

Reducing Survey Implementation Delays: Experiences of a Corporate Governance Practices Survey in Kazakhstan

The corporate governance team in Kazakhstan experienced many challenges that severely delayed the completion of its survey in that country. The purpose of this SmartLesson is to share some of the challenges faced with the survey and to provide useful tips to reduce delays with other surveys.

BACKGROUND

IFC has been implementing corporate governance advisory projects within the former Soviet Union since the mid-1990s.¹ A survey of corporate governance practices in project countries has been a key deliverable for these projects, as the survey's results:

- Establish a statistically significant baseline of current corporate governance practices and awareness in each project country's joint stock companies and banks. From this baseline, improvements in local corporate governance practices can then be assessed at the end of a project's life to help measure the project's impact;
- Assist with the development of each project's training seminar topics and public education work;²
- Serve as useful public awareness tools, through widespread dissemination of survey results; and
- Enable IFC and other experts to gain cross-country insight by comparing the survey conclusions of multiple countries.

Unlike surveys related to administrative barriers and business-enabling environments, corporate governance surveys ask target companies about their internal practices related to topics such as shareholder rights, transparency, and the effectiveness of their boards of directors.

One of the most recent projects to carry out a



corporate governance practices survey has been the IFC Central Asia Corporate Governance Project. This three-country project began in Kazakhstan and has recently expanded to include first Tajikistan and then the Kyrgyz Republic.

LESSONS LEARNED

1) Conduct a baseline survey as early as possible, ideally even before project set-up and launch.

Like most of its sister corporate governance projects, CACGP started working on developing its corporate governance practices surveys during the project set-up phase, once local experts had been recruited. This meant that, during the course of developing the survey questionnaire and finalizing tender

documentation, the project teams were also busy with client development, project launch activities and training seminar development. Delays became inevitable with the project's resources being pulled toward multiple priorities.

With a baseline survey, it is vital that the survey be started as early as possible, ideally even before the project has commenced set-up and recruitment. When a baseline survey is delayed, it reduces the relevance of the survey for project impact assessment purposes. Early survey implementation also enables the team to minimize the impact of problems or delays related to the survey's completion, because such problems are addressed earlier.

A pre-project baseline survey, however, will also present its own challenges. With no local experts on the ground, a local legal (or other appropriate) consultant may need to be employed to adapt a prior survey's questionnaire to the local legal regime and to assist with the tender for survey company selection. Any concerns about survey quality resulting from the use of an outside consultant can be mitigated if an IFC business line has developed an appropriate model survey questionnaire for the survey's topic.

SUGGESTED PROGRESS REPORT QUESTIONS

Name of company
Region
Name/title of primary contact
Status of request to be surveyed (accepted/rejected)
If rejected, reason for rejection
Questionnaire complete? Y/N
Expected date of questionnaire completion
Comments

2) Designing the procurement process to increase options helps to reduce potential delays.

Multiple tender advertisement methods. As part of the procurement process, the Kazakhstan project team researched (through World Bank Group contacts, Yellow Pages and other methods) and proactively contacted all known local survey companies, requesting expressions of interest and subsequently including interested parties in the tender process. This system of direct contact was considered appropriate in case survey companies might not see an advertisement placed in a local newspaper.

However, the limited number of suitable submitted bids, combined with the later discovery of additional survey companies, required that a second tender round be held, thereby delaying the survey launch. Unknown to CACGP, there were companies that conducted surveys as a supplement to other work activities. Had CACGP published an open advertisement in a widely circulated newspaper, in addition to directly contacting known companies, participation in the first round would likely have increased.

Upon the project's expansion into Tajikistan and the Kyrgyz Republic, this dual approach to publicizing the survey tender was used. Submitted bids were from survey companies that learned of the tender from both direct contacts and the published advertisement, and an adequate number of suitable bids meant that no extended tender process was necessary.

Structuring the tender to receive a range of bids.

The tender documents for past corporate governance surveys usually listed a fixed amount of companies to be surveyed and invited survey companies to provide corresponding price quotes. The larger the survey sample, the lower the error rate in the survey's conclusions. It can therefore be important to have as large a sample size as possible for a given survey's budget.

With the uncertainty of survey costs in Kazakhstan, CACGP drafted tender documents, at the outset, to require price quotes for three different quantities of

BY THE NUMBERS: CORPORATE GOVERNANCE PRACTICES SURVEY

Country	Number of companies and banks being surveyed	Number of survey questions	Number of weeks to conduct survey
Kazakhstan	138 (reduced to 100)	105	28
Tajikistan	72	61	8
Kyrgyz Republic	100	60	Pending

joint stock companies and banks to be surveyed (e.g., 80, 120 and 150 companies). This proved to be a useful structure, as it allowed CACGP to determine that its Kazakh budget could handle the middle-range option provided by bidders. Had we selected only one quantity of companies (e.g., 80 companies) for the tender, price quotes might have been over budget or under budget, resulting in the need to re-tender or negotiate with bidders.

We continued this practice for the Tajik and Kyrgyz surveys, with those budgets and needs justifying the selection of the smallest range option provided.

Deciding what to exclude from the tender: data collection vs. written analysis. Local survey companies provide vital data collection and statistical data relationship analysis for the topics being surveyed. However, our experiences with earlier corporate governance practices surveys taught CACGP that survey companies rarely have the expertise required to provide the necessary subsequent written analysis related to corporate governance. When a survey company was required under a tender to conduct such written analysis, the universal result was delays in the survey completion, due to the need for project experts to rewrite the analysis. CACGP learned from this experience and had the tender process expressly exclude such written analysis; such analysis is to be performed by the project team.

3) Keep potential delays in mind when designing and overseeing the survey.

Ensuring oversight of the survey company allows for quick understanding of potential problems. The Kazakhstani survey company faced major problems finding companies that were willing to participate in the survey. Ultimately, the survey company contacted virtually every joint stock company in Kazakhstan that satisfied the survey criteria to encourage them to participate in the survey, and we had to contractually reduce the required number of completed surveys when it was clear that the target level would not be reached.

The survey company did not initially tell us of the extent of the problems. The survey company was required to submit periodic progress reports based on templates that CACGP had adopted from past surveys. However, as delays mounted, CACGP required that more details be provided in weekly supplemental progress reports, stating specific reasons why companies were refusing to participate in the survey and the titles of target company personnel that were providing such refusals. Had the report structure been more comprehensive at the outset, CACGP might have learned more quickly about the challenges the survey company was facing.

Once the target company refusals were better understood, CACGP worked with the survey company to overcome the obstacles, even though this was not required under the services contract. It was determined that terminating the relationship with the survey

company and re-tendering would have caused even longer delays, and that it was in the project's best interests to move forward with the assistance.

Managing participant confidentiality concerns.

Confidentiality was given as the main reason that targeted companies refused to participate in our Kazakhstan survey.

To assist the survey company, CACGP originally executed a general letter of support that was included in survey-related documentation. In this letter, we explained the purpose of the survey and why it would be useful for companies to participate. As confidentiality concerns arose, the letter was amended to provide general comfort as to confidentiality, noting that information on individual companies would not be publicly distributed by IFC. Even though the project maintains strict confidentiality of survey responses, we felt that a confidentiality comfort letter was more appropriate than scores of individually executed confidentiality agreements, as so many agreements would have been unwieldy to execute and unnecessarily expose IFC to contractual obligations. This letter helped in many cases, although numerous companies remained concerned about the survey company itself leaking information.

Due to the very small number of local banks in Kazakhstan, it was vital that as many banks as possible answer the banking-specific questions in the survey. As an exception, the project therefore agreed to have face-to-face meetings with some banks to explain the survey and how the information would be used. These meetings did increase bank participation (and were useful for project client development), but this approach is not a realistic option for a large survey.

Tajik companies have not expressed the same confidentiality concern during the survey process. This may be due to a simpler survey questionnaire or to differences in business culture. The project's client companies in the Kyrgyz Republic, however, have been extremely concerned about confidentiality, so we have anticipated the need for confidentiality reassurance during the implementation of the survey in that country.

Managing survey size. Because CACGP was the newest IFC corporate governance project in the region, we benefited by being able to adapt questionnaires from past corporate governance surveys that had been conducted by our sister projects within the former Soviet Union. Those prior surveys had been frequently revised and had become progressively more comprehensive. CACGP extended this behavior, and "just a few more questions" by enthusiastic editors ultimately resulted in a survey questionnaire of approximately 100 questions.

While there were a variety of reasons given by companies for refusing to participate, a recurring concern was the large amount of time required to complete the survey.

Based on CACGP's experiences in Kazakhstan, we significantly reduced the number of questions for our surveys in Tajikistan and the Kyrgyz Republic, basing the questionnaire on the core questions that are most common throughout many corporate governance surveys.³

The Tajikistan survey is now nearing its end and has had far fewer companies refuse to participate. The Kyrgyz survey will commence shortly.

CONCLUSION

There are many possible problems that can cause delays in the implementation of a survey; a few key ones have been explained in this SmartLesson, and it is important to anticipate as many potential delays as possible during the planning stage. Hoping for the best, but planning for the worst will better ensure that delays are avoided or, at the very least, spotted and addressed as quickly as possible.

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