

## TI Corruption Perception Index 1996

### Notes:

The **rank** relates to the results drawn from a number of surveys and reflects only the perception of business people that participated in these surveys.

**Score '96** relates to perceptions of the degree of corruption - as seen by business people. A perfect 10.00 would be a totally corrupt-free country.

**Score '95** has to be interpreted similarly, but fewer countries were included in the Index and fewer surveys were drawn upon - thus the '95 column is at best a rough comparison. Conclusions with regard to historical trends should be based on the „historical data“ given below!

**Variance** indicates different results from different surveys: the greater the variance, the greater were the differences of perceptions of a country among the surveys used.

**Number of Surveys used:** 10 surveys were used and at least four surveys were required for a country to be included in the list.

<b>Rank</b>	<b>Country</b>	<b>Score '96 (Max. 10)</b>	<b>Score '95 (Max. 10)</b>	<b>Variance in '96</b>	<b>Number of Surveys used</b>
1	New Zealand	9,43	9,55	0,39	6
2	Denmark	9,33	9,32	0,44	6
3	Sweden	9,08	8,87	0,30	6
4	Finland	9,05	9,12	0,23	6
5	Canada	8,96	8,87	0,15	6
6	Norway	8,87	8,61	0,20	6
7	Singapore	8,80	9,26	2,36	10
8	Switzerland	8,76	8,76	0,24	6
9	Netherlands	8,71	8,69	0,25	6
10	Australia	8,60	8,80	0,48	6
11	Ireland	8,45	8,57	0,44	6
12	Unit.Kingd.	8,44	8,57	0,25	7
13	Germany	8,27	8,14	0,53	6
14	Israel	7,71		1,41	5
15	USA	7,66	7,79	0,19	7
16	Austria	7,59	7,13	0,41	6

<b>Rank</b>	<b>Country</b>	<b>Score '96 (Max. 10)</b>	<b>Score '95 (Max. 10)</b>	<b>Variance in '96</b>	<b>Number of Surveys used</b>
17	Japan	7,05	6,72	2,61	9
18	Hong Kong	7,01	7,12	1,79	9
19	France	6,96	7,00	1,58	6
20	Belgium	6,84	6,85	1,41	6
21	Chile	6,80	7,94	2,53	7
22	Portugal	6,53	5,56	1,17	6
23	South Africa	5,68	5,62	3,30	6
24	Poland	5,57		3,63	4
25	Czech Rep.	5,37		2,11	4
26	Malaysia	5,32	5,28	0,13	9
27	South Korea	5,02	4,29	2,30	9
28	Greece	5,01	4,04	3,37	6
29	Taiwan	4,98	5,08	0,87	9
30	Jordan	4,89		0,17	4
31	Hungary	4,86	4,12	2,19	6
32	Spain	4,31	4,35	2,48	6
33	Turkey	3,54	4,10	0,30	6
34	Italy	3,42	2,99	4,78	6
35	Argentina	3,41	5,24	0,54	6
36	Bolivia	3,40		0,64	4
37	Thailand	3,33	2,79	1,24	10
38	Mexico	3,30	3,18	0,22	7
39	Ecuador	3,19		0,42	4
40	Brazil	2,96	2,70	1,07	7
41	Egypt	2,84		6,64	4
42	Colombia	2,73	3,44	2,41	6
43	Uganda	2,71		8,72	4
44	Philippines	2,69	2,77	0,49	8
45	Indonesia	2,65	1,94	0,95	10
46	India	2,63	2,78	0,12	9
47	Russia	2,58		0,94	5
48	Venezuela	2,50	2,66	0,40	7
49	Cameroon	2,46		2,98	4
50	China	2,43	2,16	0,52	9
51	Bangladesh	2,29		1,57	4
52	Kenya	2,21		3,69	4
53	Pakistan	1,00	2,25	2,52	5
54	Nigeria	0,69		6,37	4

## Frequently asked questions

### **How do you measure the degree of corruption?**

The TI-Corruption Ranking is a joint initiative of Transparency International and Göttingen University and is updated once a year. The major operational work is conducted by Dr. Johann Graf Lambsdorff and a research team at Göttingen University. However, the index is not an assessment of the corruption level in any country as made by TI or Dr. Johann Graf Lambsdorff. Rather it is an attempt to assess the level at which corruption is perceived by people working for multinational firms and institutions as impacting on commercial and social life. To the extent that any country has a problem with its ranking, this lies not with the index but rather with the perception that businessmen polled apparently have of that country. Their perceptions may not always be a fair reflection on the state of affairs, but they are reality. We are grateful to all corporations and individuals who supported us with their evaluations.

### **Is (e.g.) Nigeria the most corrupt country in the world?**

No! Nigeria is perceived by business people to be the most corrupt country which has been included in our list. Keep in mind that some countries not included here are likely to score worse than Nigeria. Also the perception of corruption must not necessarily reflect the real level of corruption. Keep in mind furthermore that a low performance in the index does not make corruption a justifiable business in countries like Nigeria. Also in Nigeria corruption is sensed to be an illegitimate conduct leading to public dismay.

### **How should your results be interpreted?**

There are four figures given for each country. The first is its overall integrity ranking (out of 10). A ten equals an entirely clean country while zero equals a country where business transactions are entirely dominated by kickbacks, extortion, bribery, etc. No country scores either ten or zero. The second column gives the old 1995 score. The third figure indicates the variance of the different sources. A high number indicates a high degree of deviating opinions with some placing the country much higher and others much lower on the overall scale. The fourth column indicates the number of surveys in which the particular country has been included (i.e. from 4 to 10).

### **What does the variance indicate?**

The high variance of South Africa of 3.30 implies that 66% of the scores range between 3,9 and 7,5, likewise 95% of the scores range between 2,0 and 9,3. Apparently, the average score is only to a very limited degree an assessment of the observed degree of corruption. The low variance of Malaysia on the other hand indicates, that 95% of the scores range between 4,6 and 6,0. There seems to be a coherent impression of the degree of corruption in Malaysia. Deviating scores can on the one hand be due to diverging perceptions regarding what has to be interpreted as corrupt and to different experiences made with respective countries. It can however also be due to objective difficulties in assessing the "right" score. In countries where some institutions still resist corruption while others are openly engaging in illegitimate practices an assessment is facing practical difficulties. A high variance may in this respect also represent a heterogeneous state of affairs.

### **Has worldwide corruption increased or decreased?**

Evaluations about worldwide trends are likely to bring about biased opinions. Cultural settings are likely to differ considerably between time and between different surveys and differing perceptions may be due to a change in awareness rather than real corruption. Since such trends are difficult to assess they have been neutralized in our data. All surveys are normalized to the same mean and variance, hence only their comparative cross-country information is used. This implies that with our data no "world-wide-trend" can be determined. In fact, a worse score of one country may be due to a situation, where all other countries have improved and vice versa. This procedure has also been applied to the historical data.

### Which sources did you use?

The index is a “poll of polls”. It has been prepared using ten sources, including three from the World Competitiveness Report, Institute for Management Development, Lausanne, three from the Political & Economic Risk Consultancy Ltd, Hong Kong, one small survey by Peter Neumann, published in the monthly german magazine, Impulse, No. 4/1994, two assessments by DRI/McGraw-Hill Global Risk Service and by the Political Risk Services, East Syracuse, NY and at last the first incoming replies to the internet service (<http://www.uni-goettingen.de/~uwwv/>) of Göttingen University which gives contributors the possibility for anonymous contributions and also directly approaches employees of multinational firms and institutions.

### List of sources:

	Source	Year	Who was asked ?	Subject asked?	# contributions	# countries
1	World Competitiveness Report, Institute for Management Development, Lausanne	1993	executives in top	Improper practices (such as bribing or corruption) in the public sphere	ca. 2600	37
2		1994	and middle management		2851	41
3		1995	agement		3292	48
4	Political & Economic Risk Consultancy, Hong Kong	1993	Senior Executives of Banks	Level of corruption	74	10 asian countries
5		1995	American, European and Australian Managers		95	11 asian countries
6		1996	no details reported		-	12 asian countries
7	Impulse, Peter Neumann	1994	Embassies, Chambers of Commerce	Spread and amount of corruption in public and private business	ca. 3 p. country	103
8	DRI/McGraw-Hill Global Risk Service	1995	Assessment by staff (linearized)	Estimated losses caused by corruption	-	105
9	Political Risk Services, East Syracuse, NY	1993-1995	Assessment by staff (Integers between 0 and 6)	Likelihood to demand special and illegal payments in high and low levels of government	-	148
10	Internet Corruption Ranking, Göttingen University	1995-1996	Employees of multinational firms and institutions	Degree of misuse of public power for private benefits (average)	190	58

## How can the 1996 Ranking be compared to the 1995 Ranking?

Many countries scored comparable to the 1995 data. Since the number of countries covered increased from 41 to 54, the overall position in the ranking will alter. A worse or better performance is only indicated by the actual score. In case a country has not been included in the 1995 ranking, there is no number reported. A lower score indicates a worse performance, whereas a higher number indicates a perception of improvements. However, keep in mind the following reminders:

- Differences in the two scores which are close to zero are not capable of indicating a significant change.
- In case a different score is accompanied with a high variance, this may be due to a stochastic outlier (a misperception by one source).
- A different score does not necessarily indicate a different performance. It may also be due to a larger set of sources and a more precise measurement of the subjective evaluations provided by our contributors.
- A changing performance may be due to actual regime shifts and a trend towards increasing or decreasing corruption over time. We were able to obtain more historical data, and recheck for increasing or decreasing levels of perceived corruption. **Conclusions concerning time trends should be based on the comparison between the 1996 score and the historical data.** The data are reported in the following table:

### Historical Data:

<i>Rank '96</i>	<i>Country</i>	<i>Score 1993-1996 (Max. 10)</i>	<i>Number of Surveys</i>	<i>Score 1988-1992 (Max. 10)</i>	<i>Number of Surveys</i>	<i>Score 1980-1985 (Max. 10)</i>	<i>Number of Surveys</i>
1	New Zealand	9,43	6	9,30	3	8,41	2
2	Denmark	9,33	6	8,88	3	8,01	2
3	Sweden	9,08	6	8,71	3	8,01	2
4	Finland	9,05	6	8,88	3	8,14	2
5	Canada	8,96	6	8,97	3	8,41	2
6	Norway	8,87	6	8,69	3	8,41	2
7	Singapore	8,80	10	9,16	4	8,41	2
8	Switzerland	8,76	6	9,00	3	8,41	2
9	Netherlands	8,71	6	9,03	3	8,41	2
10	Australia	8,60	6	8,20	3	8,41	2
11	Ireland	8,45	6	7,68	3	8,28	2
12	Unit.Kingd.	8,44	7	8,26	3	8,01	2
13	Germany	8,27	6	8,13	3	8,14	2
14	Israel	7,71	5	7,44	2	7,27	2
15	USA	7,66	7	7,76	3	8,41	2
16	Austria	7,59	6	7,14	3	7,35	2
17	Japan	7,05	9	7,25	4	7,75	2
18	Hong Kong	7,01	9	6,87	4	7,35	2
19	France	6,96	6	7,45	3	8,41	2
20	Belgium	6,84	6	7,40	3	8,28	2
21	Chile	6,80	7	5,51	2	6,53	2
22	Portugal	6,53	6	5,50	3	4,46	2

<b>Rank '96</b>	<b>Country</b>	<b>Score 1993-1996 (Max. 10)</b>	<b>Number of Surveys</b>	<b>Score 1988-1992 (Max. 10)</b>	<b>Number of Surveys</b>	<b>Score 1980-1985 (Max. 10)</b>	<b>Number of Surveys</b>
23	South Africa	5,68	6	7,00	3	7,35	2
24	Poland	5,57	4	5,20	1	3,64	1
25	Czech Rep.	5,37	4	5,20	1	5,13	1
26	Malaysia	5,32	9	5,10	4	6,29	2
27	Korea	5,02	9	3,50	4	3,93	2
28	Greece	5,01	6	5,05	3	4,20	2
29	Taiwan	4,98	9	5,14	4	5,95	2
30	Jordan	4,89	4	5,51	2	5,30	2
31	Hungary	4,86	6	5,22	2	1,63	2
32	Spain	4,31	6	5,06	3	6,82	2
33	Turkey	3,54	6	4,05	3	4,06	2
34	Italy	3,42	6	4,30	3	4,86	2
35	Argentina	3,41	6	5,91	2	4,94	2
36	Bolivia	3,40	4	1,34	1	0,67	1
37	Thailand	3,33	10	1,85	4	2,42	2
38	Mexico	3,30	7	2,23	3	1,87	2
39	Ecuador	3,19	4	3,27	2	4,54	2
40	Brazil	2,96	7	3,51	3	4,67	2
41	Egypt	2,84	4	1,75	2	1,12	2
42	Colombia	2,73	6	2,71	2	3,27	2
43	Uganda	2,71	4	3,27	1	0,67	1
44	Philippines	2,69	8	1,96	3	1,04	2
45	Indonesia	2,65	10	0,57	4	0,20	2
46	India	2,63	9	2,89	3	3,67	2
47	Russia (USSR)	2,58	5	3,27	1	5,13	1
48	Venezuela	2,50	7	2,50	3	3,19	2
49	Cameroon	2,46	4	3,43	2	4,59	2
50	China	2,43	9	4,73	3	5,13	1
51	Bangladesh	2,29	4	0,00	1	0,78	2
52	Kenya	2,21	4	1,60	2	3,27	2
53	Pakistan	1,00	5	1,90	3	1,52	2
54	Nigeria	0,69	4	0,63	2	0,99	2

The table presents two figures for each period. The first is the average score and the second the number of surveys available. A time trend is the more reliable the higher the difference between the respective periods, the more surveys are available and the lower the variance reported in table 1. The (normalized) historical sources used were:

**historical perspectives:  
1980-1985**

1	Business International	1980	Assessment by staff (journalists)	Degree to which business transactions involve corruption or questionable payments	-	68
2	Political Risk Service, East Syracuse, NY	1982/84 /85	Assessment by staff (Integers between 0 and 6)	likeliness to demand special and illegal payments in high and low levels of government	-	128

**historical perspectives:  
1988-1992**

1	Business International	1988	Assessment by staff (journalists)	Degree to which business transactions involve corruption or questionable payments	-	67
2	Political Risk Service, East Syracuse, NY	1988	Assessment by staff (Integers between 0 and 6)	likeliness to demand special and illegal payments in high and low levels of government	-	128
3	World Competitiveness Report, Institute for Management Development, Lausanne	1992	Executives in top and middle management	Improper practices (such as bribing or corruption) in the public sphere	ca. 2500	36
4	Political & Economic Risk Consultancy, Hong Kong	1992	Senior Executives of Banks	Level of corruption	ca. 60	10 Asian countries

There appears to be an improvement in the last 15 years, as perceived by business people, in Indonesia, Portugal, Bolivia, Bangladesh, Mexico, Hungary, Poland, Egypt, Thailand and South Korea. On the other hand a deterioration has been perceived in China, Russia, Argentina, Spain, Cameroon and South Africa.

**How were your sources assembled?**

The 1995 ranking was the starting point for assembling the new ranking. New surveys have been added after conducting the following adjustments: The countries considered in a new survey are normalized to the same mean and standard deviation these countries had in the 1995 ranking. Hence, the inclusion of a survey which only scores a subgroup of countries affects only the scores between those countries and not the performance of the subgroup in relation to other countries. This principle has also been applied when surveys included in the 1995 ranking have been deleted (Business International 1980, World Competitiveness Report 1992, Political & Economic Risk Consultancy Ltd 1992). An assesment may not be as accurate as a survey. Especially the surveys by WCR and PERC are considered to be very valuable.

However, since three surveys each have been included from these sources, the importance of these contributors is naturally higher than that of other sources. Each of the ten sources have been assigned the same weight. According to the respective quality of the sources, this appeared plausible. However, there is no “objective“ weight which can be applied to the sources and a different weighting may be justifiable. With equal weights, the simple average has been calculated from the normalized data. Since taking the average changes the mean and variance of the data, the final results have again been normalized to the mean and variance of the 1995 subgroup.

### How precise are your figures?

The numbers of surveys and the variance of the results give a hint on how good the results are. The higher the number of scores and the lower the variance of the results, the more trustworthy is the score for a particular country. However the figures we produce cannot be regarded as objective. Rather they represent the subjective evaluation of business people. With a low amount of surveys and a high variance the figures become weaker and special attention has to be put to the interpretation. An indicator of the overall performance of the ranking is also given by the fact that most surveys are highly correlated with each other. The following table reports the correlation-coefficients of the sources.

Corr-coeff	WCR 1994	WCR 1995	PERC 1993	PERC 1995	PERC 1996	Impuls e	MGH	IRIS	ICR 1996
WCR 1993	0,96	0,96	0,81	0,84	0,86	0,86	0,72	0,79	0,98
WCR 1994	1,00	0,97	0,83	0,77	0,83	0,87	0,74	0,78	0,93
WCR 1995		1,00	0,91	0,92	0,93	0,75	0,68	0,79	0,89
PERC 1993			1,00	0,95	0,96	0,90	0,62	0,64	0,97
PERC 1995				1,00	0,97	0,91	0,80	0,80	0,99
PERC 1996					1,00	0,95	0,76	0,75	0,96
Impulse						1,00	0,64	0,67	0,65
MGH							1,00	0,67	0,50
IRIS								1,00	0,48

Also keep in mind, that the ranking does not try to assess corruption with a precision of double digits. Some sources are very rough in their evaluation and the inclusion of two digits exceeds the precision of the original data. We still included two digits in our presentation in order to allow for a straightforward interpretation of the variance.

### Which countries have been included?

Because of the nature of the index it has only been possible to include countries who have themselves been subject of a number of polls. To the extent that the list does not include many countries, it is because the polls surveyed did not include them. We required for a country to be included into the list that at least four sources were available. Malperformance of a single survey may hence be balanced by the inclusion of at least three more surveys. Since more surveys were available, the 1996 ranking includes 54 countries, considerable more than the 41 countries in the 1995 ranking. Still, we hope to broaden the scope of the index in future years.

### Why does your ranking not produce objective figures?

An objective approach is almost impossible. On the one hand, corruption involves concealed actions and data are not revealed publicly. There exist objective data created by the justice system and the media. However, these data rather give an impression on how effective the media is in discovering and reporting about scandals and how independent and well trained the judiciary is in prosecuting. An efficient and incorruptible jurisdiction may bring about high



numbers of convictions. Instead of acknowledging this, “objective” data would “punish” such a country with a bad score.

### **How up to date is your assessment?**

We included up to date surveys, but also surveys dating back to 1993. The high amount of data which are necessary for reliable scoring, make it necessary to use also older data. However, the high correlation between the surveys indicate, that corruption is usually not changing quickly. Older data are therefore not necessarily worse. However, it remains a fact that when a fundamental change in government has taken place, the misdeeds of an earlier regime may shade that country's performance in the ranking in the first few years. This should be kept in mind when our results are interpreted.

### **How do you define corruption?**

Corruption is the misuse of public power for private benefits, e.g. the bribing of public officials, taking kickbacks in public procurement or embezzling public funds. The external surveys we included were mostly very close to this definition. The ranking tries to assess the degree, to which public officials and politicians in particular countries are involved into corrupt practices.

### **Is corruption part of the culture in some countries?**

Culture and ethics naturally vary between countries. However in all environments corruption is an illegitimate behaviour. Neither is it sensed as legitimate by those delegating power to politicians and public officials. Nor can politicians or public officials claim to be legitimately empowered to corrupt acts. Therefore corruption is necessarily accompanied by secrecy. Corruption cannot prosper in highly transparent environments. Intransparency is an instrument applied by those who engage in corrupt behaviour to provide the necessary discretionary power. This approach may help in providing a comparative view towards corruption.

### **How can you compare between countries?**

Corruption is defined by some researchers as a particular public reaction to political/administrative behaviour rather than as an illegitimate act as such. Looking for appropriate definitions, this approach assigns a much more active role to the public perception and reactions towards corruption. A high degree of observed corruption may in such an approach reflect a high standard of ethics and a rigid application of rules rather than a high degree of real misbehaviour. A cross-country comparison of levels of corruption would hence not be applicable since the underlying standards of ethics may not correspond between countries. However, the sources we included put a high effort on comparative judgements. People working for internationally operating firms and institutions are able to provide a comparative judgement and apply the same internalized definition to different countries. In this perspective a cross-country approach can contribute to a valid comparison of real degrees of corruption.

### **How are the exporting countries contributing to corruption?**

The ranking only scores the observed behaviour of public officials and politicians, that is, mainly the passive part of taking bribes. However, exporting industries highly contribute to the development of corruption abroad. This is not taken into account in the ranking. Therefore our index is not a fair assessment of the responsibility associated with corruption in international trade. Industrial countries which may be successful in keeping their homes clean and highly engaged in bribing foreign officials bear a much higher burden than our ranking can indicate. We will have to establish a ranking of active bribery in international trade, in order to bring some light into this part of obscure criminal activity.