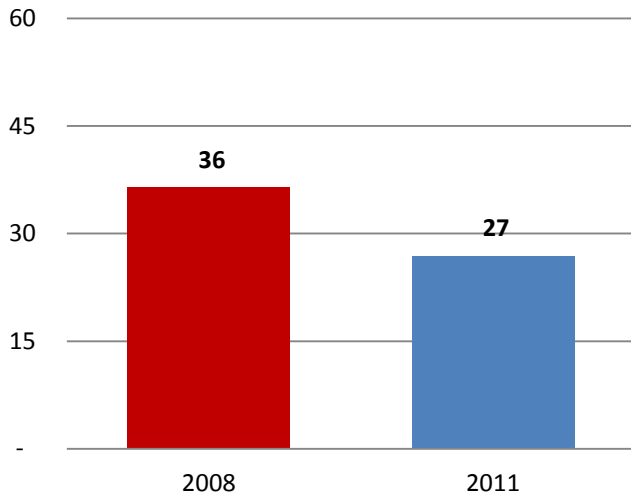
2.6 Unofficial Payments: Courts

Percentage of firms stating bribery is frequent in dealing with courts



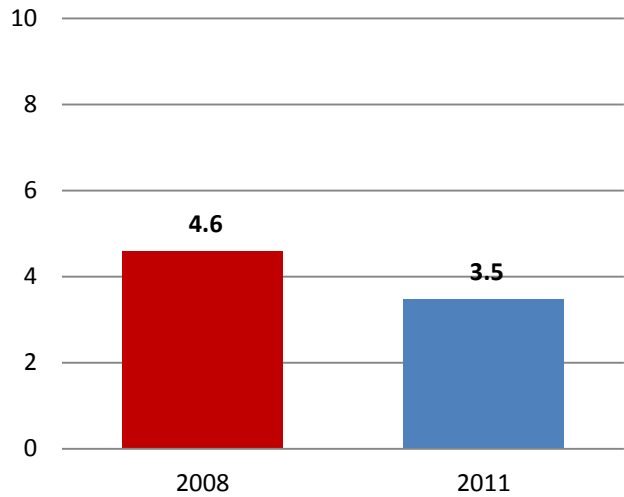
2.7 Participation in Government Procurement

Percentage of firms that secured or attempted to secure government contracts



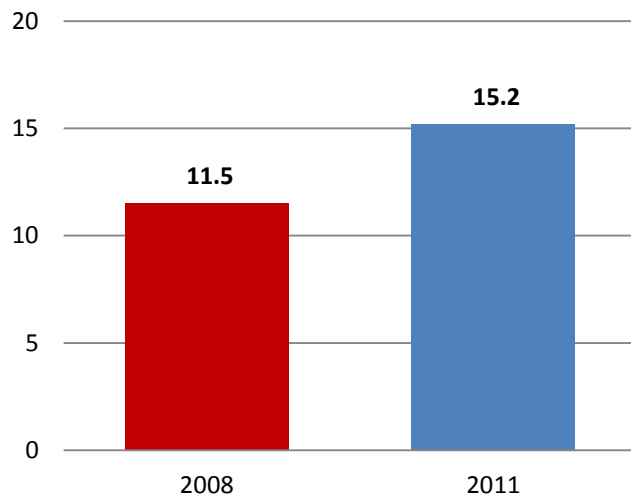
2.8a Unofficial Payments: Government Contracts - All Attempted Firms

Percentage of contract value typically paid to secure a government contract¹



2.8b Unofficial Payments: Government Contracts - Firms that Paid Something

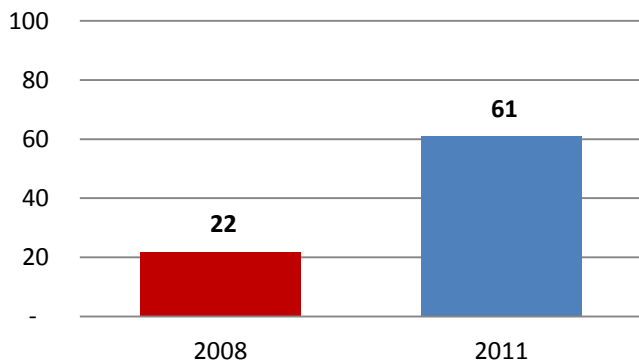
Percentage of contract value typically paid to secure a government contract¹



3. Crime

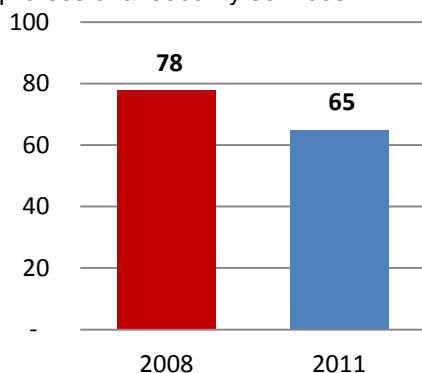
3.1 Problems Doing Business: Crime

Percentage of firms indicating crime is **not** a problem



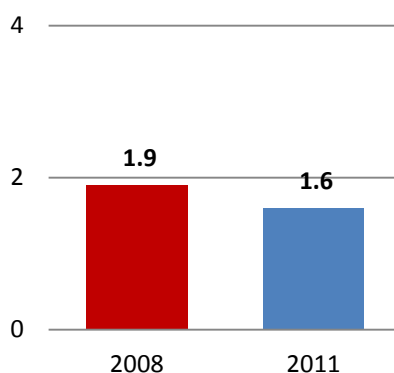
3.2 Payments for Security

Percentage of firms that pay for security, e.g. equipment, personnel, or professional security services



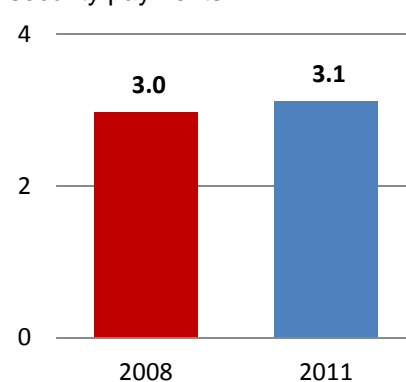
3.3a Security Costs - All Firms

Percentage of annual sales used for security payments, for all firms



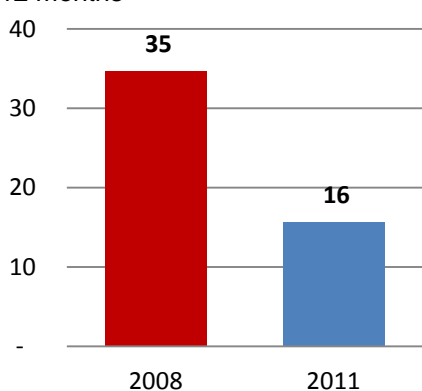
3.3b Security Costs - Firms Making Payments

Percentage of annual sales used for security payments¹



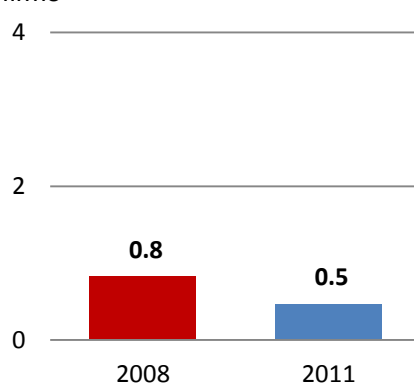
3.4 Losses as a Result of Crime.

Percentage of firms that suffered from losses as a result of theft, robbery, vandalism or arson over the previous 12 months



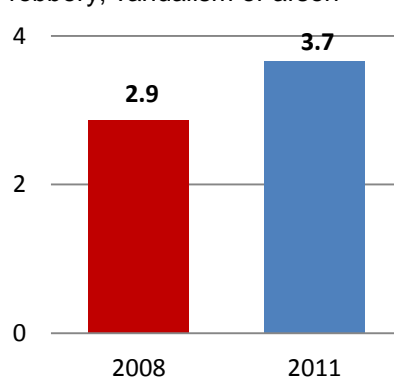
3.5a Losses as a Result of Crime: Percentage of Annual Sales - All Firms

Estimated losses due to theft, robbery, vandalism or arson, for all firms



3.5b Losses as a Result of Crime: Percentage of Annual Sales - Firms Experiencing Losses

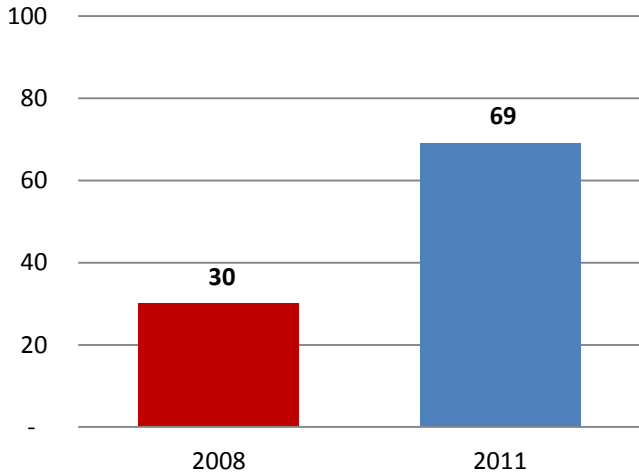
Estimated losses due to theft, robbery, vandalism or arson¹



4. Regulations and Red Tape

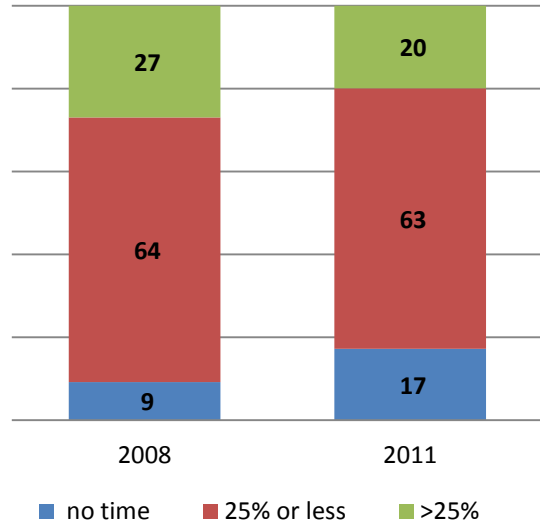
4.1 Problems Doing Business: Business Licensing

Percentage of firms indicating business licensing and permits are **not** a problem



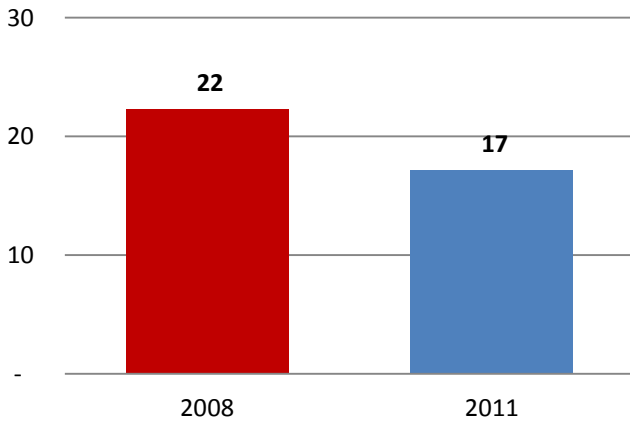
4.2a Time Tax: Distribution of Firms

Percentage of firms that spent no time, 25% or less, or more than 25% of senior management's time dealing with public officials or public services



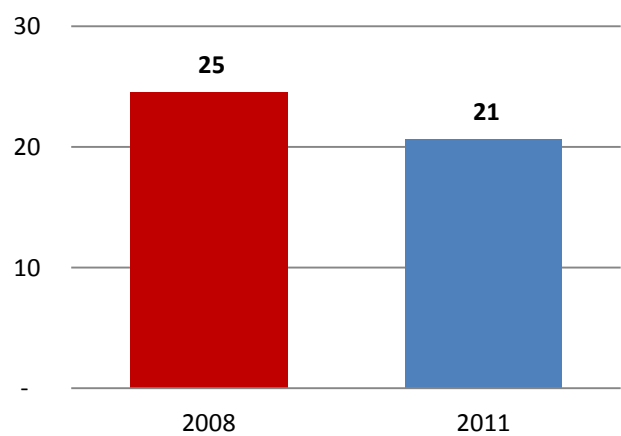
4.2b Time Tax - All Firms

Percentage of senior management's time spent dealing with public officials or public services, for all firms



4.2c Time Tax - Firms Spending Time

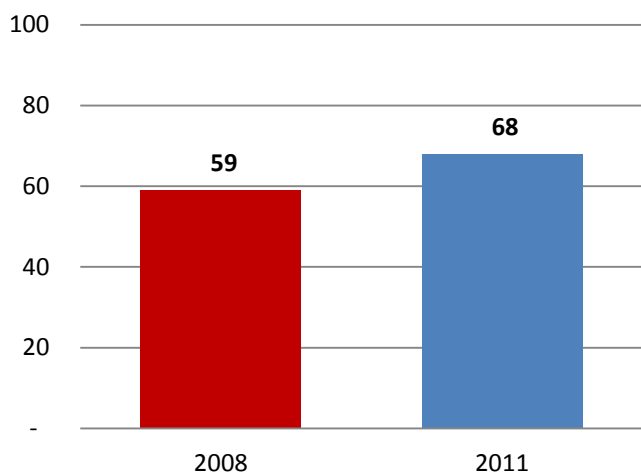
Percentage of senior management's time spent dealing with public officials or public services



5. Customs and Cross Border Trade

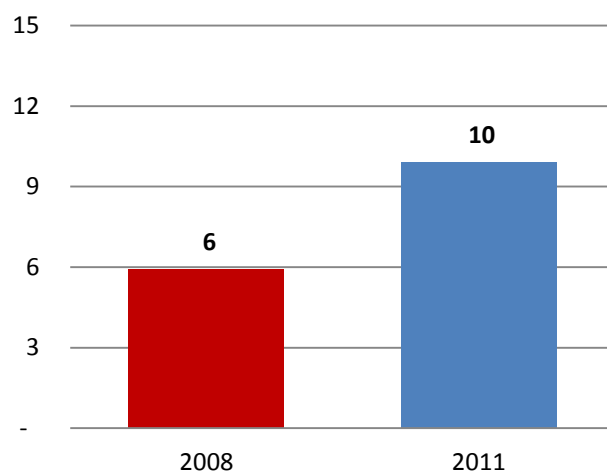
5.1 Problems Doing Business: Customs Regulations

Percentage of firms indicating customs regulations are **not** a problem



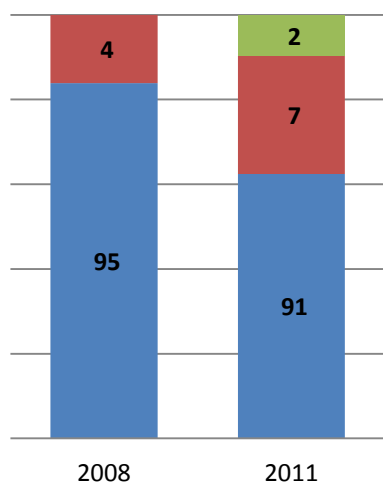
5.2 Unofficial Payments: Customs

Percentage of firms stating that bribery is frequent in dealing with customs/imports



5.3a Direct Exports: Distribution of Firms

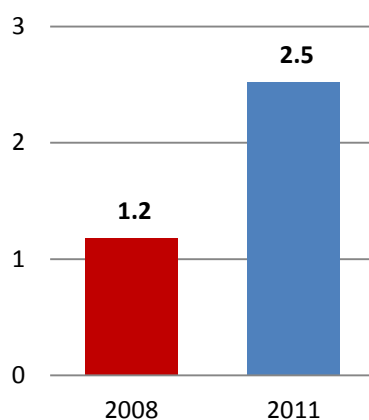
Percentage of firms that had no sales, 50% or less, or more than 50% of annual sales from exports (Y axis begins at 75%)



- more than 50%
- 50% or less
- no direct export sales

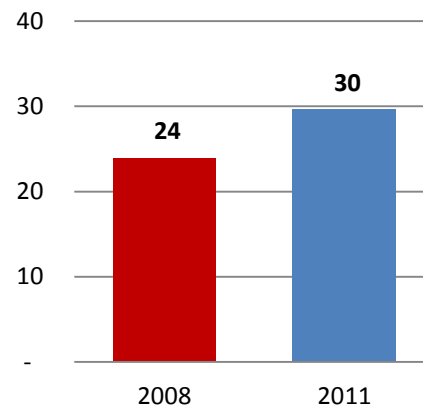
5.3b Direct Exports - All Firms

Percentage of total sales coming from direct exports, for all firms



5.3c Direct Exports - Firms with Sales from Exports

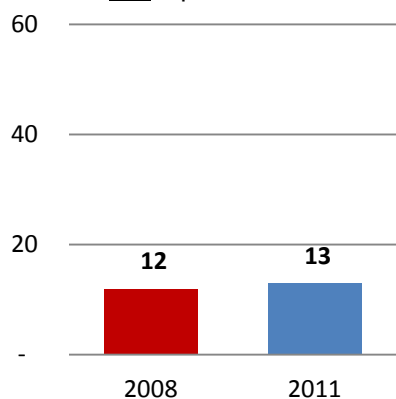
Percentage of total sales coming from direct exports



6. Taxation

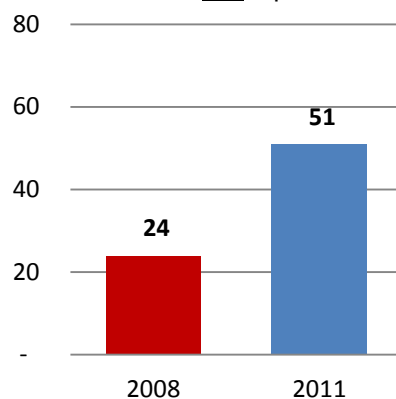
6.1 Problems Doing Business: Tax Rates

Percentage of firms indicating tax rates are **not** a problem



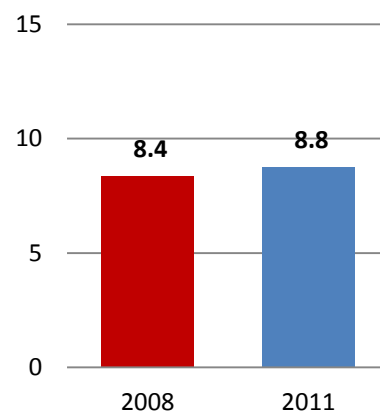
6.2 Problems Doing Business: Tax Administration

Percentage of firms indicating tax administration is **not** a problem



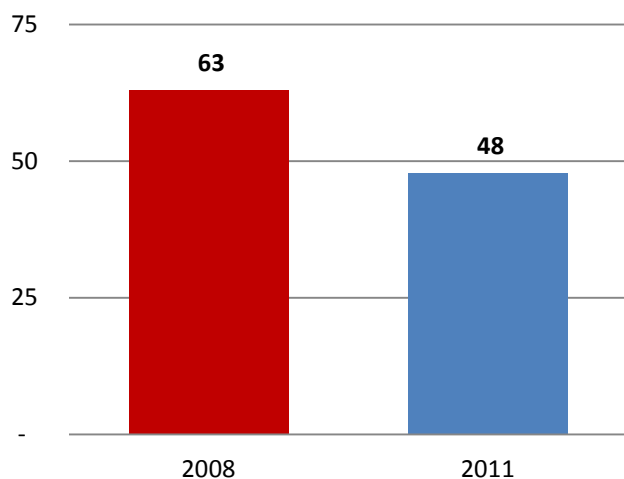
6.3 Unofficial Payments: Taxes

Percentage of firms stating bribery is frequent in dealing with taxes



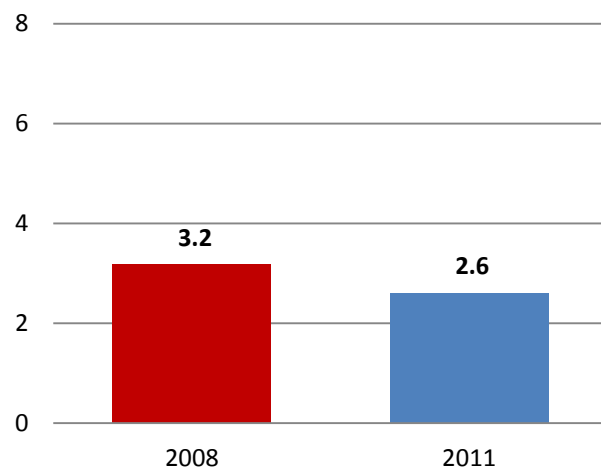
6.4 Tax Inspections

Percent of firms visited by tax officials in the last year



6.5 Frequency of Tax Inspections

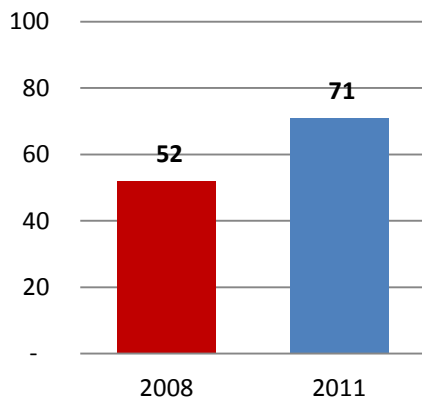
Average number of times firms were inspected by tax officials in the last year



7. Labor and Workforce Development

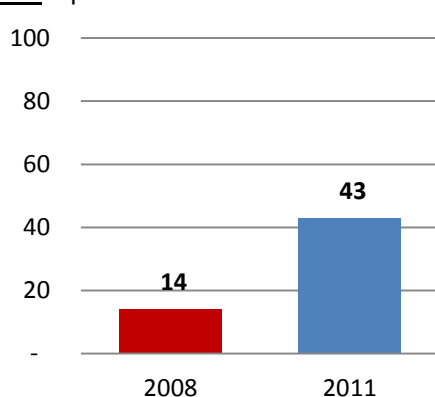
7.1 Problems Doing Business: Labor Regulations

Percentage of firms indicating labor regulations are **not** a problem



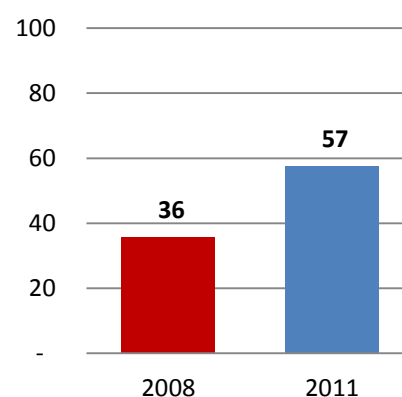
7.2 Problems Doing Business: Skills and Education of Workers

Percentage of firms indicating skills and education of available workers is **not** a problem



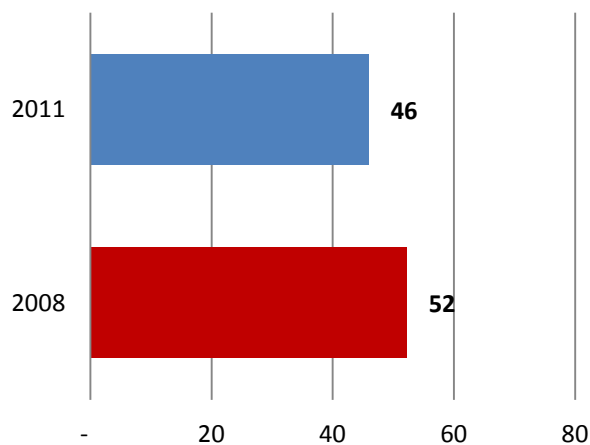
7.3 Professionalism of Labor

Percentage of employees that have a university degree or higher



7.4 Provision of Formal Training

Percentage of firms offering training for employees



7.5 Percent of Employees Trained

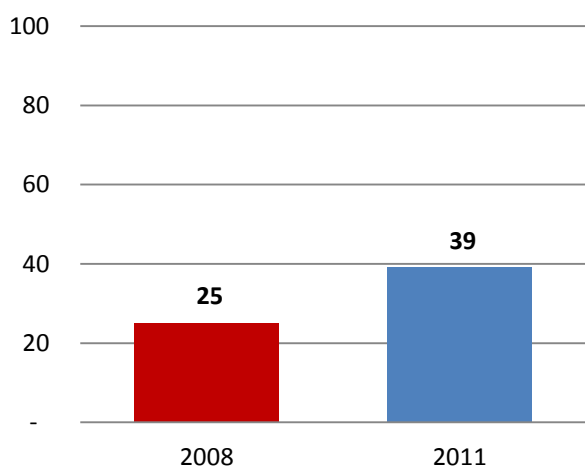
Percentage of employees participating in training¹



8. Firm Financing

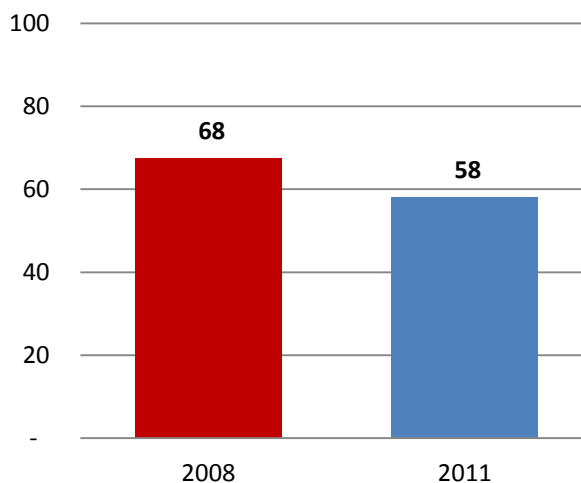
8.1 Problems Doing Business: Access to finance

Percentage of firms indicating access to finance is **not** a problem



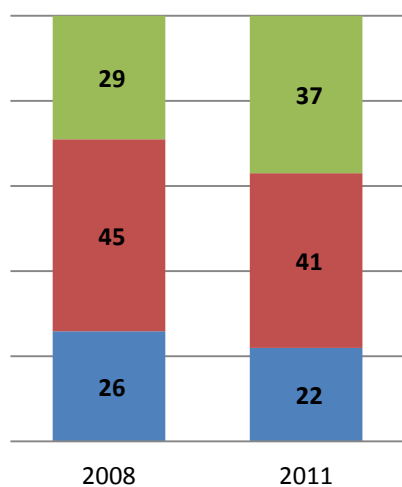
8.2 Adequacy of Firm Finances

Percentage of firms stating they did not apply for a loan because it was not needed¹



8.3a Credit Extensions to Clients: Distribution of Firms

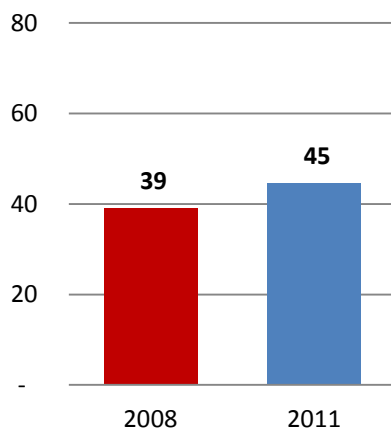
Percentage of firms that had no sales on credit, 50% or less, or more than 50% of annual sales made on credit



- more than 50%
- 50% or less
- no sales on credit

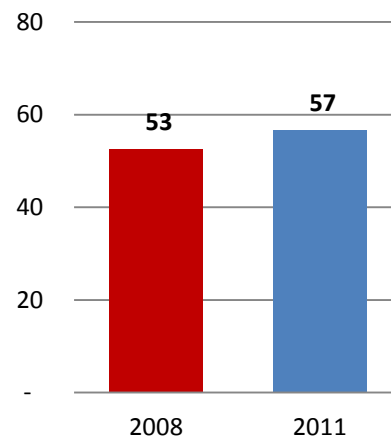
8.3b Credit Extensions to Clients - All Firms

Percentage of sales to customers sold on credit, for all firms



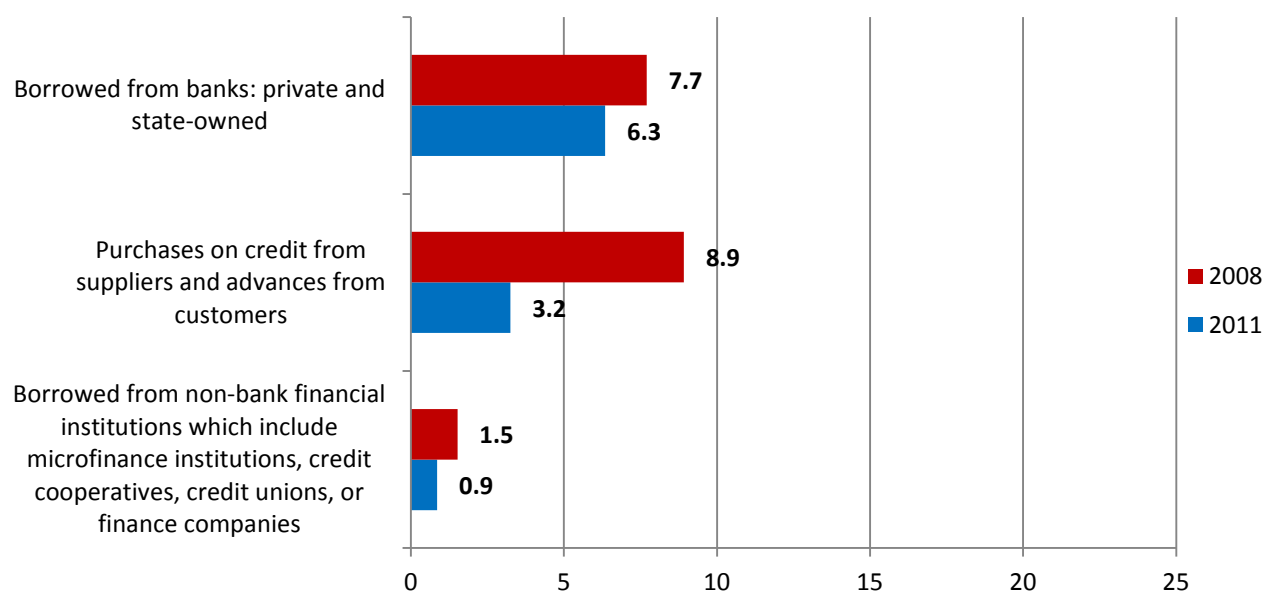
8.3c Credit Extensions to Clients - Firms Extending Credit

Percentage of sales to customers sold on credit



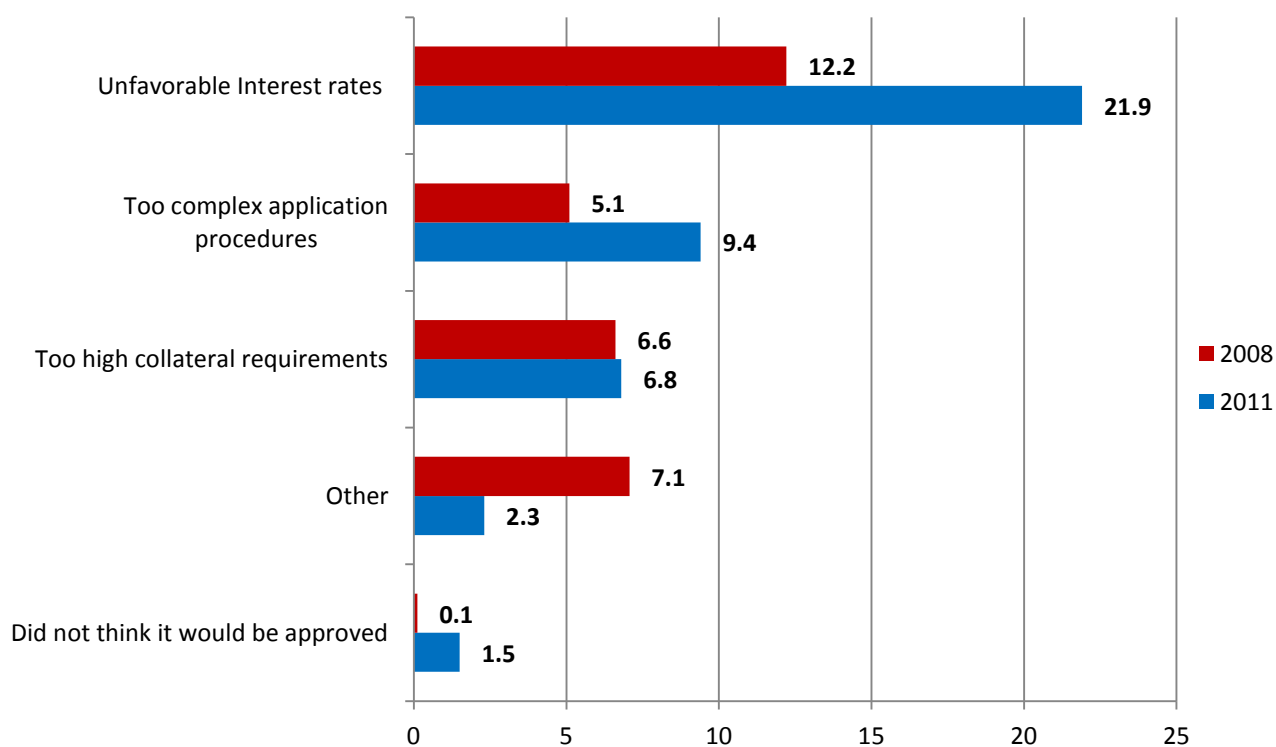
8.4 Sources of Firm Financing 2008 and 2011

Percentage of firm financing coming from sources other than internal funds or retained earnings¹



8.5 Loan Applications 2008 and 2011

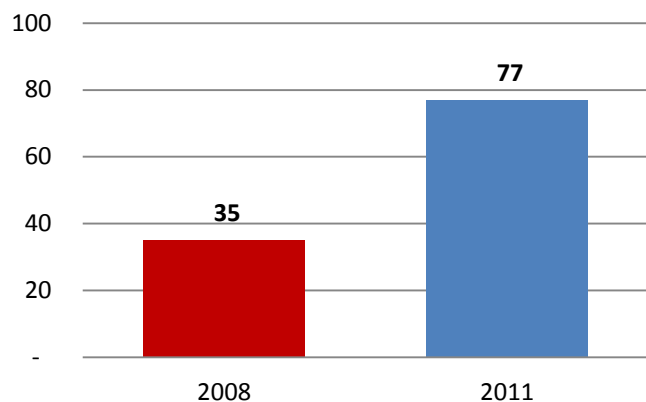
Percentage of firms indicating the following options as the main reason the firm did not apply for a loan¹



9. Legal and Judicial Issues

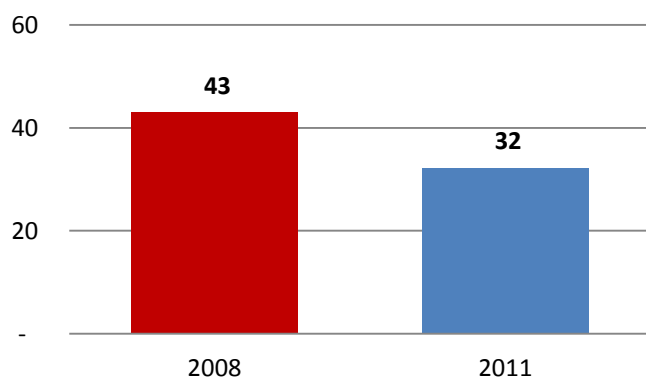
9.1 Problems Doing Business: Courts

Percentage of firms indicating courts are not a problem



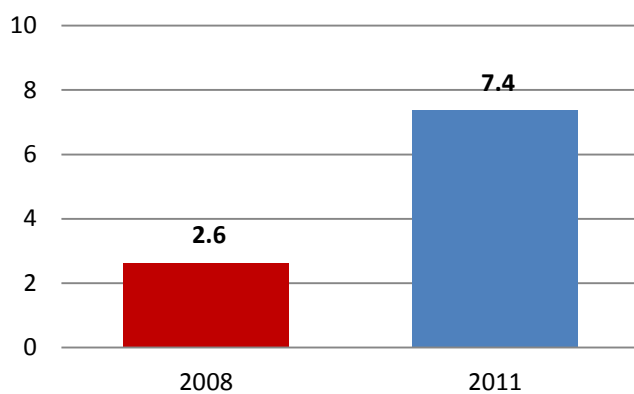
9.2 Use of Courts

Percentage of firms that have been to court in the past three years



9.3 Unofficial Payments: Courts

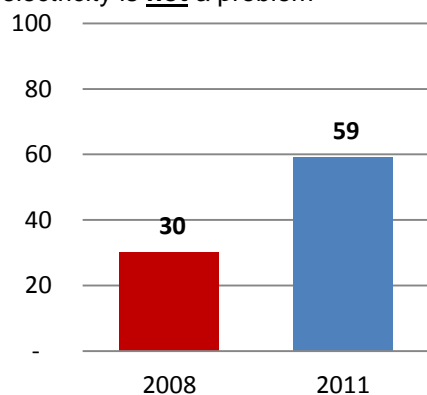
Percentage of firms stating bribery is frequent in dealing with courts



10. Infrastructure

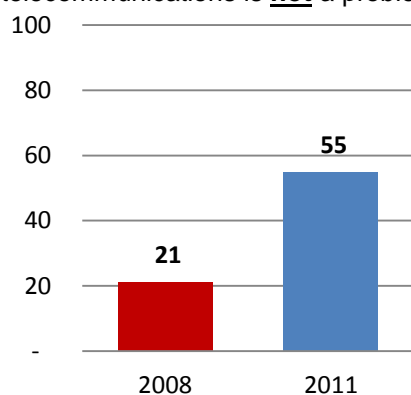
10.1 Problems Doing Business: Electricity

Percentage of firms indicating electricity is **not** a problem



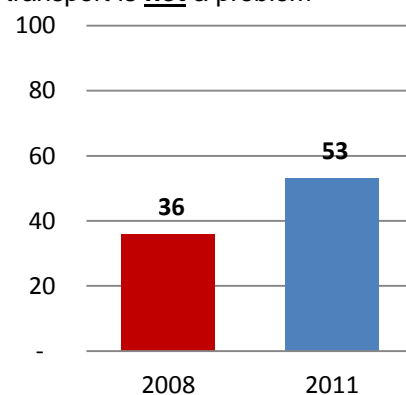
10.2 Problems Doing Business: Telecommunications

Percentage of firms indicating telecommunications is **not** a problem



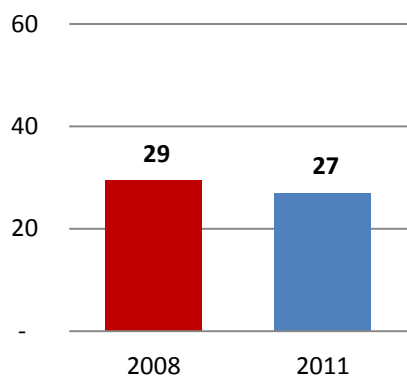
10.3 Problems Doing Business: Transport

Percentage of firms indicating transport is **not** a problem



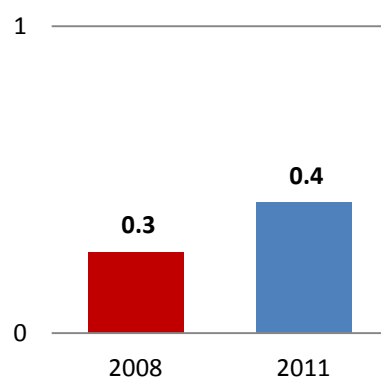
10.4 Experienced Power Outages

Percentage of firms experiencing power outages over the last 12 months



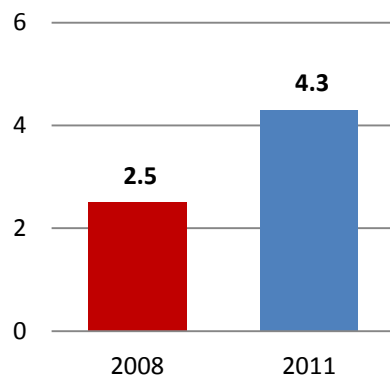
10.5a Sales Lost Due to Power Outages - All firms

Losses due to power outages as a percent of total annual sales



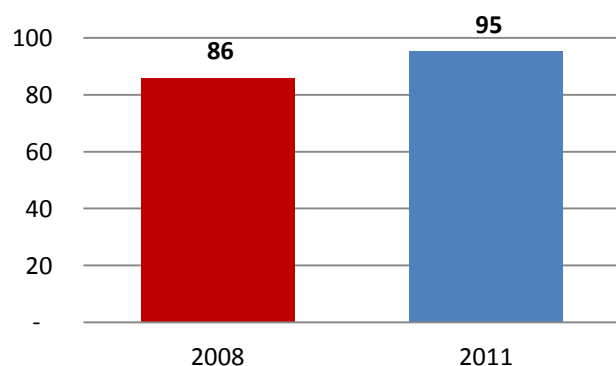
10.5b Sales Lost Due to Power Outages - Firms Experiencing Losses

Losses due to power outages as a percent of total annual sales¹



10.6 Use of Email Communication

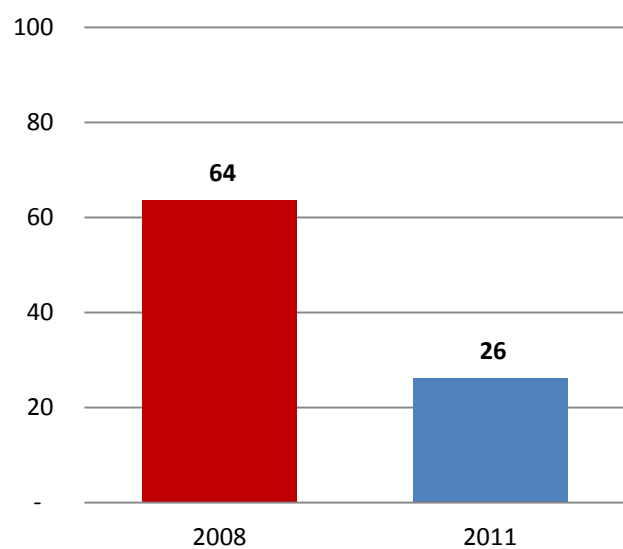
Percentage of firms using email to communicate with clients or suppliers



11. Innovation

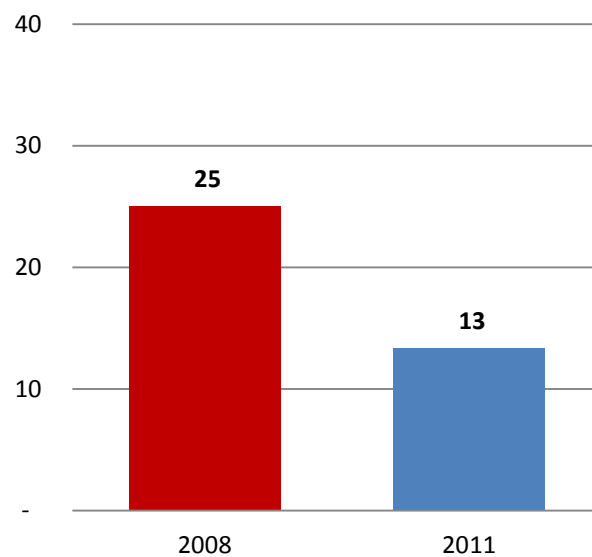
11.1 New Product/Service Development

Percentage of firms that have developed new products in the past three years



11.2 Research and Development Activities

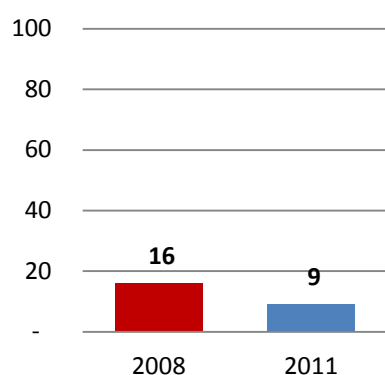
Percentage of firms that have spent funds on research development in the past one (2008 respondents) or three (2011 respondents) years



12. Specific Government-Business Interactions

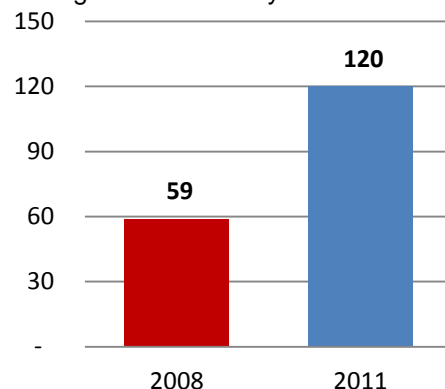
12.1 New Electrical Connection

Percentage of firms that applied in the last two years



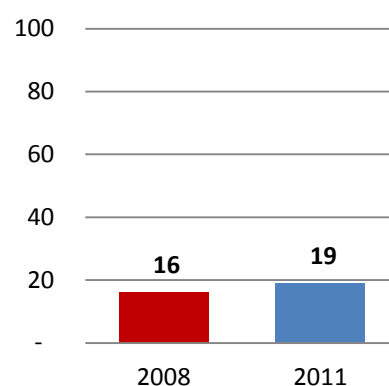
12.1a Electrical Connection Wait Time

Average number of days¹



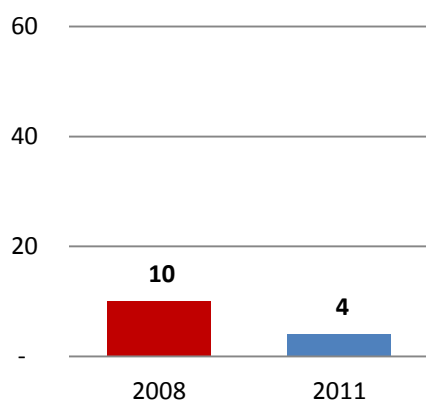
12.1b Electrical Connection - Bribes

Percentage of firms indicating that an informal payment was expected¹



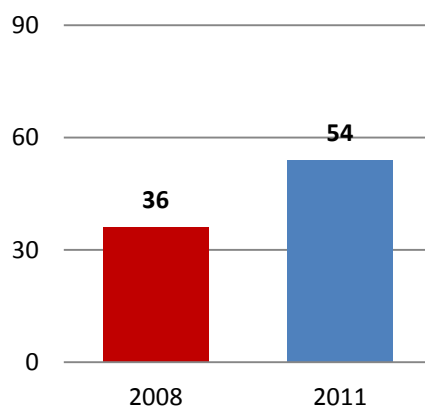
12.2 New Water Connection

Percentage of firms that applied in the last two years



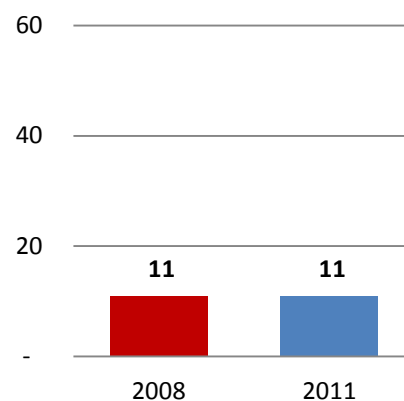
12.2a Water Connection Wait Time

Average number of days¹



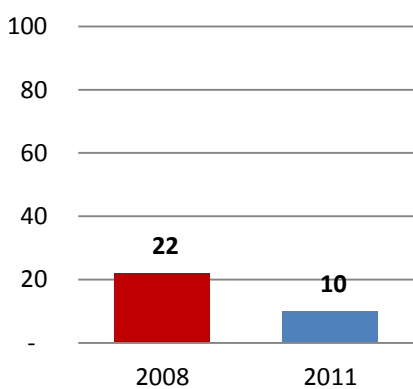
12.2b Water Connection - Bribes

Percentage of firms indicating informal payment was expected¹



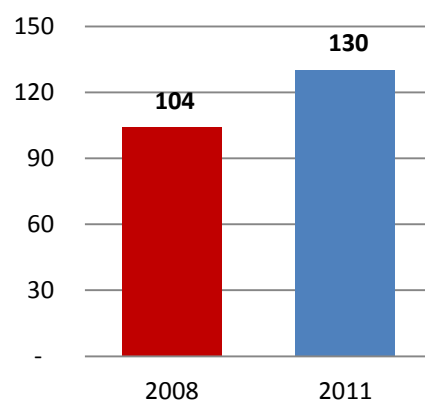
12.3 Construction Permits

Percentage of firms that applied in the last two years



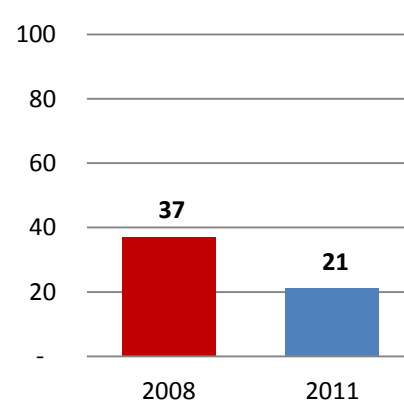
12.3a Construction Permit Wait Time

Average number of days¹



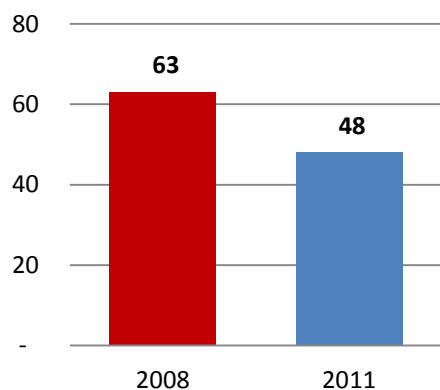
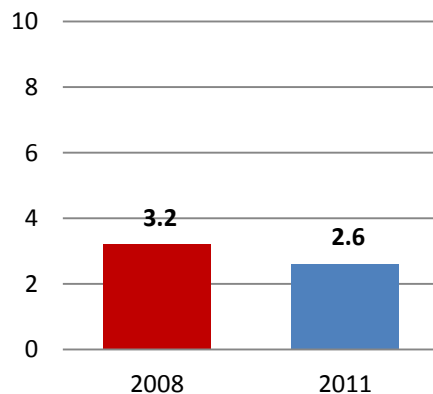
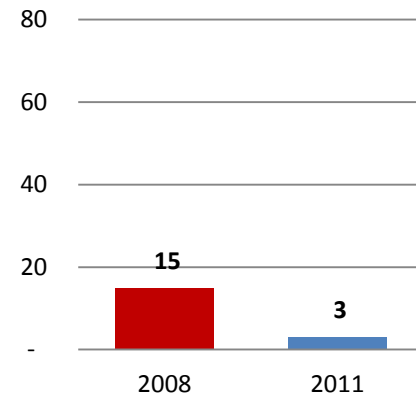
12.3b Construction Permit - Bribes

Percentage of firms indicating an informal payment was expected¹

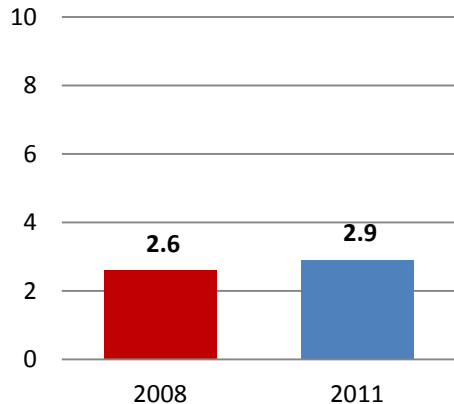
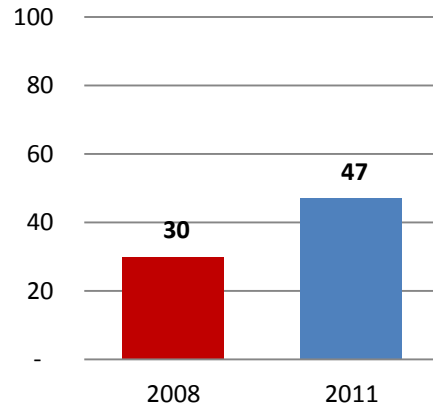
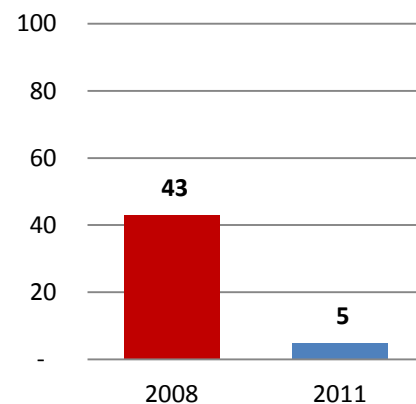


12.4 Tax Inspections

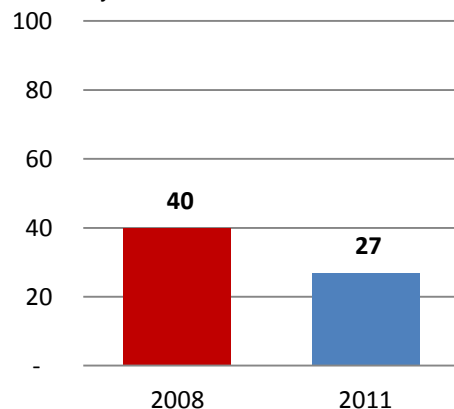
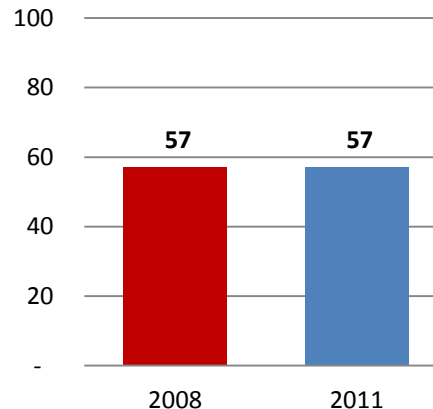
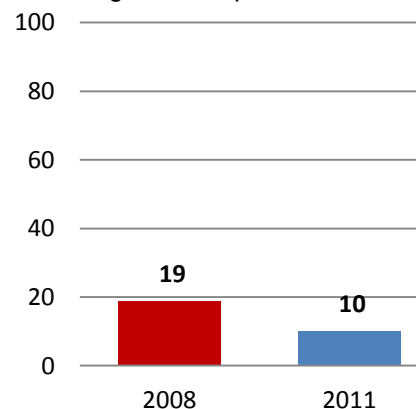
Percentage of firms indicating they were inspected

**12.4a Number of Inspections / Meetings with Tax Officials**
Average¹**12.4b Tax Inspections - Bribes**Percentage of firms indicating an informal payment was expected¹**12.5 Import License**

Percentage of firms that applied in the last two years

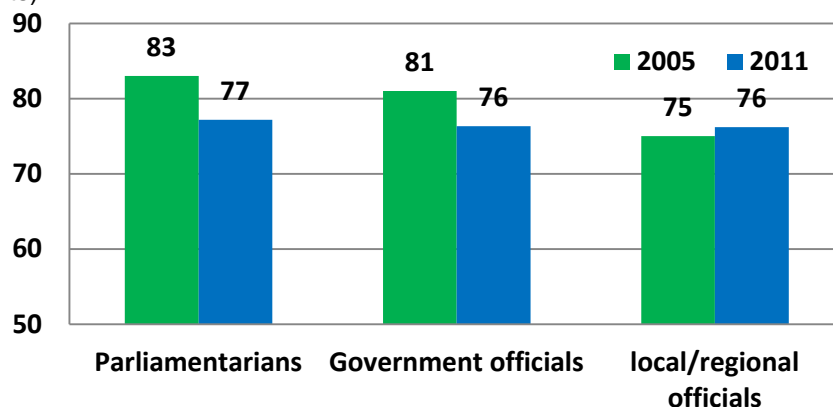
**12.5a Import License Wait Time**Average number of days¹**12.5b Import License - Bribes**Percentage of firms indicating an informal gift was expected¹**12.6 Operating License**

Percentage of firms that applied in the last two years

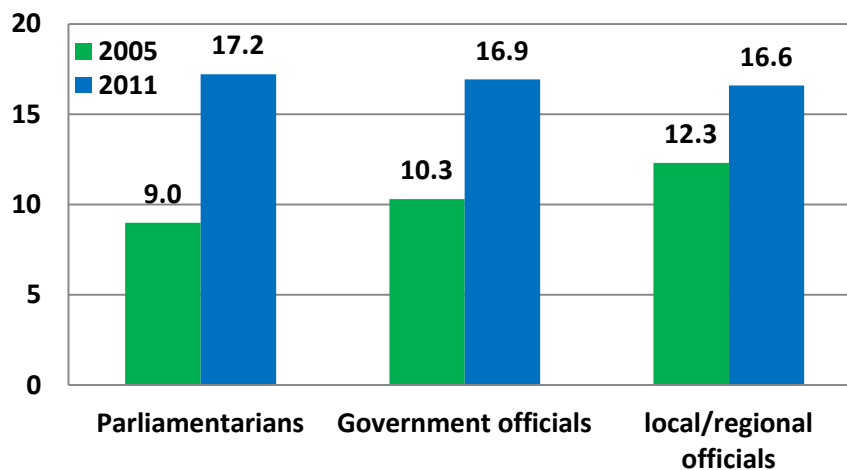
**12.6a Operating License Wait Time**Average number of days¹**12.6b Operating License - Bribes**Percentage of firms indicating an informal gift was expected¹

13. State Capture

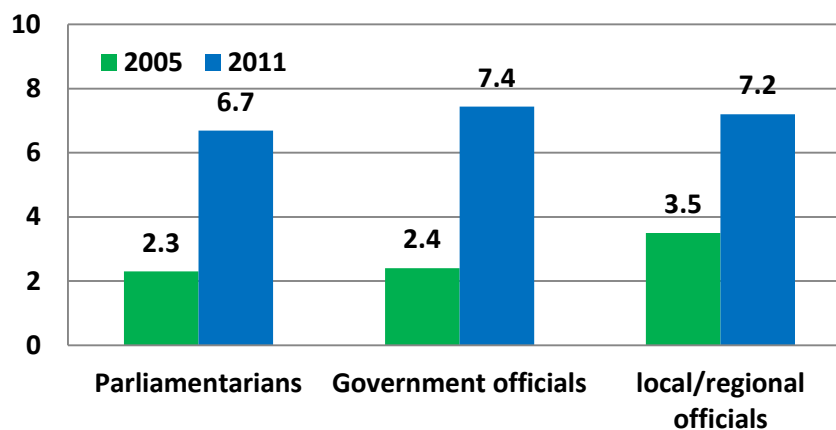
13a Private payments/gifts or other benefits to public officials to gain advantages have no impact, 2005 and 2011 (percentage of respondents)



13b Private payments/gifts or other benefits to public officials to gain advantages have moderate or higher impact, 2005 and 2011 (percentage of respondents)



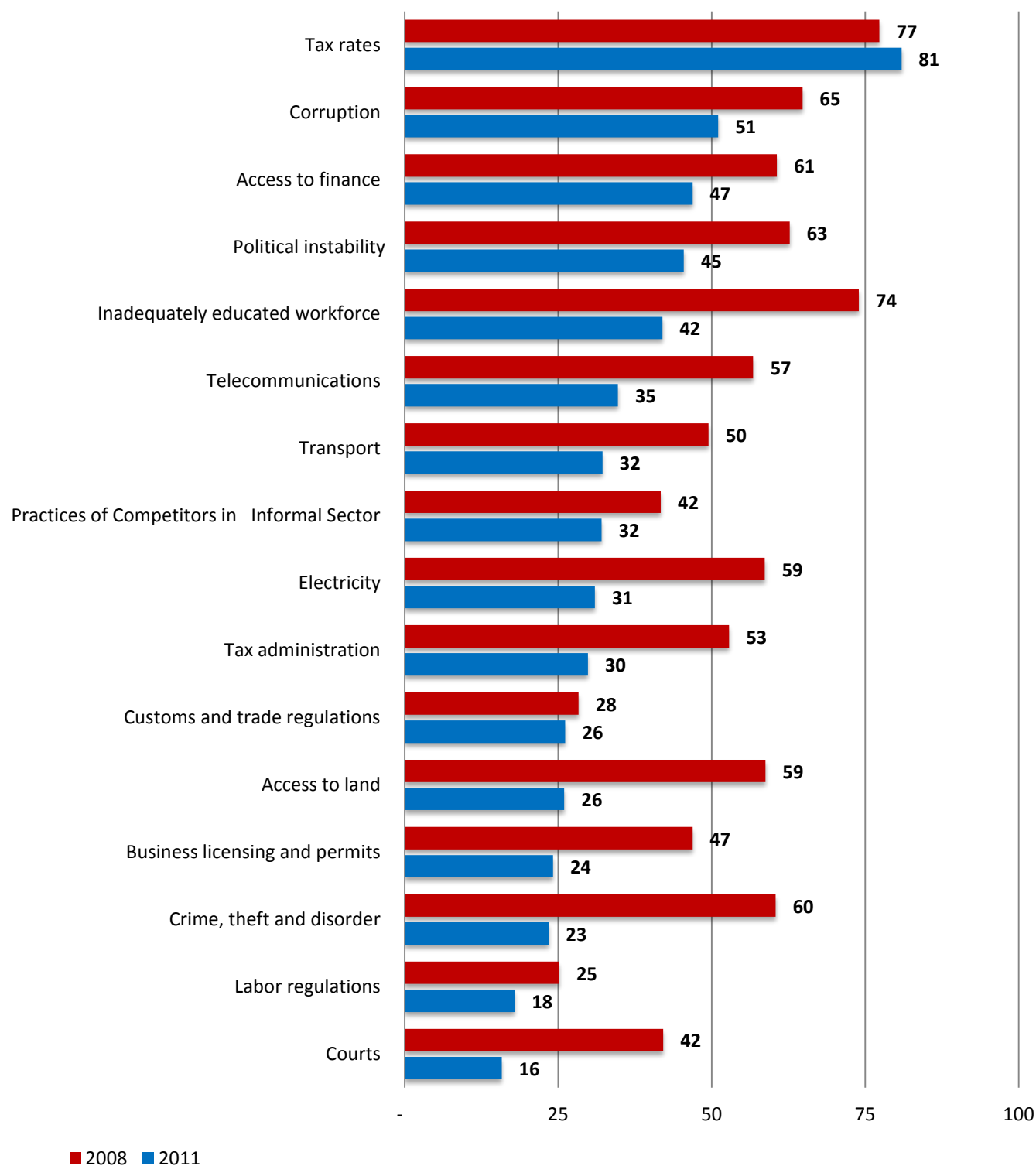
13c Private payments/gifts or other benefits to public officials to gain advantages have major or decisive impact, 2005 and 2011 (percentage of respondents)



Annex I. Problems Doing Business Response Summary, 2008 and 2011

AI.1 Problems Doing Business

Percentage of firms indicating issues is a “moderate”, “major”, or “very severe” obstacle to doing business



A1.2 Percentage of firms indicating each response option

Obstacle to current operations:	Year	No obstacle	Minor obstacle	Moderate obstacle	Major obstacle	Very severe obstacle
Tax rates	2008	12.4	10.3	28.5	27.3	21.6
	2011	12.7	6.4	21.8	30.9	28.2
Corruption	2008	21.4	13.8	14.8	23.1	26.9
	2011	39.8	9.5	17.7	18.9	14.2
Electricity	2008	30.3	11	12.5	19.9	26.2
	2011	58.9	10.5	7.5	14.4	8.8
Inadequately educated workforce	2008	14.1	12	17.3	36.4	20.3
	2011	43.5	14.1	17.1	17	8.4
Access to finance	2008	24.6	14.8	25.7	20.1	14.9
	2011	39.5	13.9	18.6	16.9	11.2
Crime, theft and disorder	2008	22	17.5	22.3	24.5	14
	2011	60.7	16.3	10.7	8.7	3.7
Tax administration	2008	24.3	22.9	32.8	15	5.1
	2011	51.2	18.8	15.9	9.4	4.8
Telecommunications	2008	20.7	22.6	24.6	22.6	9.5
	2011	54.7	10.4	10.2	16.7	8
Courts	2008	35.2	22.7	20.7	15.7	5.7
	2011	76.8	7.4	8.4	5.6	1.9
Access to land	2008	36.6	4.7	10.9	20.2	27.7
	2011	65.3	8.3	8.3	10.9	7.2
Business licensing and permits	2008	30.2	22.9	23.4	14.2	9.3
	2011	69	7.2	8.2	9.5	6.1
Transport	2008	36	14.5	17.3	18.9	13.3
	2011	53	15.1	12.9	12.1	6.9
Labor regulations	2008	52.2	22.7	14.4	7.8	3
	2011	70.7	11.3	12	4.7	1
Customs and trade regulations	2008	59.2	12.4	9	12.6	6.8
	2011	68.1	5.8	10.1	11.1	5
Practices of Informal Competition	2008	46.5	11.8	19.9	11.4	10.4
	2011	57.7	10.6	17.5	8.7	5.5
Political instability	2008	19.5	17.8	23.3	20.3	19
	2011	41.9	12.9	19.6	16.8	8.8

Annex II. Methodological Notes

This note presents some key comparisons from the *Main BEEPS* module. The 2011 round of the BEEPS consisted of four parts: the *Main BEEPS* sample was drawn from a universe of eligible firms in manufacturing and retail/wholesale industries with five or more full time employees located in major urban centers. The *Manufacturing Module* refers to additional questions asked only of firms in the manufacturing sector. The *Services Module* refers to additional questions asked only of firms in the services sector. The *Innovation Module* refers to additional questions asked of firms indicating that they have conducted certain type of innovation activities.

Missing values: The 2011 and 2008 instruments included coding for Don't Know (DK), Not Applicable (NA), and Refuse to Answer (REF). In this report, these responses were transformed to system missing values and were removed before performing any analyses presented in this report.

Changes in the Survey Instrument: Some questions used in prior versions of BEEPS at-a-Glance were dropped from the survey. Some new questions were added to the 2011 questionnaire. In some cases, the questions were modified in terms of wording or response options, thus care should be taken in comparing the results as although questions address the same issues, slight changes in wording and/or response options may apply. Explanations of differences in the questions asked between 2008 and 2011 [if any] are provided below in this Annex for each separate chart such differences apply, and are also flagged in table All1 with ^(c). In this document, minor wording changes apply only to questions K5 (sources of firm financing) and O3/H6 (R&D activities).

Branching / Filtering Questions: For a number of indicators, the number of firms that responded to a question is smaller than the overall country sample size. In most cases, the difference is attributable to preceding filter questions. Questions for which the smaller number of respondents is due to filtering are marked with a superscript indicator ⁽¹⁾.

Module- and Sector-Specific Questions: Other questions have a smaller number of respondents due to the survey instrument, e.g. manufacturing or service modules. If a question applies to different subset of firms based on BEEPS module, this is explicitly indicated in the corresponding note for each particular chart and also flagged in table All.1 with a superscript indicator: ^(a) if the question applies only to the 2008 *Service Module* and ^(b) if the question only applies to the *Manufacturing Module* for both 2008 and 2011. In this report, such discrepancies apply only to questions C30 (a) (telecommunications as an obstacle to doing business, asked only of *Service Module* respondents in 2008) L10 (provision of formal training to employee, asked only of *Manufacturing Module* respondents in 2008, and all respondents in 2011), and L11 (a, b) (Employee training, asked only of *Manufacturing Module* respondents both in 2008 and 2011).

Notes for individual charts

Chart 1.1

2008 and 2011 used scale with five points including: “no obstacle”, “minor obstacle”, “moderate obstacle”, “major obstacle” and “very severe obstacle” as valid responses. The values in this chart represent the proportion of respondents indicating that an issue is “no obstacle” to doing business. The questions on telecommunications as obstacle was only asked of the service sector respondents in 2008, but of all sectors in 2011.

Chart 1.2

The rankings of problems in both years are based on the mean score across all firms in each country for each indicator for the respective year. The 5 response options (“no obstacle”, “minor obstacle”, “moderate obstacle”, “major obstacle”, and “very severe obstacle”) are coded with values “0”, “1”, “2”, “3”, and “4” respectively in the data sets for both years. These values were averaged at the country level for each separate issue, whereas a higher mean indicates relatively greater severity of an issue. Thus, for each year, the most severe problem, or that with the highest mean score is ranked number 1, the least severe, or that with the lowest mean score is ranked 16.

Chart 2.2

In both years, the respondents were asked to estimate how often is the statement “It is common for firms in my line of business to have to pay some irregular “additional payments or gifts” to get things done with regard to customs, taxes, licenses, regulations, services etc” true on a 5 point Likert scale: “never”, “seldom”, “sometimes”, “frequently”, “very” and “always”. This chart represents the set of respondents answering “frequent”, “very frequent”, or “always”.

Chart 2.3 (a-c)

Respondents in both years could indicate the cost of unofficial payments/bribes *either* as a percent of annual sales (question J7 (a)) *or* as an absolute amount (question J7 (b)). For those respondents who indicated a specific value (i.e. total cost of bribes), the percentage of annual sales was obtained by dividing the reported total cost of bribes by the firm's total annual sales (question D2, total firm sales for the preceding year). The resulting proportion of sales spent on bribes was then combined with the observations that had directly provided a percentage estimate, and the average percentages reported here are thus a composite of the two response options. To calculate the proportion of annual sales expended on bribes for all firms (Chart 2.3b), firms reporting no payments are recoded into firms spending 0% of annual sales on bribes (for these questions, J7 a & b, no actual recoding needed to be made as the codes for "no payments were made" are already set as "0"). To calculate the averages for firms reporting payments (Chart 2.3c), only observations reporting payments higher than "0" are included.

Chart 3.3 (a-b)

Respondents in both years could indicate the cost of security payments *either* as a percent of annual sales (question I2 (a)) *or* as an absolute amount (question I2 (b)). For those respondents who indicated a specific value of security cost, the percentage of annual sales was obtained by dividing the reported total security costs by the firm's total annual sales (question D2, total firm sales for the preceding year). The resulting proportion of sales spent on security was then combined in a single variable with the observations that had directly provided a percentage estimate, and the average percentages reported here are thus a composite of the two response options. To calculate the average security payments as a percentage of annual sales for *all firms* (Chart 3.3a), respondents who had indicated that they have *not* paid for security (question I1) were recoded into firms spending 0% of their annual sales on security. To calculate the security costs as a percentage of annual sales for firms making security payments, the averages only for firms answering "Yes" to question I2 were computed.

Chart 3.5 (a-b)

Respondents in both years could indicate the estimated losses as a result of crime *either* as a percent of annual sales (question I4 (a)) *or* as an absolute amount (question I4 (b)). For those respondents who indicated a specific value, the percentage of annual sales was obtained by dividing the reported total losses as a result of crime by the firm's total annual sales (question D2, total firm sales for the preceding year). The resulting value of crime-related losses as a percentage of annual sales was then combined in a single variable with the observations that had directly provided a percentage estimate, and the average percentages reported here are thus a composite of the two response options. To calculate the losses of crime as percentage of annual sales for *all firms* (Chart 3.5a), respondents who had indicated that they have not experienced any losses as a result of crime (question I3) were recoded into firms experiencing 0% losses as a result of crime. To calculate the losses as a consequence of crime as a percentage of annual sales for firms experiencing losses (Chart 3.5b), the averages only for firms answering "Yes" to question I3 and reporting more than 0% in losses in question I4 were computed.

Chart 7.4

The question regarding formal training provided to employees was only asked in the *Manufacturing Module* in 2008, while in 2011 the question is present in all modules.

Chart 7.5

For both years the question is only asked in the *Manufacturing Module*.

Chart 8.4

The response options changed slightly across cycles on the question regarding sources of firm financing. In 2008 and 2011 six response options were presented, but the composition of the response options has changed. Due to the structure of the question and multiple response options, the total value of the responses does not equal one hundred percent. The question focuses on sources of financing other than internal funds or retained earnings. In order to compare responses across cycles, some 2008 response options were combined to match as closely as possible the 2011 responses. Specifically, Borrowing from Banks, private or state owned is provided as a single answer option in 2011, while the 2008 questionnaire lists private and state owned banks as separate answer options. Accordingly, to compute this variable in the 2008 data set it is necessary to combine the responses to questions K5 (b) and K5 (c), while in the 2011 data set the variable values are stored in a single column (ECAk5bc). Similarly, borrowing from money lenders, friends and relatives, or bonds were provided as separate answer options in 2008 and as a single answer option in 2011.

Chart 10.5 (a-b)

Respondents in both years could indicate the value of losses as a percent of annual sales or as an absolute amount. For those respondents who indicated a numeric value, the percentage of annual sales was obtained by dividing the reported

losses due to power outages by the firm's total annual sales (question D2, total firm sales in preceding year). The resulting proportion of sales lost due to power outages was then combined in a single variable with the observations that had directly provided a percentage estimate, and the average percentages reported here are thus a composite of the two response options. To calculate the percentage of sales lost for all firms (Chart 10.5a) all valid values – including “0” were used, and firms who did not experience power outages (i.e. answered “No” to question C6) were recoded into firms experiencing 0% losses. To calculate the average percentage of sales lost for firms experiencing losses (Chart 10.5b), only non-“0” values for firms who had experienced power outages were used.

Chart 11.1

The question regarding new product/service development was modified slightly in its wording from 2008 to 2011. In 2008, firms were asked if they *introduced* new products or services, whereas in 2011 they were asked if they introduced *new or significantly improved* products or services.

Chart 11.2

In 2008, firms were asked if they spent funds on research and development activities *during last financial year*; in 2011 were asked the same question but reference period was *during last three years*.

Chart 13 (a-c)

The questions on “state capture” were not asked in 2008, thus a comparison with the 2005 data is provided. To make the 2005 sample at least approximately comparable with the 2011 sample, observations meeting the following criteria must be excluded from the 2005 data: a) firms with less than 5 employees, b) ISIC codes not included in the 2008/11 samples, and c) 100% state-owned firms. After these adjustments the sample size for 2005 is n=392.

Chart AI.1

In 2008 and 2011, all questions pertaining to ‘Doing Business Indicators’ used a 5-point Likert scale (“no obstacle”, “minor obstacle”, “moderate obstacle”, “major obstacle” and “very severe obstacle”). The data shown above is a sum of the responses indicating an individual issue as a “moderate obstacle”, “major obstacle” and “very severe obstacle”. The question regarding telecommunication as an obstacle was asked of all respondents in 2011, but only of service sector respondents in 2008.

Variable Names, Survey Questions and Sample Sizes for Corresponding Charts

The ‘Survey Question’ columns represent the survey question number as it appears on the actual survey protocol used. The different response options (if any), are provided in the same column, in the parentheses following the question number (the letter label may or may not appear on the actual survey protocol, but it always appears whenever an actual variable name is provided in the BEEPS 2011 codebook – in **red and bold**). In vast majority (but not all) of cases, the actual variable names in the data set consist of a combination of the survey question number (e.g. ‘**J30**’), *in lower case*, and the label of the specific response option (e.g. (e), which combined becomes ‘**j30e**’). For example, the actual variable name in the data set corresponding to survey question ‘**E30**’ (“Practices of Competitors in the Informal Sector “ as an obstacle to doing business is ‘**e30**’, while the variable name corresponding to question ‘**J6 (a)**’ (“Over the last year, had your establishment attempted to secure a government contract?”) will be found in the data set as ‘**j6a**’.

In some cases (e.g. ‘**K5**’ – Sources of firms financing), a single variable is denoted through a combination of letters (e.g. ‘**hdej**’). In these cases, the same logic applies (e.g. the matching variable name in the data set will be ‘**k5hdej**’). The reason for such exceptions is to ensure compatibility between the two years. For example, in this case, ‘**k5hdej**’ indicates that previously separate answer options in 2005 (e.g., ‘**k5h**’, ‘**k5d**’, ‘**k5e**’ etc.) in the 2008 data set have been combined into single variable so that the responses are comparable with 2011 (in this case, ‘**k5f**’ in 2011 is inclusive of all these response options that were asked separately in 2008).

The only exceptions to the above convention are the ECA-related questions (e.g., **K17**, **Q39**), the variables names for which are prefixed by ‘**ECA**’ in the data set. For example, ‘**K17**’ will correspond to ‘**ECAk17**’. In the table below, the survey items this applies to are flagged with a superscript indicator ^(d).

All.1 Sample sizes (valid n) and question numbers for the survey items in this report

Chart	Chart Title	n 2008	n 2011	Survey Question 2008	Survey Question 2011
1.1	Problems Doing Business				
	Tax Rates	1002	4171	J30 (a)	J30 (a)
	Corruption	961	3969	J30 (f)	J30 (f)
	Electricity	993	4182	C30 (a)	C30 (a)
	Skills and education of workers	978	4166	L30 (b)	L30 (b)
	Access to finance	976	4081	K30	K30 (a)
	Crime, theft and disorder	983	4096	I30	I30
	Tax administration	997	4174	J30 (b)	J30 (b)
	Telecommunications ^a	147	4173	C30 (b) ^a	C30 (b)
	Courts	932	3952	H30	H30
	Access to land	893	3718	G30 (a)	G30 (a)
	Business, licensing and permits	923	3803	J30 (c)	J30 (c)
	Transport	979	4119	D30 (a)	D30 (a)
	Labor regulations	998	4186	L30 (a)	L30 (a)
	Customs and trade regulations	708	3420	D30 (b)	D30 (b)
	Practices of informal economy competitors	859	3642	E30	E30
	Political instability	981	4090	J30 (e)	J30 (e)
2.2	Bribe Frequency	944	3839	Q39 ^d	Q39 ^d
2.3	Bribe Tax ¹	756	3357	J7 (a, b)	J7 (a, b)
2.4	Unofficial Payments: Taxes	931	3741	Q41 (c) ^d	Q41 (c) ^d
2.5	Unofficial Payments: Customs	798	3499	Q41 (a) ^d	Q41 (a) ^d
2.6	Unofficial Payments: Courts	862	3577	Q41 (b) ^d	Q41 (b) ^d
2.7	Participation in Government Procurement	1000	4190	J6 (a)	J6 (a)
2.8	Unofficial Payments: Government Contracts ¹	222	870	J6	J6
3.2	Payments for Security	1001	4194	I1	I1
3.3	Security Costs ¹	861	3629	I2 (a, b)	I2 (a, b)
3.4	Losses as a Result of Crime - Incidence	995	4195	I3	I3
3.5	Losses as a Result of Crime - Sales (all and firms w/ losses) ¹	924	4042	I4 (a, b)	I4 (a, b)
4.2	Time Tax	877	3760	J2	J2
5.3	Direct Exports	1003	4202	D3 (c)	D3 (c)
6.4	Tax Inspections	996	4162	J3	J3
6.5	Frequency of Tax Inspections	625	1934	J4	J4
7.3	Professionalism of Labor	974	4042	Q69 ^d	Q69 ^d
7.4	Provision of Formal Training: Permanent Employees ^b	601	4178	L10 ^b	L10
7.5	Percent of Employees Trained: Production ^{1, b}	291	528	L11 (a) ^b	L11 (a) ^b
	Non-Production ^{1, b}	286	521	L11 (b) ^b	L11 (b) ^b
8.2	Adequacy of Firm Financing ¹	504	2982	K17	K17 ^d
8.3	Credit Extensions to Clients	968	3933	K2 (c)	K2 (c)
8.4	Sources of Firm Financing in 2008 and 2011 ^{1, c}	1004	1509	K5 (b ^d , c ^d , f, hdej)	K5 (bc, e, f)
8.5	Loan Applications in 2008 and 2011 ¹	504	2982	K17	K17 ^d
9.2	Use of Courts	1001	4191	Q31 (e) ^d	Q31 (e) ^d
10.4	Experienced Power Outages	997	4192	C6	C6
10.5	Sales Lost due to Power Outages (all and firms w/ losses) ¹	892	3576	C9 (a, b)	C9 (a, b)
10.6	Use of Email Communication	1004	4215	C22 (a)	C22 (a)
11.1	New Product/Service Development ^c	1002	4200	O1 ^d	H1
11.2	Research and Development Activities	997	4185	O3 ^d	H6
12.1	New Electrical Connection	995	4195	C3	C3
	Average wait time - number of days ¹	119	308	C4	C4
	Informal gift or payment was expected ¹	143	407	C5	C5
12.2	New Water Connection	1002	4208	C12	C12
	Average wait time - number of days ¹	72	185	C13	C13
	Informal gift or payment was expected ¹	84	220	C14	C14
12.3	Construction Permits	997	4197	G2	G2
	Average wait time - number of days ¹	129	277	G3	G3

	Informal gift or payment was expected ¹	163	394	G4	G4
12.4	Tax Inspections	996	4162	J3	J3
	Average number of tax inspections/meetings ¹	625	2083	J4	J4
	Informal gift or payment was expected ¹	604	1948	J5	J5
12.5	Import License	999	4198	J10	J10
	Average wait time - number of days ¹	39	63	J11	J11
	Informal gift or payment was expected ¹	44	61	J12	J12
12.6	Operating License	995	4183	J13	J13
	Average wait time - number of days ¹	242	875	J14	J14
	Informal gift or payment was expected ¹	236	906	J15	J15
13.1	State capture	NA	4200	Q44	Q44
	Parliamentarians (2005 n=344)	NA	3230	Q44 (a)	Q44 (a) ^d
	Government officials (2005 n=341)	NA	3202	Q44 (b)	Q44 (b) ^d
	Local/Regional officials (2005 n=342)	NA	3324	Q44 (c)	Q44 (c) ^d

NOTES:

¹ Reduced sample size due to preceding filtering question.

^a Service module only (may apply to only one of the 2 years, check the survey question columns as well).

^b Manufacturing module only (may apply to only one of the 2 years, check the survey question columns as well).

^c Slight change in wording/response options between 2008 and 2011. See individual chart notes in Annex I

^d Prefix variable name with 'ECA'.