

FAQ's Bribe Payers Index 2011

- 1. What is the 2011 Bribe Payers Index (BPI)?**
- 2. Which countries are included in the 2011 BPI?**
- 3. How is the BPI 2011 calculated?**
- 4. What does a score, e.g. China's 6.5, mean?**
- 5. Whose views are reflected in TI's 2011 BPI?**
- 6. How should companies respond to their country's ranking in the BPI 2011?**
- 7. How should a government respond to their country's ranking in the BPI?**
- 8. Can the 2011 BPI be compared to earlier editions of the index?**
- 9. What is the link between the 2011 BPI and the *Bribe Payers Survey 2011*?**
- 10. Who conducted the Bribe Payers Survey? How was it implemented?**
- 11. What are the sectoral listings published with the 2008 BPI?**
- 12. What is the difference between the BPI and TI's *Corruption Perceptions Index (CPI)*?**
- 13. Who works on the BPI at Transparency International?**
- 14. How is the Bribe Payers Survey funded?**

1. What is the 2011 Bribe Payers Index (BPI)?

The BPI is a unique tool capturing the supply side of international bribery, specifically focussing on bribes being paid by the private sector. The BPI 2011 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 Bribe Payers Survey 2011. 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 their country.

2. Which countries are included in the 2011 BPI?

The 28 countries and territories ranked in the BPI 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% of global FDI outflows and exports. They cover all countries ranked in the BPI 2008, all G20 countries and other key regional economic trading powers.

3. How is the BPI 2011 calculated?

The Bribe Payers survey asks 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 these countries listed above."

Respondents are presented a list of 28 countries.

For each country selected, 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 means never and 5 means always. This is then converted into a 10-point scale system, where 10 means never and 0 means always. Since the BPI is intended to capture foreign bribery, meant to reflect views on foreign bribery, assessments of companies from respondents' own country were excluded. A country's BPI score is an average of all the respondents who rated that country. The average score to 1 decimal place are then used to generate a ranking of all 28 countries. The standard deviation is calculated to indicate the degree of agreement among respondents in relation to each country: the smaller the standard deviation, the broader the consensus. 90% confidence intervals are also provided which show the minimum and maximum values where with 90% of confidence a country's score lies between.

4. What does a score, e.g. China's 6.5, mean?

The BPI scores are anchored by 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 engage in bribery to some degree or other when doing business overseas. Scores that fall significantly short of a 10 (for example China's score of 6.5) indicate a serious problem, indicating that companies from these countries are likely to engage in foreign bribery so frequently that it gets picked up by business executives whose perceptions constitute the BPI 2011.

5. Whose views are reflected in TI's 2011 BPI?

The Bribe Payers Survey 2011 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. These countries include all those surveyed in 2008 and were selected as recipients of large inflows of FDI and imports and to ensure global coverage. In each country a minimum of 100 senior business executives were interviewed, except in China where 82 business executives were surveyed, for a total of 3,016 interviewees. In each country, executives from a range of business sectors were surveyed with an oversampling of large and foreign-owned firms.

6. How should companies respond to their country's ranking in the BPI 2011?

The BPI 2011 indicates that bribery is still rather common, particularly in countries in the lower half of the index. The report includes recommendations to companies in light of these findings. Companies need to take responsibility for their internal anti-corruption policies, programmes and commit to transparency and integrity in all their business dealings and in all their intermediaries abroad. Companies must also acknowledge the influence they have on the wider business community, assessing corruption and bribery risks throughout their supply chain and actively participating in collective anti-corruption initiatives. 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. How should a government respond to their country's ranking in the BPI?

The BPI 2011 report includes recommendations to governments in light of the BPI 2011 findings of rather widespread foreign bribery. Governments have a responsibility to put in place legislation criminalising foreign bribery. But this alone is not enough. It is necessary that governments also demonstrate a commitment to upholding and enforcing this legislation in order to be effective in both punishing and preventing companies bribing when doing business abroad. The corporate sector must be made aware that bribery is illegal, at home and abroad. Governments can demonstrate their commitment by the ratification and adherence of international conventions outlawing foreign bribery, such as the OECD Anti-Bribery Convention and the United Nations Convention against Corruption.

8. Can the 2011 BPI be compared to earlier editions of the index?

22 of the 28 countries were scored and ranked in the BPI 2008. We can directly compare the scores of these 22 countries. But there are important differences between the 2008 and 2011 editions and previous iterations of the index. The 2006 BPI was based on the responses of about 80005 business managers using two questions which were included as part of the in *World Economic Forum's Executive Opinion Survey (EOS) 2006* and the questions were phrased differently. The 2002 BPI and 1999 BPI was based on a survey of emerging market economies only, with a much smaller sample of respondents.

For more information and results for the BPI in 1999, 2002, 2006 and 2008, see:

www.transparency.org/policy_research/surveys_indices/bpi

9. What is the link between the 2011 BPI and the *Bribe Payers Survey 2011*?

The 2011 BPI draws on the answers to specific questions asked in the Bribe Payers Survey 2011. 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 the forthcoming report by Transparency International to be published in early 2012.

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

The *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.

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

A total of 19 sectors have been evaluated using the same methodology as the BPI 2011. The Bribe Payers Survey 2011 asked business executives how common bribery was in the sectors with which they have business relations. The survey asked about perceptions of how often three different types of bribery would occur in each sector, firstly, bribery to low ranking public officials, secondly, improper contributions to high ranking politicians to achieve influence and thirdly, bribery to other private companies. Answers were given on a 5-point scale, which was then converted to the 10-point scale where 0 means companies in that sector always pay bribes and 10 means never.

12. 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. The BPI ranks countries in terms of the likelihood of companies headquartered in that country to bribe abroad. The BPI draws on Transparency International's bespoke Bribe Payers Survey of business executives, while the CPI draws on external data sources, which include other business surveys, commercial risk assessments and other country experts both within and outside the country. The CPI and BPI scores do however correlate strongly with each other demonstrating the relationship between different forms of corruption on a country by country basis.

13. Who works on the BPI at Transparency International?

The *Bribe Payers Index* is produced by the 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.

14. How is the Bribe Payers Survey funded?

Transparency International is funded by various governmental agencies, international foundations and corporations. Ernst & Young provided

financial support for the *Bribe Payers Survey 2011* and BPI 2011. 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.