Reference document concerning the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration): Operational plan for promotional activities and proposal for the new survey
(GB.317/POL/8)

Proposed operational plan and survey instrument to evaluate the effect given to the ILO MNE Declaration: Report to the International Labour Office, Geneva, by Dr Henning Best and Dr Lars Kaczmirek
(15 January 2013)

Summary

The ILO has been using a survey to monitor effects of, and adherence to, the MNE Declaration. In order to assist the Governing Body in its decision-making process regarding a new follow-up survey, this report includes an operational plan for conducting the survey, the questionnaires and a detailed budget estimate. The report also describes the rationale of the decisions and conclusions. This report builds on activities and feedback rounds by various constituents since December 2011. The most important decisions and activities were:

(1) Based on various design options for a survey, it was decided to compose a survey that consists of a stable core questionnaire module and a thematic questionnaire module that changes between surveys.

(2) It was decided that the operational plan and survey should emphasize a high data quality outcome.

(3) A document was developed which describes the operational plan, the survey methodology and the basic parameters of the questionnaires. This document was written in the form of a call for tender and it was used to gather price quotations from companies able to conduct such a worldwide, multi-language and multi-mode survey.

(4) A framework was developed to serve as a basis for the development of the questionnaire modules, thereby adopting a focus on employment promotion and employment security in the thematic module. The framework discussed the topics and concepts to be covered in the questionnaires.

(5) Draft core and thematic questionnaires were developed for governments, workers' and employers' organizations.

(6) The draft questionnaires were pretested by constituents in a pilot study, which also produced additional information on the process of data collection and the quality of the questions.

(7) The final core and thematic questionnaires were developed based on results from the pretest.

The final questionnaire consists of 35 closed questions and 26 open-ended questions. The estimated budget for conducting the survey amounts to US$534,000. The complete project from project setup by the company to delivery of a written report is expected to take 12 months. Issuing the call for tender, comparing price quotes and negotiations with companies to ensure optimal quality and the best price will likely add another six months.

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1. Background and request

In the 1960s and 1970s, the activities of multinational enterprises (MNEs) provoked concerns about labour-related and social policy issues that resulted in efforts to draw up international instruments for regulating their conduct and defining the terms of their relations with host countries, mostly in the developing world. As a result of these efforts, the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) was adopted in 1977 and amended twice in 2000 and 2006. The principles laid down in this instrument offer guidelines to MNEs, governments, and employers' and workers' organizations in such areas as employment, training, conditions of work and life, and industrial relations.

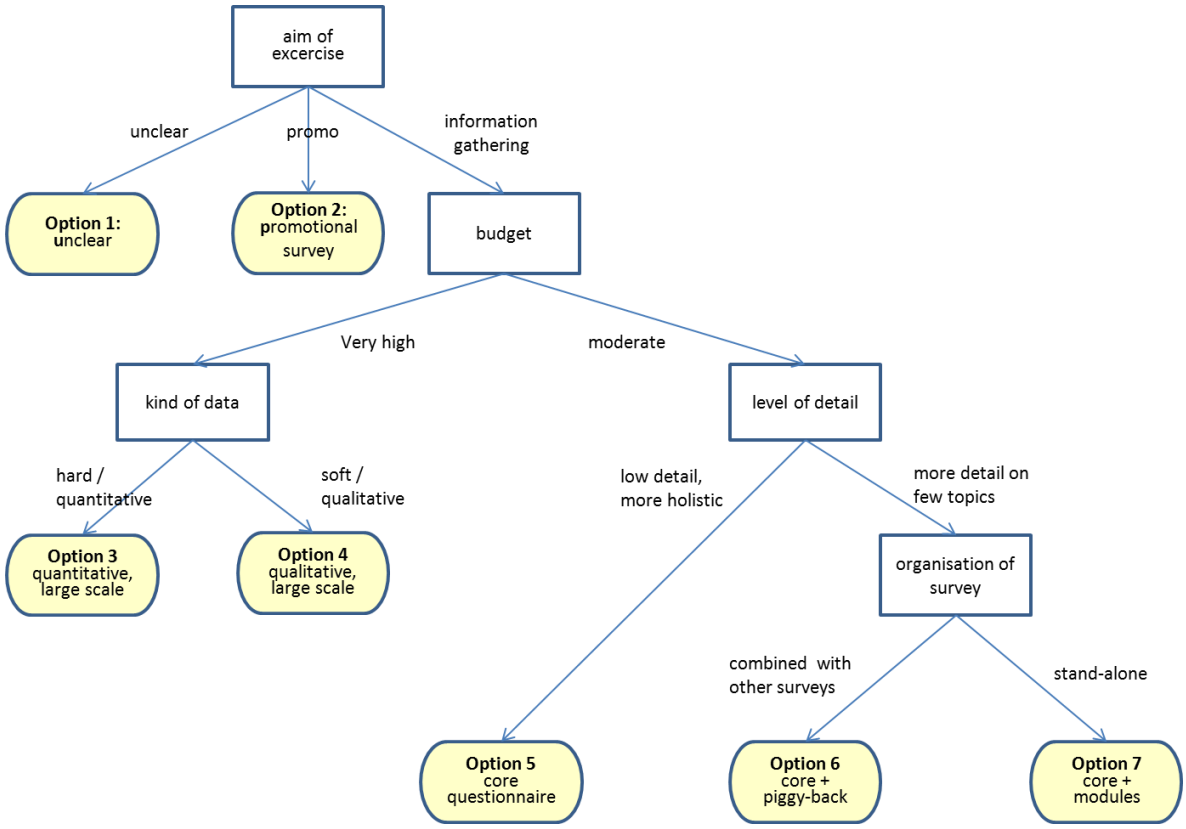
Follow-up mechanisms of the MNE Declaration have been used to monitor effects of and adherence to the Declaration. Among other mechanisms such as research, communication and reporting procedures, the ILO has been using a survey for monitoring. Since 1977, eight surveys have been conducted among all ILO member States. The last such survey was conducted in 2004. However, there was a general dissatisfaction with the questionnaires and survey results – especially with a too low response quality, too low response rate, and too high respondent burden.

In December 2010, the ILO Office asked for expert advice from a survey methodological perspective. Based on an analysis of the two previous questionnaires and reports in 2001 and 2004, we identified the following major causes and problems:

- vague and contradictory objectives (generate data, promote declaration, data usage);
- no documented procedures with respect to survey methodology approach, unstandardized questionnaires;
- the questionnaires try to capture many topics;
- the concepts to cover were not specified;
- the specific questions were often multi-dimensional and difficult to comprehend. As a multi-dimensional question tries to capture multiple aspects at once, the answers could hardly be interpreted because it remained unclear to which of the many actual sub-questions and reference points the responses referred to;
- it seemed unlikely that target respondents would have the necessary information available;
- the almost exclusive use of broadly formulated open questions encouraged narrative reporting and led to a low comparability of the answers between countries;
- filling in the questionnaires posed a high demand on respondents' time;
- only governments received a questionnaire.

These problems contributed to the dissatisfactory results and added to the general reluctance of respondents to participate in voluntary reporting exercises. Based on document analysis and interviews with the Office and constituents, we sketched seven options for future monitoring of the MNE Declaration. The options differed in the amount of resources needed, the type of data gathered and the main goal of the monitoring study. Figure 1 shows a summary of the options in the form of a decision tree.

Figure 1. Outline of design options for conducting follow-up surveys



Options 1 and 2 were included for reasons of completeness and in case the goal of the exercise is promotion rather than gathering information. These options are sub-optimal from a survey methodological point of view. Options 3 and 4 include large-scale data gathering activities directly from MNEs and local workers' associations, either using quantitative or qualitative methods. Due to the global character of the MNE follow up and hence the necessity to include all ILO member States, these would require a tremendously high budget. They could, however, yield excellent data with lots of detailed information. Finally, options 5, 6 and 7 consider budget restrictions and seek information from each country's government and central workers' and employers' organizations. These three options lead to restrictions in the level of detail that can be queried. They acknowledge inevitable trade-offs between budget, respondent burden, data quality and type of information that can be gathered.

We presented the design options for a possible MNE follow up to the Tripartite Ad Hoc Working Group, which favoured option 7. The favoured option is a stand-alone survey with a core module, which would be stable over time, and a thematic module, which would be changed in each survey. In its report to the Governing Body, the Tripartite Ad Hoc Working Group suggested preparing material for a follow-up survey to the MNE Declaration (GB.313/POL/9(Rev.)). The new survey instrument is designed to improve the quantity and quality of responses within a reasonable budget. Based on the recommendations of the Tripartite Ad Hoc Working Group and in order to facilitate decision-making, the Governing Body of the ILO (dec-GB.313/POL/9) has mandated the Multinationals Enterprises Programme (MULTI) to prepare, in consultation with tripartite constituents:

- an operational plan for putting in place a follow-up mechanism in the form of a survey; and

- a draft survey instrument, which meets all criteria specified by the Governing Body.

In accordance with option 7 in figure 1, the questionnaire shall consist of two parts:

- a core questionnaire module which remains stable over time; and
- a thematic questionnaire module on a specific aspect of the MNE Declaration, which changes with each survey and contains questions seeking more in-depth information.

On the request of MULTI in July 2012, we agreed to elaborate the research methodology, prepare a request for information, obtain price quotes for undertaking the survey, and construct a core and a thematic questionnaire. This exercise is being undertaken with a view to making a final decision during the March 2013 Governing Body session on whether the global survey could constitute one of the follow-up mechanisms for the MNE Declaration.

2. Deliverables

During the construction of the questionnaire and the study design, we were in regular contact with MULTI. Additionally, all deliverables included feedback rounds. The process of designing the questionnaire consisted of the following steps:

(1) decision on the thematic focus by the constituents (result: employment promotion and employment security);

(2) elaboration of the concepts to be covered by the questionnaire and the type of questions planned (result: "framework");

(3) presentation of the "framework" to the constituents including gathering feedback and requests for changes;

(4) development of the draft questionnaire;

(5) pretest of the questionnaire by governments, workers and employers (also referred to as "pilot study"); and

(6) revision of the questionnaire, preparation of the final survey instrument.

The process of estimating the necessary budget consisted of the following steps:

(1) specification of the operational plan, based on survey methodology;

(2) formulating a Request for Information (RFI);

(3) coordinating the RFI with the ILO procurement department which issued the RFI;

(4) obtaining price quotes from market and opinion research companies; and

(5) discussion of the price quotes and estimation of the budget.

The deliverables of this project serve to document the requirements of a follow-up survey with respect to survey methodology, the questionnaires and the budget. In order to assist the Governing Body in its decision-making process, we prepared a written report, a core questionnaire module and a thematic questionnaire module in English. The ILO will provide translation into other languages. The final deliverables include:

- an operational plan including the methodology for conducting the surveys, having considered possible options and state-of-the-art survey methodology (this information is part of the document RFI);
- estimated costs for conducting the survey, including price quotations (company bids) and their discussion (in this report);
- the core questionnaire and a thematic questionnaire on employment in variants for the governments, the workers' organizations and the employers' organizations (in the documents "Core questionnaire" and "Thematic questionnaire"); and
- an overall overview in the form of this report.

3. Operational plan

This section outlines the basic parameters of the proposed survey methodology for conducting the survey.

3.1. Coverage and sampling

The survey is a census of all representatives of governments, employers' organizations and workers' organizations of the 185 ILO member States, totalling 555 target respondents. MNEs are not part of the sample.

3.2. Contact strategy

Before the questionnaires are sent to the target respondents, all contact details (for example, names and addresses) are verified and a complete list of target respondents is compiled. The ILO provides the initial list of contacts. The company then uses this list to make a verified list of persons who are responsible for returning the questionnaire. The contact strategy employs the full range of available survey methods utilizing postal mail, email and telephone to reach a maximum response rate (for example, pre-notification letters, several reminders including a replacement questionnaire, see detailed escalation plan as part of the contact strategy in the RFI).

3.3. Data collection

The questionnaires will be available in English, French, Spanish, Arabic, Chinese and Russian. The questionnaire will be available in a paper version and an electronic format like a web survey and Word document.

3.4. Project duration

The whole project from setup to delivery of a report should be finished within 12 months.

4. Questionnaire

When constructing the new questionnaires, we have taken into account the reports and questionnaires of the last two surveys, results of discussions with the constituents and

background information provided by the Office. We seek to implement survey methodology standards and avoid previously identified methodological problems in earlier questionnaires, as outlined above.

To improve the data quality of the survey results, questions need to refer to well-specified and precise concepts, query only one aspect per question, use easy to comprehend yet precise terminology, and avoid complex sentences. Aspects that were queried in a single question in previous questionnaires, therefore need several questions in the improved questionnaire. As a consequence, the thematic coverage of the survey has to be reduced. When deciding on topics covered by the questionnaire, it is important to keep in mind that the data gathered by the survey can be supplemented by desk research using alternative data sources. Hence, data that is readily available for desk research does not need to be queried in the present survey.

Respondents of the survey are governments, representatives of the national workers' associations and the national employers' associations. No data will be collected directly from individual enterprises, grassroots activists or local representatives. Consequently, the answers that can be expected reasonably are on a *relatively high level of abstraction* and most questions can query *perceptions* only.

4.1. Basic parameters

The general idea of having a core module and a thematic module is to maintain a constant set of important, general questions to be queried in the core module in every survey, while allowing for more flexibility and changing focuses in the thematic module. By doing so, it is possible to gain data that is comparable over time, while at the same time reducing the complexity and respondent burden. Additionally, the design provides enough flexibility to be able to react to emerging trends and prospectively broaden the scope of the survey.

With respect to the burden of completing the questionnaire, there was a general agreement on the guideline "as short as possible but as long as necessary". In further discussions with the constituents it turned out that the preferences are below five person-days of working hours, with some highlighting around three days. It should be kept in mind that gross turnover time will be substantially higher than net working time. For example, a second department in the organization may be asked to complete a part of the survey which may need one day of work to fill that part, but two weeks of waiting in the queue.

4.2. Proposed contents: Framework

The Office queried the constituents on their preferred focus for the first thematic module and, based on their feedback, named *employment promotion* and *employment security* as the topic for the first thematic module. In a workshop with representatives of governments, workers' and employers' organizations on 28 September 2012 in Geneva, we presented a framework for discussing which topics to cover in the questionnaires.

The core module is relatively short, confined to questions of general importance and will remain the same in future surveys. The participating constituents agreed that the core module should include questions concerning the following topics. Each of these topics was disaggregated into more precise sub-topics (which serve as a specification of the concept):

(1) Awareness of the MNE Declaration

We proposed questions on references to the Declaration in legal documents; in policy documents, which aspects of the Declaration are regarded as most important; and whether some aspects are regarded as missing or too superficial.

(2) Consultation

We proposed questions on the existence of dedicated contact persons, institutional consultations and non-institutional meetings discussing MNE activities.

(3) General assessment of MNE activity

We proposed questions on whether data is collected separately for MNEs and domestic enterprises, on the economic importance of MNEs for the economy of the host country, an overall evaluation of MNE activity, and on spill-over effects on the national economy.

(4) Laws

We proposed questions on laws specifically regulating the conduct of foreign MNEs, domestic laws regulating the conduct of home country MNEs in other countries, and generally on a special treatment of MNEs.

(5) Promotional activities

We proposed questions on activities by the government/organization promoting the Declaration, the existence of promotional material in native languages, and on awareness of activities promoting the MNE Declaration by the ILO.

(6) Wishes and expectations to the ILO

We suggested to provide an opportunity for expressing wishes and expectations to the ILO.

The thematic module serves to provide in-depth knowledge on employment promotion and employment security. The constituents agreed that the thematic module should include questions concerning the following topics:

(7) General effects on employment opportunities

We proposed questions on the collection of data differentiating between domestic enterprises and foreign MNEs, the direct importance of MNEs for employment opportunities, changes in employment offered by MNEs, and studies on employment effects of MNEs.

(8) Employment standards and decent work

We proposed questions on comparison of various employment standards (for example, wages or working hours) between domestic enterprises and foreign MNEs.

(9) Employment security

We proposed questions on the comparison of work relations between local enterprises and foreign MNEs, on income protection in the event of employment termination, and on major incidents of closures or collective layoffs by MNEs.

(10) Consultation

We proposed questions on the existence of dedicated contact persons regarding some aspects of employment, consultations and meetings regarding employment and employment policies.

(11) Priority to nationals

We proposed questions on the existence of laws that require foreign enterprises to give priority to nationals, and on the representation of nationals in MNEs.

(12) Impact of technology on employment

We proposed questions on the comparison of technology used, on employment effects of technology and on research facilities run by foreign MNEs.

(13) Linkages with national companies and spill-over effects

We proposed questions on legal regulations on using domestic suppliers, backward linkages of MNEs and effects on the establishment of domestic small and medium-sized enterprises.

Based on this framework, we constructed a comprehensive draft questionnaire which was then pretested.

4.3. Pretest and results of the pretest

The draft questionnaire used multiple questions for most of the concepts discussed above. The goal of the pretest was to gather information on the time needed to answer parts of the questionnaire, to learn about possible difficulties in comprehending the questions, to gain first-hand knowledge about the availability of information, and to gather information on obstacles to participation and the preferred survey mode. Most importantly, however, the results of the pretest guided the selection of questions for the final questionnaire. Hence, the pretest questionnaire contained more questions than planned for inclusion in the final questionnaire. Overall, it consisted of 106 questions (38 open-ended questions and 68 closed questions). In addition to these questions, we included a number of specific pretest questions asking about characteristics of the questionnaire itself.

The pretest was designed to cover all constituent groups and all four UN regions. In order to assess the suitability of the questionnaire for different constituents and regions, we constructed a sample scheme and asked the ILO office to contact pretest candidates accordingly. We suggested interviewing five representatives of each constituent group, including all three groups for two countries. These two countries were to be located in two different regions and represent developed and less developed countries. The remaining six pretest candidates (two of each constituent group) were to be from six different countries covering the two remaining regions. The International Trade Union Confederation and International Organisation of Employers provided contact details for five countries each, but finding pretest candidates who matched the complete sample scheme for the group of governments was not achieved.

The pretest started on 28 November and fieldwork continued until 21 December 2012. Participants received the respective questionnaire for their constituent group as a paper/PDF and online survey version. During the course of the pretest, the office sent two email reminders to the participants. The timing, before Christmas, complicated answering the questionnaire and had a negative impact on the response rate;

however, it was inevitable given the overall time frame of this project. As can be seen from table 1, we received one response from an employers' organization, three responses from governments and three responses from workers' organizations. We did not receive any responses from South American countries. Two out of seven respondents used the online questionnaire version for their reply (one workers' and one employers' organization). The received answers were very valuable in that they provided the basis for changes and cuts in the questionnaires.

Table 1. Responses to the pretest

	Europe and North America	Africa	Asia	South America
Governments	Informal response from Canada (feedback by email)	Namibia (paper)	Japan (paper)	None
Workers	Italy (online)	Kenya (paper)	Indonesia (paper)	None
Employers	None	Kenya (online)	None	None

The estimation of total time needed for completing the questionnaires varied greatly, ranging from more than one month, as reported by one government, to three days, reported by one workers' organization. Although we assume that the longer estimates report the turnover time rather than person-days of work needed to complete the questionnaire, there were clear messages from all constituent groups that they would prefer a shorter questionnaire.

Regarding data availability, many participants reported that they have some of the data requested at hand, whereas other data needs to be obtained (for example, from taxation data). There was a widespread concern that the questions querying hard data regarding employment and the economic importance of MNEs may be too complex, especially when querying data disaggregated by sectors. As expected, some questions would require a study of individual MNEs rather than surveying governments and organizations, if full reporting is needed. Nonetheless, we received information on most questions, from at least one participant. This is a strong argument for surveying all three constituent groups (governments, workers and employers) independently to take advantage of all available information sources.

As participants raised concerns regarding the complexity and depth of some questions and as a shorter questionnaire might lead to higher response rates, we chose to substantially shorten the questionnaires by deleting 12 open-ended questions (cut by around 30 per cent) and 33 closed questions (cut by around 50 per cent).

4.4. Final questionnaires

The final questionnaires consist of a core module covering the more general topics outlined above (topics 1 to 6). This module comprises 15 closed questions and 14 open questions. In addition, the thematic module on employment promotion and employment security comprises 20 closed questions and 12 open questions (topics 7 to 13).

The main challenge when constructing the final questionnaires was to shorten the draft questionnaires used in the pretest substantially while maintaining coverage of all topics proposed in the framework. The revised questionnaires cover all 13 broad topics outlined in the framework. The most notable change in the revised questionnaire was deleting all questions asking for sector-specific data. Although sector-specific information may be very important, claims by governments that the turnover time was too high, as well

as concerns about the availability of the data, superseded the aim of obtaining sector-specific information. Additionally, there were numerous changes in details that addressed issues of question wording and the overall structure of the questionnaire, for example, the introduction of filter questions on data availability in the sections on economic importance and direct employment effects of MNE activity.

When constructing the questionnaire, we took great care to minimize the demands on complex data. Some questions in the core questionnaire module, mainly section 3 on "Effects of MNE activity", have high demands on the availability of economic data. While the answers may not be available in all countries, it is worthwhile to collect the data wherever possible. In cases where no data is available, we asked for a rough estimation to get at least some background information. The thematic questionnaire module on employment, due to its more in-depth questions, puts higher demands on the availability of data. Although we kept the questions as simple as possible, the answers may require greater efforts in some countries, and there will be gaps that cannot be filled in some countries. In this case, it is important to keep in mind that the questionnaire will be sent to all three constituent groups. Even if the government of a specific country does not have reliable information (for example, on differences in employment standards between MNEs and domestic enterprises), a workers' association may have collected such data and would report it, or at least estimate such information.

Important decisions included which time frames (reporting years) to use for the questionnaires, and which precise economic figures to query.

Regarding the economic figures, three alternatives were available: value added, sales, and GDP contribution. In the draft questionnaire used in the pretest, we queried total value added, as this is a bit easier to calculate from raw data than GDP/GNP. However, the pretest answers showed that the concept of value added, though established in economics, is unfamiliar to some respondents. In the final questionnaire, we therefore decided to ask for total sales rather than value added. As with value added, no sophisticated national income accounting is necessary to calculate sales, but the concept is easier to understand. When aiming at sales, question 3.3 of the core questionnaire can be answered by using survey data of enterprises or tax data, which would not necessarily be the case when referring to GDP.

The time frames used in the questionnaire may need some adaptation at the time the survey is conducted. Originally, we had intended to choose 2010 as the reference year to ask for economic variables such as sales and employment. However, in the pretest we were given the feedback that even for OECD countries, it might be difficult to obtain such recent values for some of the variables requested. Thus, although 2009 was the year of worldwide economic crises, we chose to use this point in time. However, we would recommend, that before fielding the questionnaire, it be rechecked whether 2010 can be used realistically as the reference year. Some questions cannot be answered for a single year in a meaningful way, for example, questions on developments. We had originally intended to use a rather long time span in these questions to allow the effects asked about to unfold (since 1990 for this first round of newly designed surveys), and avoid referencing mainly the period of the worldwide economic crises. However, the ILO Office recommended referencing the period since the last survey. We therefore changed the time period to "since the last survey in 2004". Finally, questions on events refer to "last year (2013)". This assumes that the study is conducted late 2013 or early 2014. If the study is conducted already in mid-2013 or late 2014, the year must be adjusted accordingly (questions 2.3, 5.1, 5.5, 10.3). The reason for introducing this third reference point is the assumption that these questions will more likely be answered based on memory than on available documents. In such cases, a very recent, meaningful, and not too long time should be used to avoid memory bias and thus biased estimates.

5. Cost estimation for conducting the survey

5.1. Procedure and price quotes

We prepared an RFI in the style of a call for tender to ensure that price quotes of companies would be as accurate as possible. It describes the operational plan of the survey, the survey itself and the required work, including reporting on the results. It contains all methodological and cost relevant details similar to a full call for tender. The ILO procurement bureau checked and signed the RFI and sent it to 24 companies including the global top ten companies in survey research. The headquarters of the companies are located in Canada, France, Germany, India, Japan, Netherlands, Norway, Switzerland, United Kingdom, and United States. The RFI was a public call, and as such published on the ILO website.

Four companies submitted price estimates, three located in Europe and one in the United States. All four companies have the necessary knowledge and resources to conduct the desired survey. In accordance with the RFI, they provided a cost-breakdown with the following cost elements:

(a) project setup and administration (for example, programming of web-based survey and layout of paper-based survey, development and production of written communication for invitation letters, reminders);

(b) translation costs for the questionnaire and communication;

(c) translation costs for answers to open questions into English to allow an analysis of the verbatim responses and other translation (for example, in written communication);

(d) fieldwork (for example, setting up the sample, gathering contact information, data collection, paper mail out of invitations, follow ups and reminders, handling of inquiries, postage, etc.);

(e) data analysis and preparation of a written report in English (PDF);

(f) other costs (for example, travel and accommodation costs).

An analysis of the cost structure of the price quotes revealed that some companies deviated in their assumptions from the specifications made in the RFI with respect to some cost elements, resulting in either unreasonably high or low costs for an element. In these cases, the costs are discussed in more detail below. Table 2 shows the range of the price quotes and the estimated value taken into account for the overall costs.

Table 2. Cost structure for conducting the survey (US$)

Cost element	Lowest bid	Highest bid	Estimated required budget
Project setup	20 451	67 977	56 000
Translation of questionnaire	8 600	41 216	11 000
Translation of answers	6 000	730 407	188 000
Fieldwork	40 770	264 553	141 000
Data analysis, report	47 450	74 802	41 000
Other costs	2 500	9 391	8 000
Total bids	196 200	918 957	
Sum			**445 000**
Added 20 per cent safety margin			**534 000**

Note: The lowest and highest bids are shown per cost element across all companies. Therefore, the numbers do not add up to the total amount.

The two middle bids proposed a total cost around $605,000 and $631,000. It is not uncommon for price quotes in survey research to differ heavily from each other. This is partly due to different cost structures between companies and also depending on which parts a company might need to subcontract. In the same way that the total lowest bid did not account for all costs specified in the RFI (it likely missed most of the required translations of open-ended answers), so did the highest bid calculate with costs that were not required by the RFI (the $918,957 included more than $700,000 in translation costs).

5.2. Discussion of cost elements of price quotes

In this section, we discuss the price quotes for each individual cost element and describe the calculation of the estimated required budget as given in table 2.

Project setup: This cost element depends heavily on a company's cost structure and the estimated initial resources to form the research group. The estimation of the required budget is therefore based on a conservative approach. Not considering the highest and lowest bid results in a trimmed mean of approximately $56,000.

Translation of questionnaire: The company with the highest value of $41,216 based its calculations on a questionnaire length of 11,600 words. The final questionnaire consists of approximately 3,200 words, which results in estimated costs of approximately $11,000 as the relative proportion. These costs are in line with estimates based on known costs for translations by third-party service providers. Two other bids are also within the range of more or less $2,000 of $11,000.

Translation of answers: This is the most complex cost calculation because one has to estimate the average length of responses and take into account: (i) countries that would reply in English; (ii) the response rate; (iii) an average translation cost per word thereby bearing in mind the different costs per language; and, finally, (iv) the costs for quality assurance of the translation. The calculation is also highly sensitive to small changes in the assumptions: an increase by one cent in translation costs per word would account for $9,000 considering an average of 3,080 words per returned questionnaire (that is, 130 words or ten lines of text for questions asking about examples). Also translation costs per word may vary by at least as much as 7 cents depending on the language.

The highest and lowest bids are not considered further. Instead of allowing a company to charge such a high amount in translation costs, it would be feasible to outsource the translation to another company. The lowest bid is unreasonably lower than standard translation costs known in the market. Since the translation market is very transparent with respect to costs per word, this offer is not considered to cover all required

translation and is most likely due to miscalculation. The middle two offers were about $185,000 and $442,000. A recalculation into costs per translated word results in 18 cents per word, and 27 cents, respectively. A comparison with price tables available from third-party service providers who specialize in translation tends towards cost per word of around 26 cents (including quality assurance) with some potential for less if words keep repeating in the answers. Thus, we used 27 cents per word as a conservative basis for the budget estimate.

The calculated estimate takes into account the characteristics of the final questionnaire. We reduced the number of open-ended questions to 26, which is 70 per cent of the amount used in the RFI. Based on the experience from the pretest, we reduced the expected average length for open-ended questions to 130 words, and to 30 words for each of the three questions asking about legal references. This leads to an average number of words per submitted questionnaire of 3,080. The estimate takes into account: a response rate of 60 per cent (333 returned questionnaires) of which 158 would be non-English (based on 88 countries that were listed as having a non-English contact language in a contact list that was provided by ILO).

The resulting estimated budget is $188,000.

Fieldwork: Three companies estimated the fieldwork to cost less than $70,000. The company with the highest bid within this cost element calculated $264,553. This company also provided more details on the components of this cost element as shown in table 3. The other companies did not provide further details. The components of the highest bid revealed the costs for the different steps of the contact strategy and also included some costs that we regard as unnecessary. The last column of table 3 shows a corrected budget estimate. Firstly, the company proposed using courier delivery, which we do not consider cost effective in the first contact attempts (costs over $100,000). However, it may be useful as a last resort to ensure receipt of the questionnaire in a few instances (see cost element (i) in table 3). We therefore propose sending questionnaires by normal mail for most countries. Secondly, payment of the return questionnaires ($31,200) can be dropped because the respondents would pay them in cases where no electronic delivery is possible.

In order to achieve the main goal of the new operational plan – higher data quality and higher response rates – a high quality of fieldwork is very important. Thus, the budget estimate is based on a corrected estimate of the price quote, which offered the most information to ensure that all steps of the fieldwork as described in the RFI were considered. The resulting estimated budget is $141,000.

Table 3. Cost details for fieldwork for the highest bidder within this cost element

Cost components within fieldwork	Bid in US$	Corrected estimate in US$
(a) Sample set up and database creation	21 840	no change
(b) Fieldwork management (including follow up via email and telephone reminders)	71 760	no change
(c) Delivery of 555 questionnaires via courier	86 580	8 325 ($15 instead of $156 per item
(d) Delivery of 555 pre-notification letters by post	1 732	no change
(e) Printing of 555 questionnaires and pre-notification letters	4 329	no change
(f) Printing and delivery of 200 reminder letters	624	no change
(g) Printing and delivery of 100 replacement questionnaires	15 600	1 500 ($15 instead of $156 per item)
(h) Printing and delivery of 50 letters to heads of organizations	156	no change
(i) Printing and delivery of 50 replacement questionnaires to heads of organizations	7 800	no change, courier delivery to ensure receipt
(j) Respondent return of 200 completed paper questionnaires by courier	31 200	0 (return postage, if any, is paid by respondent)
(k) Scanning and data entry for 200 completed paper questionnaires	22 932	no change
Total cost of fieldwork	**264 553**	**140 997**

Data analysis, report: This mostly depends on the amount of junior and senior staff involved in analysing the data and writing the report. The trimmed mean is approximately $59,000. The estimated budget is calculated using this amount and is corrected by the cuts in questionnaire length after the pretest. Cost reduction is estimated to be 30 per cent, due to cuts in open-ended answers amounting to approx. $41,000.

Other costs: This category includes all other costs that were not covered above and was expected to be low compared to the other cost elements. It mostly includes travel costs to Geneva for the three project meetings. Using the trimmed mean, as above, results in costs of approximately $4,000. For a company outside of Europe, the amount is likely to be twice as high. As it is unknown which company will conduct the survey, the estimated budget is set to $8,000.

5.3. Total estimated required budget

The total for conducting the survey amounts to $445,000. We advise adding a safety margin when estimating the costs for complex surveys. Adding 20 per cent results in an estimated budget of **$534,000**.

For this sum, a company would prepare the necessary language versions based on the English master questionnaire, conduct the survey, analyse the results and write a report in English. Additional costs would be incurred by the ILO for monitoring the project, translation of the report in to other languages, costs for meetings and internal costs for ILO staff. These costs are not part of this report.

5.4. Additional considerations and options for cost reductions

What would be additional costs if the Governing Body decides to make changes to the questionnaires?

Changes to the existing questionnaires would require new questionnaire translations into Spanish and French because the existing pre-translated questionnaires then cannot be used, which would add approximately $3,000 to the total amount. This cost is calculated based on the price quotes which included both the costs for new translations and for using the existing translations in French and Spanish. Adding new open-ended questions would increase the costs of translating the responses as described in section 5.2.

How could the total costs be considerably reduced?

Firstly, most costs occur when translating all open-ended answers into English in preparation of the analysis. English would probably be the language for the analysis because it would require the lowest number of translations. Every open-ended answer that is deleted from the questionnaires could save several thousand dollars depending on the expected length of the answers. For example, consider deleting an open-ended question with an expected average length of 130 words with about 158 replies that need to be translated (88 countries multiplied by three target groups multiplied by a 0.6 response rate): this could reduce the translation costs by approximately $7,000. A major drawback of this approach is that such cuts will most likely require decisions to delete complete aspects of the MNE Declaration from the questionnaire. Thus, further cuts to the questionnaire would imply deviating from the previously agreed questionnaire framework.

Secondly, the bids show a high variation in the costs of the fieldwork with bids that would require less than $70,000, which would potentially reduce costs. However, high-quality fieldwork is very important for achieving a high response rate and high-quality data. We therefore strongly recommend not cutting costs in this area. Doing so would strongly contradict earlier discussions and decisions dating back to 2011 and also ignore the major concerns raised by the Ad Hoc Working Group about too low response rates and too low data quality in recent surveys.

Thirdly, the highest potential for saving costs would be to change the design of the follow-up survey and omit the thematic questionnaire. Such a design would correspond to the design option 5 in figure 1: conducting a survey with the core questionnaire only. Switching to this option would at the same time reduce the reporting burden considerably.

What would be the cost implications of conducting the survey with the core questionnaire only (that is, dropping the topic module)?

After considering the available design options for a follow-up procedure, the Governing Body decided to proceed with option 7 – a core questionnaire plus a changing thematic questionnaire. This was the basis for developing the questionnaires and retrieving the price estimates. Therefore, the following can only be an informed guess and is not based on available price quotes. Costs for translation and analysis might be reduced by 50 per cent, resulting in a total of $325,000 ($390,000 with a 20 per cent safety margin added). Further cost savings can be expected in the fieldwork if the shorter survey leads to a faster return rate, which reduces the amount of costly follow-up actions. Additional benefits would include higher data quality and higher response rates due to considerably

lower respondent burden and less trouble with identifying appropriate respondents within the target governments, workers' and employers' organizations.

6. Considerations for further steps

What should be considered when issuing a call for tender to keep costs low? We recommend considering the following points when deciding which company will be awarded the contract. As discussed in section 5, the experience with the call for information confirmed that it is important to ask for a breakdown of the bid in the described cost elements and components in the call for tender. In the evaluation of the bids, the individual cost elements have to be evaluated for over- and underfunding as described in section 5.2. It is possible, in complex projects, to negotiate individual price elements depending on the priorities of the client. Prices for individual cost elements serve as a good basis for such negotiations. We would also recommend adding more cost details for the cost element fieldwork. Rather than taking the bids the way they are submitted, the final contract should thus be subject to negotiations with several possible vendors. With regard to cost negotiations, it is important to keep in mind the various assumptions that constitute the more cost-intensive elements. Thus, variable operating expenses, such as costs for translation of answers as well as delivery costs, should not be included as a lump sum in the final contract but be billed on the basis of actual costs that incur for the vendor. To give an example discussed above, the number of words to be translated is based on a conservative estimate and could turn out to be substantially lower, which would considerably reduce the costs.

The ILO and its Members can contribute to improving the response rate by ensuring a high-quality contact list that is submitted to the vendor. This is of utmost importance for achieving a high response rate since high-quality contact information determines the success of the first contact and thus the time available to respondents for filling in the survey. The ILO is well advised to invest resources to verify that the contact list is up to date. Likewise, persuasive information about the good quality of the contact list can be used in the cost negotiations with the vendors.