

# Global corruption survey finds growing distrust of business

*Amidst economic crisis, world's poor persistently hard hit by petty bribery*

**Berlin / Brussels, 3 June 2009** – The private sector uses bribes to influence public policy, laws and regulations, believe over half of those polled for *2009 Global Corruption Barometer*. The Barometer, a global public opinion survey released today by Transparency International (TI), also found that half of respondents expressed a willingness to pay a premium to buy from corruption-free companies.

“These results show a public sobered by a financial crisis precipitated by weak regulations and a lack of corporate accountability,” said Transparency International Chair, Huguette Labelle. “But we also see that the public is willing to actively support clean business. What is needed now is bold action by companies to continue strengthening their policies and practices, and to report more transparently on finances and interactions with government.”

The Barometer, with more than 73,000 respondents drawn from 69 countries and territories around the world, also found the poor to be disproportionately burdened by bribe demands. And it found that government efforts to combat corruption are generally perceived as ineffective, in addition to high levels of perceived corruption in political parties, parliaments and the civil service.

## **Corruption matters to consumers**

The business-related findings of the Barometer send a powerful signal to the private sector and provide yet another incentive -in addition to the legal, reputational and financial risks of corruption- for companies to prove that they are clean and to communicate this clearly to the public. In Cambodia, Hong Kong, Liberia and Sierra Leone, as many as 4 in 5 respondents said they would pay a premium for products and services from corruption-free companies.

Asked specifically how corrupt they perceived different domestic institutions to be, half of respondents said they saw the private sector as corrupt, an increase of 8 percentage points over five years ago. And in roughly a fifth of the countries and territories surveyed, including countries home to some of the world's major financial centres, such as Hong Kong, Luxembourg and Switzerland, respondents identified the private sector as the most corrupt institution.

“Companies must engage meaningfully with the reporting frameworks and anti-corruption codes now available and begin applying these in earnest, reporting clearly and honestly about their efforts, and benchmarking their policies and practices,” said Robin Hodess, Director of Policy and Research at Transparency International.

## **Petty bribery and economic crisis: Poor punished twice**

The 2009 Barometer shows that the poorest families continue to be punished by petty bribe demands. Across the board, low-income respondents were more likely to be met with bribe demands than high-income respondents. Additionally, petty bribery was found to be on the rise in Venezuela, Ghana, Indonesia, Cambodia, Bolivia, Senegal, Russia and Kenya, compounding the already difficult situation of low-income households, as jobs and income dwindle in the economic downturn.

“As economic growth shifts into reverse, poor households are increasingly forced to make impossible choices in allocating scarce resources,” said TI Chair Huguette Labelle. “Do

parents pay a bribe so that a sick child can see the doctor or do they buy food for their family? It is simply unacceptable that families continue to face these decisions.”

In Cameroon, Liberia, Sierra Leone and Uganda, more than 50 percent of respondents reported having to pay a bribe in the past 12 months. Looking at regions, however, the Middle East and North Africa registered the worst results, with 4 in 10 respondents reporting bribe payments in the past year. The police were identified as the most common source of bribe demands: globally, one in four of those who had contact with the police in the previous year paid a bribe.

#### **Government anti-corruption efforts seen as ineffective**

Only three in ten respondents believed their government's efforts to fight corruption were effective, although opinion in Sub-Saharan Africa was notably more positive than in other regions.

Most of those polled also felt that existing channels for making corruption-related complaints were ineffective. Fewer than one in four who paid a bribe in the past year lodged a formal complaint, demonstrating serious deficits in the perceived legitimacy and effectiveness of channels for reporting and addressing bribery. “Governments must listen closely to what ordinary people are reporting or face the consequences of an increasingly alienated and distrustful citizenry,” said Labelle.

Echoing the findings of past editions of the Barometer, 68 percent of respondents saw political parties as corrupt, and 29 percent saw them as the single most corrupt institution in their country. The civil service and parliament trailed political parties, perceived by 63 and 60 percent of respondents respectively as being corrupt. The media, while not perceived as clean, scored best with just over 40 percent of respondents labelling the sector as corrupt and with only 6 percent seeing it as the single most corrupt domestic institution.

#### **Public demand for greater integrity in government and business**

The tragically familiar stories of this year's Barometer are the negative perceptions of public institutions and government anti-corruption efforts, and low-income households saddled with petty bribe payments for ostensibly free services. New this year was the increasingly critical view of the private sector and a public motivated to pay a premium for clean business. The 2009 Barometer makes clear that both the private and public sectors have a great deal of work to do to win back the public trust.

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*Transparency is the civil society organisation leading the global fight against corruption.*

**Note to editors:** The Barometer, now in its sixth edition, draws from Gallup International's Voice of the People Survey and other survey work and this year reflects the responses of 73,132 people in 69 countries and territories, gathered between October 2008 and February 2009. Respondents were asked about their experiences of petty bribery, their perception of the pervasiveness of corruption in domestic institutions, and their views on the integrity of the private sector and of government effectiveness in fighting corruption.

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