

Frequently Asked Questions Bribe Payers Index 2011

1. What is the 2011 *Bribe Payers Index*?

The *Bribe Payers Index* is a unique tool capturing the supply side of international bribery, specifically focussing on bribes paid by the private sector. The 2011 *Bribe Payers Index* is the fifth edition of the index, ranking 28 of the world's largest economies according to the likelihood of firms from these countries to bribe when doing business abroad. It is based on the results of Transparency International's 2011 *Bribe Payers Survey*. This asked 3,016 senior business executives in 30 countries around the world for their perceptions of the likelihood of companies, from countries they have business dealings with, to engage in bribery when doing business in the executive's country.

2. Which countries are included in the 2011 *Bribe Payers Index*?

The 28 countries and territories ranked in the index are: Australia, Argentina, Belgium, Brazil, Canada, China, France, Germany, Hong Kong, Italy, India, Indonesia, Japan, Malaysia, Mexico, Netherlands, Russia, Saudi Arabia, Singapore, South Africa, Spain, South Korea, Switzerland, Taiwan, Turkey, United Arab Emirates, United Kingdom and United States. The countries include the largest economies in terms of outward trade and investment and together represent 78 per cent of global foreign direct investment (FDI) outflows and exports. They cover all countries ranked in the 2008 *Bribe Payers Index*, all G20 countries and other key regional economic trading powers.

3. Which countries are new to the *Bribe Payers Index* in 2011?

The six countries ranked in the index for the first time are Argentina, Indonesia, Malaysia, Saudi Arabia, Turkey and the United Arab Emirates. These countries were all in the bottom half of countries scored.

4. How is the 2011 *Bribe Payers Index* calculated?

Data for the *Bribe Payers Index* is drawn from the *Bribe Payers Survey*. The survey asked business executives: "In your principal lines of business in this country, do you have business relationships (for example as a supplier, client, partner or competitor) with companies whose headquarters are located in any of the following countries?"

Respondents were presented a list of 28 countries. For each instance where the respondent answered that they do have business relationships with companies headquartered in a country, the respondents were then asked: "How often do firms headquartered in (country name) engage in bribery in this country?"

Answers were given on a 5-point scale where 1 corresponded to 'never' and 5 to 'always'. This was then converted into a 10-point scale system, where 10 corresponds to 'never' and 0 to 'always'. Since the index reflects views on foreign bribery, assessments of companies from the respondents' own countries were excluded.

A country's *Bribe Payers Index* score is an average of the scores given by all the respondents who rated that country. The average score, calculated to one decimal place, was then used to generate a ranking of all 28 countries. The standard deviation is calculated

to indicate the degree of agreement among respondents who scored a country. The smaller the standard deviation, the closer the consensus.

Using the standard deviation, a 90 per cent confidence interval has been calculated. This shows the range within which the most accurate value of the *Bribe Payers Index* score is most likely to fall. The narrower the confidence interval is, the more precise the score.

5. What does a country's score mean?

The *Bribe Payers Index* scores are anchored to the 0 – 10 parameters of the scale. A score of 0 corresponds with the perceptions of business people around the world that companies from that country *always* pay bribes when doing business abroad. A score of 10 corresponds with the perception that companies from that country *never* engage in bribery when doing business abroad. A score of 10 is therefore the benchmark which every country should aim for, as anything less than a 10 is an indication that companies from these countries are perceived to engage in bribery to some degree when doing business across borders. Scores that fall significantly short of a 10 indicate a serious problem, suggesting that companies from these countries are likely to engage in foreign bribery so frequently that it is recognised by the business executives whose perceptions constitute the 2011 *Bribe Payers Index*.

6. Whose views are reflected in Transparency International's 2011 index?

The 2011 *Bribe Payers Survey* was conducted in 30 countries worldwide: Argentina, Austria, Brazil, Chile, China, Czech Republic, Egypt, France, Germany, Ghana, Hong Kong, Hungary, India, Indonesia, Japan, Malaysia, Mexico, Morocco, Nigeria, Pakistan, Philippines, Poland, Russia, Senegal, Singapore, South Africa, South Korea, Turkey, United Kingdom and the United States.

They were selected as recipients of large inflows of foreign direct investment and imports, and to achieve a good regional balance in countries surveyed. In each country a minimum of 100 senior business executives were interviewed, except in China where 82 business executives were surveyed. 3,016 business executives were interviewed in total. In each country, executives from a range of business sectors were surveyed with an oversampling of large and foreign-owned firms.

7. Can the 2011 Bribe Payers Index be compared to earlier editions of the index?

22 of the 28 countries in the 2011 *Bribe Payers Index* were scored and ranked in the 2008 edition. The scores of these 22 countries can be compared directly between the two editions as the methodology for constructing the index was the same for both.

But there are important differences between these editions and previous iterations of the index. The earlier, 2006 *Bribe Payers Index* was based on the responses of more than 11,000 business managers using two questions which were included as part of the in *World Economic Forum's Executive Opinion Survey (EOS) 2006*. These questions were phrased differently than later editions of the index. The 2002 *Bribe Payers Index* and 1999 *Bribe Payers Index* were based on a survey of emerging market economies only, with a much smaller sample of respondents. For more information and results for the *Bribe Payers Index* in 1999, 2002, 2006 and 2008, see www.transparency.org/policy_research/surveys_indices/bpi.

8. What is the link between the 2011 Bribe Payers Index and the 2011 Bribe Payers Survey?

The 2011 *Bribe Payers Index* draws on the answers to specific questions asked in the 2011 *Bribe Payers Survey*. This survey covers a broad range of questions asked of business executives, including their views on anti-corruption measures in their home country. These

questions will be analysed in a forthcoming report by Transparency International to be published in 2012.

9. Who conducted the *Bribe Payers Survey*? When and how was it implemented?

The 2011 *Bribe Payers Survey* was carried out on Transparency International's behalf by Ipsos Mori between 5 May and 8 July 2011 in 30 countries. Ipsos Mori drew on a network of partner institutes to carry out the survey locally, through telephone or face-to-face interviews in each country, where appropriate, and online in the United States.

10. What are the sectoral listings published with the 2011 *Bribe Payers Index*?

A total of 19 sectors were scored and ranked in 2011 using the same methodology as the 2008 index. The 2011 *Bribe Payers Survey*, on which the index is based, asked business executives how common bribery was in the sectors with which they have business relations. The survey asked how often three different types of bribery were perceived to occur in each sector: firstly, bribery of low-ranking public officials; secondly, improper contributions to high-ranking politicians to achieve influence; and thirdly, bribery between private companies. Answers were given on a 5-point scale. This was then converted to a 10-point scale where 0 indicates that companies in that sector are perceived to *always* pay bribes and 10 to *never* pay bribes.

11. What is the difference between the *Bribe Payers Index* and TI's *Corruption Perceptions Index*?

The *Corruption Perceptions Index* ranks countries based on the degree to which corruption is perceived to exist in the public sector. The *Bribe Payers Index* ranks countries based on the likelihood of companies headquartered in that country to bribe abroad. The *Bribe Payers Index* draws on Transparency International's *Bribe Payers Survey* of business executives, while the *Corruption Perceptions Index* draws on external data sources, which include other business surveys, commercial risk assessments and other country experts both within and outside the country.

The *Corruption Perceptions Index* and *Bribe Payers Index* scores do however correlate strongly with each other, demonstrating the relationship between different forms of corruption within a country.

12. Who works on the *Bribe Payers Index* at Transparency International?

The *Bribe Payers Index* is produced by the research department at Transparency International's secretariat in Berlin. The index methodology development and data analysis have been carried out in consultation with Transparency International's Index Advisory Committee, consisting of leading international experts in the fields of corruption, econometrics and statistics.

13. How is the *Bribe Payers Survey* funded?

Transparency International is funded by individuals, governmental agencies, foundations and corporations. Ernst & Young provided financial support for the 2011 *Bribe Payers Survey* and 2011 *Bribe Payers Index*. Transparency International does not endorse a company's policies in accepting its financial support, and does not involve any of its supporters in the management of its projects. For details on Transparency International's sources of funding, please see http://www.transparency.org/support_us.