

SUPPORTING STATEMENT - PART A
U.S. Department of Commerce
U.S. Census Bureau
2015 Management and Organizational Practices Survey (MOPS)
OMB Control No. 0607-0963

Part A - Justification

Question 1. Necessity of the Information Collection

The Census Bureau is requesting a reinstatement, with change, of a previously approved collection for which approval has expired for the 2015 Management and Organizational Practices Survey (MOPS). This survey will utilize the Annual Survey of Manufactures (ASM) survey panel collecting information on management and organizational practices at the establishment level. Data obtained from the survey will allow us to estimate a firm's stock of management and organizational assets, specifically the use of establishment performance data, such as production targets in decision-making and the prevalence of decentralized decision rights. The results will provide information on investments in management and organizational practices thus providing a better understanding of the benefits from these investments when measured in terms of firm productivity or firm market value.

The MOPS was first collected in 2010, and no subsequent MOPS has been collected. The 2010 MOPS results had the significant benefit of being linked to the Census Bureau's data sets on plant level outcomes. Since every establishment in the MOPS sample is also in the ASM, the results of MOPS 2010 were linked with certainty to annual performance data at the plant level, including outcomes on sales, shipments, payroll, employment, inventories, capital expenditure, and more for the period 2009-2013. Furthermore, the existence of the Longitudinal Business Dataset (LBD) enables future longitudinal research on establishment-level management practices and allows researchers to link MOPS data to the Manufacturing component of the quinquennial Economic Census (sent to all manufacturers with paid employees for years ending in '2' or '7').

The 2015 MOPS will be a one-time data collection conducted under authority of Title 13, United States Code, Sections 131 and 182. The collection is mandatory under the provisions of Title 13, United States Code, Sections 224 and 225.

Question 2. Needs and Uses

Understanding the determinants of productivity growth is essential to understanding

the dynamics of the U.S. economy. The MOPS provides information on whether the large and persistent differences in productivity across establishments (even within the same industry) are partly driven by differences in management and organizational practices. In addition to increasing our understanding of the dynamics of the economy, MOPS data provides policymakers with some guidance while they attempt to raise aggregate productivity levels. Policymakers, such as the Federal Reserve Board and the Department of Commerce can use MOPS data to better understand the current state and evolution of management and organizational practices which can in turn aid the policymakers in forecasting future productivity growth.

The MOPS provides information on differences in manufacturing management and organizational practices by region, industry, and firm size. Since the MOPS data are also connected with annual performance data, the MOPS results directly aid policy discussion about the potential impact of programs. As a result, the MOPS data are also particularly important for understanding what policymakers can do to assist U.S. manufacturing companies as they react to a changing economy.

Further, the 2015 MOPS includes two new modules that were not included in the 2010 MOPS. Reflecting the increasing use of data to make production decisions, the MOPS expanded the information collected on this subject (relative to 2010) into a module on “Data and Decisions Making.” Understanding the characteristics of businesses that rely upon data in making decisions helps businesses and policymakers understand the decision-making process of businesses. In addition, if the Census Bureau better understands how businesses retain and analyze their own data, the Census Bureau can better plan future collections and reduce respondent burden.

Policymakers and businesses are also increasingly aware of the impact of uncertainty on decisions such as hiring and investing in capital. The 2015 MOPS also has a new module on “Uncertainty” that will help researchers better understand the effects of uncertainty on management decisions.

A notice published in the Federal Register on April 21, 2015, announcing our intention to submit this request did not mention the inclusion of these two new modules. The decision to include the modules was made subsequent to the publication of that notice.

Information quality is an integral part of the pre-dissemination review of information disseminated by the Census Bureau, fully described in the Census Bureau’s Information Quality Guidelines at: <http://www.census.gov/about/policies/quality/guidelines.html>. Information quality is also integral to information collections conducted by the Census Bureau and incorporated into the clearance process required by the Paperwork Reduction Act.

From the 2010 MOPS, the Census Bureau created a press release, "Census Bureau Offers First-Ever Large Scale Look at American Management Practices." See Attachment A.

Pending an Internal Revenue Service review of the file, the Census Bureau intends to release a Public Use Microdata File from the 2010 collected responses.

Question 3. Use of Information Technology

Companies may satisfy their reporting requirement for this information collection via the Internet through use of a secure Internet data exchange system, Centurion (previously known as Census Taker Internet Reporting System). Centurion is designed to provide respondents a secure means to respond over the Internet. The system contains information and functionality to aid respondents in completing their forms such as special instructions, content specific help, improved data validation through automatic data checks, the ability to exit the form and resume at a later time without losing the data already entered, and the ability to save a paper or electronic version (pdf) of the completed form. The Census Bureau estimates 75% of respondents will report electronically.

We will mail each establishment in the sample a package consisting of a paper form for the establishment, a cover letter containing User ID and Password combinations, and a URL to report electronically. Respondents who choose to report electronically may select a link on our web page or type the URL into a browser in order to enter data. Data received online are converted to an ASCII file then downloaded to a database.

Question 4. Efforts to Identify Duplication

The Census Bureau makes a concerted effort on a continuing basis to investigate possible duplications both within the agency and outside the agency to eliminate duplication when possible. The MP-10002 will be the only source of management organizational practices data for manufacturers. There is no other source for this data collection.

Question 5. Minimizing Burden

This survey will utilize the mail panel from the ASM that excludes small and medium-sized single-location companies from the mail portion of the survey. As a result, the sampling frame excludes approximately 210,000 establishments, or 67 percent of the manufacturing universe used to select the ASM mail panel. No sample will be selected from the non-mail stratum.

Question 6. Consequences of Less Frequent Collection

The MOPS provides information on the dimensions of organizational capital that is not currently available and assists in the understanding of the drivers of productivity growth that is essential to the setting of monetary and fiscal policy. It will also provide information on how the management of firms plays a central role in setting these policies.

Due to the relative infrequency of changes to management practices, we have determined that a 5-year survey cycle is appropriate for this collection.

Question 7. Special Circumstances

There are no special circumstances.

Question 8. Consultations Outside the Agency

The 2010 MOPS was developed as a partnership between the Census Bureau and an external research team that includes Nicholas Bloom (Stanford University), Erik Brynjolfsson (Massachusetts Institute of Technology), and John Van Reenen (London School of Economics). The external research team provided their expert feedback and input regarding structured management practices survey question.

In addition to the topics covered by the 2010 MOPS, the 2015 MOPS will include two new modules, Data and Decision Making and Uncertainty. Further, in addition to the researchers listed above, Steven Davis (University of Chicago) and Kristina McElheran (University of Toronto) also helped develop the 2015 MOPS. The questions in the Data and Decision Making module were developed with the assistance of Brynjolfsson and McElheran, who have extensive experience researching the relationship between information technology and management decisions. The Uncertainty/Forecasting module is based on a survey that was recently implemented by the Federal Reserve Bank of Atlanta and was developed with input from Bloom and Davis, who were also members of the research team that developed the Atlanta Fed survey.

Further, we published a notice in the Federal Register (80 FR, pages 22,162-22,163) on April 21, 2015 inviting public comment on our plans to submit this request. The April 21, 2015 notice stated the estimated average response time at 30 minutes and the burden at 25,000 hours; however, the estimated average response time is now 45 minutes and the burden is 37,500 hours. The reason for the revision is the addition of two new modules, Data and Decision Making and Uncertainty, that were added after the notice was published.

One comment was received which was from The George Washington University. While the letter strongly supported the MOPS data collection as a valuable resource for promoting the competitiveness of U.S.-based manufacturing establishments, the letter raised a number of concerns regarding the scope of individual form questions. See Attachment B for The George Washington University letter and the Census Bureau's response.

Question 9. Paying Respondents

The Census Bureau does not pay respondents or provide gifts in return for complying with the MOPS.

Question 10. Assurance of Confidentiality

The report form for this information collection (Attachment C) will give respondents the following assurance of confidentiality:

YOUR RESPONSE IS REQUIRED BY LAW. Title 13, United States Code, Sections 131 and 182 authorizes this collection. Sections 224 and 225 require businesses and other organizations that receive this questionnaire to answer the questions and return the report to the U.S. Census Bureau. By Section 9 of the same law, your census report is confidential. It may be seen only by persons sworn to uphold the confidentiality of Census Bureau information and may be used only for statistical purposes. Further, copies retained in respondents' files are immune from legal process.

Similar guarantees will be included in the cover letter (Attachment D) that accompanies the report forms and the electronic instrument (Attachment E).

Question 11. Justification for Sensitive Questions

This information collection asks no questions of a sensitive nature.

Question 12. Estimate of Hour Burden

The estimate of respondent burden is 37,500 hours. The survey will involve approximately 50,000 respondents with an average response time of three-quarters of an hour. We based the estimate of three-quarters of an hour on previous time estimates for completing similar checkbox inquiries on the ASM, Economic Census, and the 2010 MOPS.

The estimated cost to respondents is approximately \$1,064,625. We based the annual cost on an average hourly wage of \$28.39 times the annual burden hours of 37,500. The average hourly wage is that of Managers of Production and Operating Workers.

Question 13. Estimate of Cost Burden

We do not expect respondents to incur any costs other than that of their time to respond. The information requested is of the type and scope normally carried in company records and no special hardware or accounting software or system is necessary to provide answers to this information collection. Therefore, respondents are not expected to incur any capital and start-up costs or system maintenance costs in responding. Further, purchasing of outside accounting or information collection services, if performed by the respondent, is part of usual and customary business practices and not specifically required for this information collection.

Question 14. Cost to Federal Government

The total estimated cost for this jointly sponsored survey in fiscal year 2015 and 2016 is \$1.3 million of which the Census Bureau is providing in-kind services estimated at \$300,000 and \$1,006,797 is borne by Massachusetts Institute of Technology (MIT), Stanford University, and the National Bureau of Economic Research (NBER).

Question 15. Reason for Change in Burden

The increase in burden is attributed to this collection being submitted as a reinstatement, with change, of a previously approved collection for which approval has expired.

Question 16. Project Schedule

We will mail the report forms during the spring of 2016, with the collection phase completed by the end of the same year. Analytical review of the data will take place in the winter. Dissemination of the survey results by the Census Bureau will consist of a press release accompanied by one or two summary level tables. In addition, we plan to make the data available through the Census Bureau's Research Data Center (RDC) locations. A public use microdata set (PUMS) will be available on a website hosted by the Massachusetts Institute of Technology (MIT) within 10 to 15 months after the end of the survey reporting period.

2015 Management and Organizational Practices Survey (MOPS) MP-10002

	Activity	Start Date*	Finish Date*
1	Prep mail materials	4-Jan-16	25-Apr-16
2	Mail MP-10002	26-Apr-16	26-Apr-16
3	Due Date Reminder Letter Mailing	23-May-16	23-May-16
4	1 st Follow-up	08-June-16	08-June-16
5	2 nd Follow-up	21-Jul-16	21-Jul-16
6	Survey Close-out	31-Dec-16	31-Dec-16

* All dates estimated.

Question 17. Request to Not Display Expiration Date

The assigned expiration date will be displayed on all report forms used in this information collection.

Question 18. Exceptions to the Certification

There are no exceptions to the certification.

Question 19. NAICS Codes Affected

The 2015 MOPS is a one-time collection to provide data for two-through six-digit manufacturing industries as defined in the North American Industry Classification System (NAICS) and limited geographical data.