A key-point comparison & the new challenges for the existent Administrative Burden Models (A.B.M’s)

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Abstract

As administrative burden’s reduction (AB) is of crucial importance in order to ensure competitive conditions for national economies, measurement standardization and objectivity is a key component for the implementation of good regulation principles and administrative cost reduction. International experience designates both the main challenges and the limitations in which existent models are subjected to. Moreover, a thorough comparison among the existent administrative burden models’ (ABM’s) stresses specific gaps mainly on data and sampling measurement methods, while the widespread need for a common comparison benchmark among different countries should be addressed.

Keywords: Administrative burden, administrative costs, substantive costs, regulatory compliance, international comparison.
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1. Introduction

Administrative Burden (AB) reduction is being tightly correlated with: a) the prevention of market distortions and b) the optimal distribution of social surplus and the maximization of social utility (Stigler, 1971). At micro level regulatory framework imposes rules that significantly affect operation, performance and decision making at market and business level (Mendeloff, 1993). Business unit’s compliance with a current regulatory framework demands effort, time commitment and significant exploitation of inputs that are detached from other production processes (Averch \textit{et al}, 1962).

Literature refers extensively to the consequences of regulatory framework inefficiencies that create distortions into markets structure; both via microeconomic behavior influence of economic agents (Posner, 1975) and rent seeking conducts through the regulatory competition among interest groups (Becker, 1976). These phenomena result to the introduction of specific regulatory hurdles that cumber costs...
via transaction costs (North, 1993; North, 1994) while producing rent seeking behaviors (Krueger, 1974).

Main types of distortions in the decision making process of the business units (Sherman, 1981; Smithson, et al 1982) are: a) The alteration of the relative input prices at the production process and the alteration of production priorities due to the introduction of price regulation framework, b) the negative impact on both the stock and the mixture ratio of inputs on the production process, the production technology and the innovation, c) Strengthening rent-seeking situations, whereby compromising performance productive investment, while in the meantime favoring the flow of productive factors to other activities with high rents, d) Failure to estimate in detail, accurately and meticulously, the operational budget (cost, revenue, profit, opportunity cost etc.) that lead to non-reliable or biased decision making situations (Lee, 1980).

Moreover, the regulatory process is affected by a tremendous competition among interest groups for rent seeking, regulatory annuities claims, or for regulatory process capturing by economic agents, consisting implicitly of technical barriers enforcement (entry barriers) or inefficient production costs reduction or maintenance of a politically optimal distribution of the rents (proceeds). The effects from this competition, refer to: a) the volatility of the regulatory process into interest group pressures, resulting frequently into inefficient distribution of the social surplus (Peltzman, 1976), b) imperfect or asymmetric information and uncertainty, regarding the outcome of regulatory framework reforms, which can mobilize interest groups in order to influence regulatory outcome (Ritz, 2008).

During the recent years, AB reduction has been emerged as a primary objective to the agenda of public policy of the EU and member countries, as it can foster the competitiveness of the economies, reduce administrative costs, as well as promote better regulation principles1. Furthermore, the EU policy or fiscal adjustment programs contain a significant subset of structural reform pillars in order to reinforce national efforts that aim to the reduction of the regulatory burden of the countries’ economies2. By comparing the main features and characteristics of the most

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1 A common “once only strategy” with principle initiatives across the European Union’s (EU) 28 Member States (MS) and the 6 Associated Countries, referring Administrative Burden Reduction, could generate a total net impact amounting to around € 5 billion per year by 2017, while a digital by default strategy at EU28 level could result in around € 10 billion of annual savings, with the economic impact being higher when there is a swift digitization of transactions. For more details see also: a) European Union, (2014),” Final Report: Study on e-Government and the Reduction of Administrative Burden (SMART 2012/0061), b) European Commission, The European e-Government Action Plan 2011-2015. Harnessing ICT to promote smart, sustainable & innovative government, COM (2010) 743, Brussels 15 December 2010.

significant ABM’s in international level, this article aspires to provide an analytical comparative analysis on the prons and cons of the main existent ABM, as well as to propose several enhancements in certain ABM’s weaknesses, to the corresponding public policy stakeholders (e.g. researchers, governmental officials, research institutes).

2. Administrative Burden Models (ABM’s)

The necessity for regulatory burden measurement on the economic science, has led to the development of significant AB programs, as basic tools at the disposal of the governments, international organizations and public administration. The major AB measurement initiatives worldwide, as they have been already been recorded by main international stakeholders (European Union, OECD, World Bank, IMF) include the following models:

a) Doing Business Model (DB): The DB model was launched by the World Bank during 2002 having as a scope to assess the quality of the regulatory environment that could promote, idle or restrict entrepreneurship. DB model is being based on the configuration of different forty three (43) individual indicators, which are grouped into ten (10) different thematic indicators (topics), reflecting the regulatory framework environment on various stages of the enterprise’s lifecycle, from the start-up to its liquidation or dissolution. These thematic indicators composing a general index (GI), which relates mainly with the ease of doing business in a country. The data are collected by the World Bank mainly in a quantitative basis (quantitative indicators) and are based primarily on legal provisions and administrative practices in the given country. The individual indicators assess: a) the degree of regulatory intervention (e.g. administrative procedures for establishing, licensing, or liquidity provision procedures to the private sector etc), b) cost and time in order to comply with the requirements of the regulatory framework (e.g. administrative approval of environmental conditions permit investment etc), c) flexibility of labor market regulatory environment (e.g. ease recruitment - redundancy, etc.), d) the degree of tax complexity and entrepreneurship friendly environment (e.g. stable tax framework, paperwork in compliance etc.). The GI is derived as a sum of the individual scores for each of the variables were calculated and standardized based on percentiles.

b) Red Tape Assessment Model (RTA): RTA model has been developed by the OECD in the context of the recorded need for the evaluation and comparison of the administrative burden among member countries, in particular policy areas, in order to create a benchmarking tool for diagnosis and possible interventions for regulatory framework simplification. The methodology is being mainly based on a modified

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version of the Standard Cost Model (SCM), which emphasizes the formal interview of business units in order to derive the time required to comply with an undertaking existing legal framework obligation. Model purposes refer to: a) The comparison of administrative burden among OECD countries in selected policy areas and b) the analysis of diversification causes in AB among countries, in order to introduce best practices that could reduce or simplify administrative burdens.

The conceptual framework of the model can be described in four (4) different stages. In the first stage the researcher focuses on the subject area of interest and the indicators to be studied. Thereafter, on the second stage the participating countries collect the necessary data for the interview process with the enterprises, focusing mainly on the calculation of the necessary time and secondly to the cost for the compliance with the existing institutional framework. At the third stage, it is performed a comparison of data at national level in order to identify differences between country’s regimes. Finally, during the last stage the differences are being analyzed and main points, on which regulatory changes for administrative burden reduction could be introduced, are identified. The implementation of the RTA was based on the voluntary participation of thirteen (13) member countries of the OECD, among 2005-2007, in a pilot study for the measurement of the reliability of the methodology for measuring administrative burden by applying the transport charges in overland transport.

c) **Burden’s Hunder Model (BHM):** During 2007, Danish Government launched an innovative program in order to evaluate and reduce the AB for the entrepreneurship. The program was so-called “Burdens Hunter Project” by focusing more on a systematic approach to "nuisance or annoyance" charges on the private sector operational costs. The purpose for the model development referred mainly to the: a) reduction of the obligations burden that businesses experiencing as more "uncomfortable", with the cooperation of businesses and public administration entities (B2G model), b) identification of needs and opportunities reflecting the regulatory environment reforms, c) the creation of user-centered methods for data collection and AB reduction solutions development, d) increase of awareness – especially for regulators - regarding AB on business level, particularly via the development and implementation of the technique "learning about the users".

d) **Balance Model (BM):** BM model is being based on Standard Cost Model (SCM), with functional parameter alterations in order to capture the balance between public expectations of the provided services and the actual situation as it is formed. BM became fully operational during mid-2008 with the pilot implementation of the legislation on unemployment insurance (Unemployment Insurance Act). The application of the model is divided into six (6) phases: 1st) Measurement Data, 2nd) Select manifestations, 3rd) Setting Expectations, 4th) Identification Balancing, 5th) prioritization, 6th) Conclusions. Both current situation & forecasts measurement is being based on four (4) key parameters, namely: a) the reporting requirements, b) the substantial compliance obligations, c) the quality of services d) the efficiency. BM attempts to achieve a measurable equilibrium among existing expectations of citizens or businesses and the actual situation, by taking also into account the objectives of the identification of policy intervention areas and the prioritization of policy interventions.
e) Regulatory Cost Measurement Model (RCM): RCM model is being based on SCM principles and has been developed by Bertelsmann Stiftung Foundation, in cooperation with KPMG during 2008. Basic differentiating factor compared to SCM is the effort to broaden the compliance measurement scope by including also other prominent parameters than information obligations, such as: a) additional compliance requirements in the process of legal obligations recognition (e.g. prudential requirements, collaboration, education and achieving goals), b) additional factors that influence the cost of regulation compliance (e.g. routine operating costs, cash costs), c) determination of opportunity costs that are not incurred by the business units.

f) Standard Cost Model (SCM): SCM has been developed by the Dutch Ministry of Finance in order to provide a simplified and consistent method for the measurement and reduction of regulation impact on business units. SCM is a model specifically designed to identify and quantify the administrative burden arising from the regulatory framework, within a specified time period. Developed to provide a simplified method of calculating administrative costs imposed on business units by the regulatory framework and via an economic approach, SCM aims to the identification of the obligations spring out from it, while simultaneously they cause certain burden or distortion to the markets or business units operation.

g) Public Service Value model (APSVM): APSVM model has been developed by Accenture on the basis of two (2) major pillars: a) the measurement of the created public value for the citizens by public administration and b) the measurement of the cost effectiveness of public services, under the notion “improved outcomes in a more cost-effective manner”. APSVM outcomes are produced as a weighted basket of social achievements, integrated into an organizational goal. Furthermore, APSVM model defines the operational financial costs of public sector organizations, as a process to achieve the set goals. Ultimately and for outcome definition, the added value of public services operations (after the necessary adaptations under the principles of commercial valuation of share capital) associated with the effective utilization of public resources.

3. A Key figures comparison among ABM’s

A key figures comparison among different ABM’s takes into account five (5) different perspectives, namely:

- Measurement methodology
- Data collection
- Focus perspective
- Substantive cost measurement
- International comparison features

3.1. Measurement Methodology

Referring the measurement unit methodology differences, SCM is based on the calculation of the information obligations and data retention costs on quantitative values. Given the discrepancies of the compliance obligations types, a corresponding process is being implemented into models, wherein their development is closely associated with SCM (such as RCM and BM). In addition, the determination of cost factors during the implementation phase according to official statistics, doesn’t take
into account the delimitation of process deviations of the interest groups and the subsequent determination of the typical enterprise. Therefore, differences among statistically defined cost factors based on official data and real cost factors may be significant, altering substantially rate costing discrepancies. Furthermore, the identification of overheads in SCM as a percentage of payroll costs is also a stochastic approach that diverges significantly both from the descriptive statistical measures obtained from official statistical sources, or by sampling processes. A similar procedure is also followed by the BM, RCM and DB.

RTA and BHP models adopt and implement a diversified – than SCM - methodology. RTA measurement methodology is based mainly on the calculation of administrative burden into time units (t)\(^4\), in order to facilitate a common denominator or common proxy for international comparison. Correspondingly, BHP doesn’t quantify administrative costs in time (t) or monetary unit’s basis. Instead it is based on a qualitative assessment of the administrative costs, via: a) the detection of failures for public administration in order to meet citizen’s expectations (gap analysis), b) the record of business unit’s experience from the transaction within public administration, according to the bottom-up perspective, aiming to a stochastic and qualitative record of those administrative procedures that their modification/alteration is required.

Diametrically different is the measurement methodology and practice that is being applied by APSVM, as it is based on the quantification of weighted benefits - in monetary units - that they have been assessed by the expectations raised by the citizens themselves, referring the objectives achievement from the regulatory and administrative operation of the public sector. However, quantifying flows include both costs and benefits, whereas measurement methodology is being directed mainly to the evaluation of the effective exploitation / investment of public funds.

Finally, BM and RCM measurement models although their measurement methodology based on the principles of SCM model; however they adopt different measurement units. In particular, BM measurement methodology includes both quantitative variables (e.g. cost and time variables), as also qualitative one’s related with the quality of public service measurement. Similarly, RCM measures the qualitative characteristics of business unit irritational effects, related to regulatory compliance, by using a satisfaction rate scale that is prone to subjective judgment.

### 3.2. Data Collection Methodology

A significant challenge for SCM, RCM and RTA models refers to the configuration of a representative typical business unit as a typical A.B. receiver, by collecting data of either quantitative or qualitative characteristics, while in a final stage they attribute, either the compliance cost (SCM, RCM), or the time (RTA) to the typical business unit and extrapolate it to the population under survey through a corresponding process. Furthermore, data collection process in SCM is being based on a sample selection procedure, either by using random sampling statistical methods, or by the evaluation of qualitative variables and socioeconomic data with the aid of expertise.

\(^4\) Cost measurement procedures are also adopted at the RTA methodology (Phase 2 – Step6).
The collection process is mainly achieved via: a) interviews, b) expertise and c) specific expert group’s research or calculations.

Adversely, RCM data collection process varies, depending on the conduct time (ex-ante vs ex-post) and on hierarchical approach criteria (top down vs bottom-up). Specifically, data collection process in order to determine the typical business unit, is being based on the following methods: a) Time series of specific quantitative or qualitative variables related to the concerned administrative procedure, b) Data based on judgmental expertise selection, c) Delphi Survey on a subset of total population, d) Benchmarking performed with respective administrative procedures. Furthermore, in cases where top-down hierarchical perspective takes place and estimations on typical enterprise variations are unacceptable high, survey team proceeds to the adoption of statistical sampling methods in order to define the pool of interviews. These statistical sampling methods based mainly on: a) stratified sampling (random or not), depending on the expertise of the group, b) layer sampling based on specific attributes under survey and c) layer sampling based on specific attributes and simulation under the specific administrative procedures and cost factors.

Additionally, RTA data collection process is based on: a) random sampling methods, b) data collection from the competent administrative body and c) by judgmental expertise selection. In those cases where the evidence do not support objective determination of the population, then data collection is being based mainly on interviews with the target group of the survey. Furthermore, BH model data collection mainly uses metadata for quantitative variables derivation, in order a survey on evaluative criteria on the sample to be conducted (judgmental selection) in a second stage.

APSVM data collection methodology is being based on a judgmental selection with certain criteria [e.g. selection of an organization with risk of non-compliance with the principles of effectiveness and good governance (risk based judgmental selection)]. Retrospectively, economic variables, financial statements data and performance indicators of administrative work for administrative cost – effectiveness estimation are produced.

Finally, BM data collection methodology is being based on a non-statistical clustering of the sample under interview conduct, the size of which depends largely on: a) the homogeneity differences within the target group, b) the complexity of the administration process under survey. Based on the experience of the survey team, questionnaires are created in order to assist data collection.

3.3. Focus Perspectives

Focus perspectives also displays significant discrepancies among ABM’s that could be clustered under two (2) different criteria. In particular:

− **Information Acquisition Path:** ABM’s display certain discrepancies relating to the AB data acquisition and aspect, specifically whether the identification, record and measurement of the administrative procedures, is taking place in a bottom-up or in a top-down process. Moreover, the SCM, RTA, APSVM, DB information acquisition path is being based mainly on top-down information flows, through a pre-determination of the typical business unit. On the other hand, BH and BM approach information acquisition path through a bottom-up process, emphasizing
also the role and the participation of a representative subtotal of business units to the information acquisition process. Finally, RCM could be characterized, as a “half-hearted” approach, thus it is adapted into different information processing strategies.

– **Public or Private Sector Orientation:** This criterion associates with the orientation of ABM’s, while a great distinction among ABM’s exists on whether the record process of the administrative procedures, takes place through public administration or private sector point of view. Referring SCM, RCM and RTA, the record process of the administrative steps takes place on the basis of the interpretation given to the regulatory framework by public administration. Conversely, referring APSVM, WB-DB, BH and BM models, the administrative steps record takes place within the perspective of private sector’s behavior or operation in order to comply with regulatory framework.

The following chart consolidates the classification of existing ABMs’, according to the above-mentioned criteria *(Graph 1)*.

**Graph 1: ABM’s information processing**

3.4. **Substantive Cost Measurement**

A significant distinction of ABM’s cost measurement methodology refers to the compatibility of the models with additional cost measurement factors, such as: a) direct compliance costs measurement (e.g. substantial compliance costs, financial cost, e.t.c.), b) secondary compliance effects (e.g. competition effects, socio-economic impacts e.t.c.) *(Bertelsmann Stiftung; 2009)*.

The implementation of SCM (both The Netherlands’ and International versions) doesn’t enable the distinction of AB’s impact on both the production costs and operating costs of a typical business unit, which is also reflected into the inability to separate transaction from production costs. Furthermore, the already known SCM versions are non-capable to capture opportunity cost perspective that are related with
productive resources displacement (capital, labor) due to regulatory framework compliance. Besides, certain recent versions on SCM modeling, aim to encompass the capability of substantive cost measurement (Regulatory Reform Group, 2008; World Bank, 2010; den Butter, 2009). This is also the case, for BH, RTA and BM.

In contradiction, RCM model methodology adds an outset of three (3) very significant characteristics, such as: (a) the recognition of business unit’s behavioral compliance as a structural element of compliance cost (rather than production cost), (b) the quantification of the opportunity cost of investment loss, due to regulatory framework compliance requirements, (c) the expansion of the list of information obligations, enabling production cost and operational cost distinction. Finally, DB and APSVM models don’t enable substantive cost measurements, strictly oriented on administrative burden and administrative performance measurement.

3.5. International Comparison Features

The comparative analysis designates that from the existent ABM outset, only RTA is oriented towards international comparison, using as a common measurement proxy time unit (t), which thereby is being used as an internationally common numéraire or benchmark. The other ABM’s have adopted cost unit as measurement methodology of administrative costs, without other necessary adjustments and therefore international level comparison doesn’t take into account nominal exchange rate (e) and/or level price (P) and/or purchase power parity (PPP) terms, in order the regulatory cost measurement to be adjusted appropriately (United Nations – Eurostat, 1994; European Union - OECD, 2012; OECD, 2006).

4. Response into new AB challenges

4.1. Measurement & Data Collection Methodology

Main challenges on AB measurement and data collection refinement, concerns the following shortcomings:

− Without the implementation of a standardized sampling methodology on a normal population and by SCM, RCM and BM implementation, the sample t-distribution of cost could vary from a t-population distribution of cost [Pr(θ,φ)], leading to possible situations of erroneous sampling. This could be mainly attributed to: i) Data extraction from larger, heterogeneous population groups without appropriate statistical adjustments (e.g. layers), ii) Adoption of non-deterministic process of normalization of the selected sample, iii) over - or underrepresentation of a corresponding parameter in the population. Additionally, sample selection before the determination of a “typical and effective business unit", may lead to heteroskedasticity conditions if impartiality could not be assured. Additionally, till now, a bias testing methodology has not been officially addressed as a regular process on the sample selection process of the already known ABMs, while no other provision for statistical errors record exists, in order to back up a follow up process (Weigel, 2009).
SCM, RTA and RCM particular emphasize typical business unit determination. Both the process for typical business unit (under the notion of a normal efficient firm) and the representative value of administrative costs estimations, include several stochastic factors [out of other stochastic variables – (φ)] that also affect the final result (e.g. expertise, value judgment, socioeconomic factors etc.). Furthermore, the sample selection procedure in BH and BM is being based on non-statistical selection procedures and according to qualitative data and judgmental expertise selection.

- BHP, RCM and BM models provide qualitative variables recording or/and scaling, related mostly with: i) hassle or disruptive factors, that set administrative obstacles into business units (RCM), ii) good practices, innovative ideas or public administration expected outcomes (RCM, BHP) and iii) disadvantages and advantages for public sector operation (BM). This procedure is based on empirical data collected from typical business units and mostly assessed by the working groups’ experts. On this purpose, further implementation of microeconomic theory, through the adoption of Cost Benefit Analysis (CBA) or Regulation Impact Assessment (RIA) methodology for regulatory change outcome capturing, would ensure the objectivity, impartiality and the quantification of the effect of qualitative variables. Furthermore, in imperfect market conditions the calculation of cost, benefits or hassle cost factors for the business units, could be based on methods and techniques as the willingness to pay or accept methodology (WTP/WTA) (Breidert et. al, 2006; Ekeland et. al 2004; USEPA, 2010).

- Ensuring the representativeness of AB measurement results, major challenges for the methodological approach could be effectively addressed, namely by: a) the identification and selection of the sampling pool, b) the normalization of contact and data collection procedures for the sampling process, c) the normalization of assessment procedure and response monitoring, e) a further training and supervision of survey groups, f) the adoption of an additional step for data accuracy and consistency check and finally g) the adoption of sample error correction methodology.

- Almost all existing ABM’s (except for RCM), data collection technics on interviews is being based either on standards established by the methodology of the model, or through the expertise and experience of survey member teams. The assessment of ABM’s data collection methodologies of existing models, reveals the following shortfalls: (i) Lack of standardization for the steps of creation, implementation and monitoring of questionnaires (except for RCM Delphi questionnaire), (ii) Lack of representativeness, accuracy and impartiality of results test procedures regarding the questionnaires, such as simulations, assessment and correctness of questionnaires errors, reductive actions for potential reduced responsiveness e.t.c.

- A set of instructions and guidelines for socio-economic surveys and audit procedures conducted by international organizations (European Union, 2013; United Nations, 2005), could also been adopted for data collection methodology, based mainly on: i) multi-level, stratified with similar characteristics population, ii) selection techniques in order to minimize unintentional bias during sample
selection and iii) capability to trace and identify sampling errors. In addition, data acquisition procedures followed by ABM’s shares a common ground to the corresponding approach of audit methodology, wherein stratified random sampling methodology or Monetary Unit Sampling (M.U.S.) is being used.

4.2. Substantive Cost Measurement

Main challenges also remain, referring to the expansion or refinement of substantive cost measurement of existing ABM’s, mainly due to the following reasons:

- ABM’s aim mainly to restrict the regulatory framework barriers, assisting simultaneously into a sustainable growth and competitiveness economy path. But a likely deregulation process, based on regulatory barriers eliminations, could also have great impact on the social/public interest. That’s why on a theoretical level, regulatory intervention’s break-even point, is that one where the marginal social benefit regulatory intervention in a market is zero (MSB=0) (Nelson 1959). A possible regulatory intervention after this point, would may lead either to a reallocation of welfare among different social groups (in a Pareto efficiency notion), or to favored social group because of a market failure or under Coase Theory conditions. Therefore, boundary conditions identification for AB reduction or elimination, are significantly correlated with the adoption and implementation of an impact assessment methodology and the adoption of the appropriate tools (e.g. Cost Benefit Analysis Models, Regulation Impact Assessment Models, Cost Effectiveness Analysis Models, Computable General Equilibrium Models etc), as a prerequisite for potential impact assessment on social welfare and public interest.

- A critical path for amendments on existing ABM’s, designates a constantly growing need, for substantive cost or competitiveness measurement that they are also correlated tightly with regulatory reform. This also broadens the scope of ABM’s measurement, incorporating indirect compliance costs for businesses, such as: a) market cost drivers measurement (e.g. adjustment costs, price factor impacts e.t.c.), b) identification of imperfect market conditions or distortion measurement (e.g. oligopolistic conditions, asymmetric information, externalities, market dualities such as tax evasion etc.) and c) identification of non-effective regulatory framework (e.g. incomplete compliance, corruption conditions e.t.c.).

- AB measurement through the prevalent ABM’s (except for BHP and APSVM), ignores key features of effective corporate governance and financial operation of the typical business under survey (Weigel, 2009). A great lack of internal structure understanding or the inability to segregate these internal inefficiencies, could favour conditions of principal–agent problem or attribute internal business inefficiencies as an AB problem. Therefore, along with the detection of AB sources at regulatory framework, the ABM’s methodology should also analyse and understand the typical business environment, in order to propose measures that could simultaneously enhance good corporate governance and minimize the effects of AB (INTOSAI, 2013).
Administrative burden correlates with other significant substantive cost implications, mainly in an implicit way. Specifically, the implementation of a specific methodology (questionnaire utilization) on AB correlation with corruption conditions designates a robust correlation degree among corruption and AB (World Bank, 2008). Getting as flag variables such as the tax time index (i.e. is associated with the time available to the management of a firm to address issues of regulatory environment such as instance taxes, customs, labor laws, etc.) and the bribe tax index (i.e. measuring the percentage of business sales ending up in corruption situations), the survey evidence that a: a) strong correlation exists among the percentage of firms that classify corruption as one of the top three barriers to entrepreneurial activity and the proportion of the firms that cite corruption as a major or very severe obstacle, b) main correlation exists among corruption mean value and DB measured administrative burden obstacles and c) significant linear correlation exists among AB indicators of DB model and corruption Graft index. Furthermore, World Bank has already stressed the need for three (3) pillars for substantive cost measurement (World Bank; 2010), namely: i) measurement of the actual cost (substantive costs), ii) long-term structural costs (long-term structural costs) and iii) business nuisance (hassle costs).

It has already been stressed the necessity for the incorporation of substantive cost measurement capabilities (Bertelsmann Institute, 2009), while certain proposals to the necessity of SCM remodeling, by emphasizing mainly certain aspects, such as: i) the separation of business nuisance measurement, into burdensome and irritational nuisance, ii) the distinction of regulatory framework with significant economic impact by using quantitative and qualitative methods, iii) initiation of risk management methodology for regulatory framework reforms and iv) the adoption of ex ante impact evaluation for regulatory simplification effectiveness (OEC, 2011).

4.3. International Comparison

ABM’s measuring methodology – except for RTA - lacks behind the methodological aspect that could facilitate AB comparison among different countries with different currency and purchasing power. Lack of nominal or real exchange rate (PPP or MEP adjustment of cost) adaptation of ABM’s may create discrepancies at international level benchmarking, mainly due to:

- AB cost adjustment on the basis of the nominal or real exchange rate, allows a further investigation of likely regulatory environment ineffectiveness and their causes (e.g. administrative restrictions on trade flows, existence of regulatory entry barriers, non-competitive market structure, etc).

- AB cost measurement time-series adjusted on the basis of the real or nominal exchange rate, could be used as a benchmark for the competitiveness of the provided public sector services.

- Divergences in service or non-tradable goods prices among countries with high and low per capita income respectively, could be disregarded, while in parallel it could underestimate or overestimate either the respective AB costs in relation to the PPP of consumers, or the social welfare conditions (Kravis et. al, 1985).
5. Discussion and Conclusion

Through the analysis it has been designated that specific concerns, raised mainly on ABM’s methodological and operational challenges, could be confronted effectively. Moreover, a fruitful critique referring the “cons and prons” of the ABM’s could lead to significant recommendations on the improvement of the measurement models, specifically on terms of: a) measurement and data collection techniques amelioration, b) module expansion on substantive and hassle cost’s measurement, c) capabilities expansion on international comparison and d) regulatory efficiency measurement and improvement roadmap. Furthermore, a constant discussion on further amendments on ABM’s scope is a permanent issue referring mainly to: a) the introduction of regulatory impact assessment analysis tools for the measurement of the potential impacts of regulatory reforms on social welfare [e.g. Cost Benefit Analysis (CBA) - Cost Effectiveness Analysis (CEA) - Economic Impact Analysis (EIA)], b) the adoption of microeconomic methodological tools for the extraction of implicit social cost and benefits, mainly where market failures persists, for a more precise definition of substantive costs.

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