

Frequently Asked Questions

Transparency International 2008 *Bribe Payers Index*

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1. What is the 2008 *Bribe Payers Index* (BPI)?

The BPI is a ranking of 22 of the world's wealthiest and most economically influential countries according to the likelihood of their firms to bribe abroad. It is based on two questions asked of 2,742 senior business executives from companies in 26 countries. To assess the international supply side of bribery, senior business executives were asked about the likelihood of foreign firms, from countries they have business dealings with, to engage in bribery when doing business in their country. In short, senior business executives provide their perception of the sources of foreign bribery, and these views form the basis of the 2008 BPI.

2. Which countries are included in the 2008 BPI?

The 22 countries and territories ranked in the BPI are: Australia, Belgium, Brazil, Canada, China, France, Germany, Hong Kong, Italy, India, Japan, Mexico, Netherlands, Russian Federation, Singapore, South Africa, Spain, South Korea, Switzerland, Taiwan, United Kingdom and United States.

The countries and territories included in the index are leading international or regional exporting nations, whose combined global exports of goods and services and outflows of foreign direct investment represented 75 percent of the world total in 2006¹. Australia, Brazil, India and South Africa were included due to their position as major regional trading powers. Sixty three percent of the 22 countries are OECD members.

¹ United Nations Conference on Trade and Development (UNCTAD) "Handbook of Statistics 2008". <http://www.unctad.org/Templates/Page.asp?intItemID=1890&lang=1>

3. How is the BPI 2008 calculated?

Data for the 2008 BPI is drawn from the *Bribe Payers Survey* (see Question 8 below). Survey respondents, who are senior business executives, are first asked a filter question:

“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 these countries listed above.” Respondents are presented a list of 22 countries.

For each country selected, respondents then had to score the country on a 5-point scale system (from 1=never, to 5=almost always), by answering the question:

“How often do firms headquartered in (country name) engage in bribery in this country?”

The results of these questions provide an assessment of the views held by senior business executives on the prevalence of bribery exported from many of the world's strongest economies.

To facilitate the creation of the index, the 5-point scale is then converted into a 10-point scale system. Since the BPI is meant to reflect views on foreign bribery, assessments of a respondent's own country (12 countries total²) have not been included. The countries are then ranked based on the mean scores obtained for each country.

The standard deviation is provided to give an indication of the degree of agreement among respondents in relation to each country: the smaller the standard deviation, the broader the consensus. The confidence intervals at 95 percent confidence are also provided: these show the range of minimum and maximum values where with 95 percent of confidence the true value of the index lies.

A more detailed analysis of the BPI and the Survey, can be found in *Transparency International 2008 Bribe Payers Index: Overview Report*:

http://www.transparency.org/policy_research/surveys_indices/bpi

4. Whose views are reflected in TI's 2008 BPI?

The 2008 BPI is derived from a survey of senior business executives in 26 countries: Argentina, Brazil, Chile, Czech Republic, Egypt, France, Germany, Ghana, Hungary, India, Indonesia, Japan, Malaysia, Mexico, Morocco, Nigeria, Pakistan, Philippines, Poland, Russian Federation, Senegal, Singapore, South Africa, South Korea, United Kingdom and the United States.

These countries were selected on the basis of their trade and Foreign Direct Investment (FDI) flows, using data from United Nations Conference on Trade and Development (UNCTAD). The combined global imports of goods and services and inflows of foreign direct investment of the 26 countries represented 54 percent of the world total in 2006.³

² Brazil, France, Germany, India, Japan, Korea (Republic of), Mexico, Russia, Singapore, South Africa, United Kingdom and United States.

³ United Nations Conference on Trade and Development (UNCTAD) “Handbook of Statistics 2008”. <http://www.unctad.org/Templates/Page.asp?intItemID=1890&lang=1>

In each country a minimum of 100 senior business executives were interviewed, for a total of 2,742 interviewees. The enterprises they represent were selected through a stratification process that took into consideration the size of firms, their sector and location. Additionally, due to the nature of the phenomenon under analysis, namely the flow of bribery entering the country from foreign-based companies, TI requested an oversampling of large and foreign-owned firms.

5. Why does the BPI rank countries rather than companies?

The supply side of corruption in international business transactions implies a shared responsibility between companies operating abroad and their home governments. This index reflects the success and failure of governments to control corruption abroad by companies headquartered within their borders. It also indicates the success and failure of companies to ensure their employees comply with the highest standards of business practice.

The BPI does not identify cases of corruption or assess behaviour at the company level. With more than 60,000 multinational corporations in operation worldwide, composed of more than 600,000 foreign affiliates, a ranking based on individual company practices would require doing a survey of a different nature and scope. By asking senior business executives to assess the behaviour of foreign companies from countries with which they have commercial relationships, rather than asking them to name companies, the survey not only achieves a high response rate, but it is able to serve as the basis for establishing identifiable patterns based on respondents' informed perceptions, rather than on specific cases.

6. What can a country do to improve its ranking in the BPI?

Scores for each country reflect both the responsibility of the authorities and of the companies, mainly multinationals, from those countries. There needs to be commitment and action from both governments and companies. Commitment can be expressed by adherence to existing international anti-corruption conventions at the country level and by inclusion of adequate codes of conduct at the company level. Action must include both preventative and enforcement measures.

For governments, signing international conventions such as the [OECD Anti-Bribery Convention](#) or the [United Nations Convention against Corruption](#) and passing laws outlawing bribery, though important, are not enough. The leading exporting countries need to enforce these laws properly. That means they need to provide the resources to ensure that investigations and court proceedings can take place in an independent manner. It also means conducting strong information and guidance campaigns to ensure that the corporate sector is aware that bribery is illegal, at home and abroad.

The business community needs to take its commitment to anti-corruption more seriously and particularly to ensure compliance by its intermediaries abroad. The introduction, implementation and monitoring of anti-corruption compliance codes in all branches and subsidiaries worldwide, along with the provision of appropriate training, are key measures to be taken by multinationals. Anti-corruption must be mainstreamed into management systems and reported on publicly. The international business community must set and then practice the highest possible standards, to resist bribery as a routine way of doing business around the world.

7. Can the 2008 BPI be compared to earlier editions of the index?

There are important distinctions between the 2008 BPI and previous iterations of the index. The questions asked, the sample and the method of calculation have changed over time, making it difficult to compare the 2008 BPI directly with earlier editions of the index.

The 2006 BPI was a ranking of 30 of the leading exporting countries⁴ according to the tendency of firms with headquarters within their borders to bribe when operating abroad. It was based on the responses of about 8000⁵ business managers using two questions designed by TI but which were included as part of the in *World Economic Forum's Executive Opinion Survey (EOS) 2006*. The specific questions asked in 2006 were slightly different from those asked in 2008. The first asked respondents to identify the country of origin of foreign-owned companies *doing the most business* in their country. In 2008, this was refined to focus on the countries with whose firms the respondent had business relationships. In 2006, respondents were then asked:

'In your experience, to what extent do firms from the countries you have selected make undocumented extra payments or bribes?' In 2008, the focus of the question was on bribery alone.

The 2002 BPI and 1999 BPI followed a different methodology. They ranked 21 and 19 leading exporting countries, respectively, in terms of the degree to which international companies with their headquarters in those countries were likely to pay bribes to senior public officials in key emerging market economies only. The 2002 BPI and 1999 BPI were conducted by Gallup International Association, with findings comprised of 835 and 779 interviews, respectively, of senior business executives, lawyers, accountants and chambers of commerce.

For more information and results for the BPI in 1999, 2002 and 2006, see:

www.transparency.org/policy_research/surveys_indices/bpi

8. What is the link between the 2008 BPI and the *Bribe Payers Survey*?

The 2008 *Bribe Payers Index* is based on responses to a survey of senior business executives, the 2008 *Bribe Payers Survey*, designed and commissioned by Transparency International. The *Bribe Payers Survey* covered a wide range of questions about the nature, scope and impact of bribery and corruption. Highlights from the survey can be found in an accompanying report to the release of the 2008 BPI: *Transparency International Bribe Payers Index 2008: Overview Report*: http://www.transparency.org/policy_research/surveys_indices/bpi

9. Who conducted the Bribe Payers Survey? How was it implemented?

The *Bribe Payers Survey* was carried out on Transparency International's behalf by Gallup International⁶ between 5 August and 29 October 2008. Gallup International was responsible for the overall implementation of the survey and the data quality control process. It relied on a network of partner institutes to carry out the survey locally.

⁴ For countries ranked by the BPI 2006 please visit http://transparency.org/policy_research/surveys_indices/bpi/bpi_2006

⁵ For countries interviewed for the BPI 2006 please visit http://transparency.org/policy_research/surveys_indices/bpi/bpi_2006

⁶ This survey company was selected by TI through a competitive public tendering process.

In each country the methodology most suitable for carrying out the survey was applied: 15 countries conducted the survey face to face, 9 conducted the survey by phone, 1 conducted it online and 1 used a mixed mode (telephone or face to face depending on respondent preference). For more on the survey methodology, please see the report: *Transparency International Bribe Payers Index 2008: Overview Report*:

http://www.transparency.org/policy_research/surveys_indices/bpi

10. What are the sectoral listings published with the 2008 BPI?

To provide a better depiction of how corruption affects the private sector, TI has used data from the *Bribe Payers Survey* to create two new rankings of industry sectors. The first ranks sectors according to degree to which firms in that sector are likely to bribe public officials. The second ranks sectors according to the degree to which firms in that sector use contributions to politicians and political parties to achieve undue influence on government policies, laws or regulations, a phenomenon which is often referred to as state capture.

A total of 19 sectors have been evaluated in the *Bribe Payers Survey*. For the sectoral rankings on public sector bribery and on state capture, respondents were asked their views on up to five sectors with which they had business relationships. As with the BPI, these sectoral rankings therefore draw on the informed perceptions of senior business executives.

To facilitate the creation of the sectoral rankings, the 5-point scale was converted into a 10-point scale system. To estimate the scores, a simple average of these converted answers was calculated.

11. What is the difference between the BPI and TI's [*Corruption Perceptions Index \(CPI\)*](#)?

The [*Corruption Perceptions Index \(CPI\)*](#) ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians in those countries, while the BPI ranks countries in terms of the likelihood of companies headquartered in a country to bribe abroad. A further difference is that the BPI reflects only the views of the private sector (local and foreign companies) on foreign bribery, based on their experience in a particular country of operation, while the CPI reflects the views of business people and analysts from around the world, including experts who are nationals of the countries evaluated. The CPI is a composite index drawing on corruption-related data from multiple expert surveys and surveys of business people carried out by several independent and reputable institutions. For more information on the CPI, please see: www.transparency.org/policy_research/surveys_indices/cpi.

The CPI and BPI, however, complement one another to a degree since the scores from the BPI correlate strongly with those of the CPI (represented by a coefficient of correlation of 0.90).

12. What is the difference between the BPI and the [*Global Corruption Barometer?*](#)

The BPI assesses the international supply side of bribery from the perspective of private sector representatives, while the *Global Corruption Barometer* assesses the general public's attitudes toward, and experiences of, corruption in their own country. For more information on the *Global Corruption Barometer*, please see:

http://www.transparency.org/policy_research/surveys_indices/gcb .

13. Who works on the BPI at Transparency International?

The *Bribe Payers Index* is produced by the Policy and Research Department at Transparency International's Secretariat in Berlin. The BPI 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. The BPI was reviewed by a special working group of both TI and non-TI stakeholders in 2007. On this basis, Transparency International's [Board of Directors](#) approved the design and implementation of the *Bribe Payers Survey* and BPI in 2008.

14. How is the Bribe Payers Survey funded?

Transparency International is funded by various governmental agencies, international foundations and corporations. Ernst & Young, the Federal Ministry of Economic Cooperation and Development in Germany and the Norwegian Agency for Development Cooperation (NORAD) provided financial support for the *Bribe Payers Survey* and the 2008 BPI. In addition, since 2006, Transparency International's corruption measurement instruments have been supported by Ernst & Young. TI does not endorse a company's policies by 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.