

Corruption Indexes of *Coalition 2000*

November 2000



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SURVEY METHODOLOGY

Sample

560 state and private companies

Survey method

The survey used the method of the face-to-face interview.

Fieldwork

Field work was conducted between October 07 -October 28, 2000

CORRUPTION INDEXES

- Corruption indexes are among the important outputs of the Corruption Monitoring System (CMS) of *Coalition 2000*. Their values are updated quarterly based on survey data.
- Corruption assessment index numbers assume values from 0-10.
- The closer the value of the indexes is to 10, the more negative are the assessments of the evaluated aspect of corruption in Bulgaria. Index numbers closer to 0 indicate approximation to the ideal of a “corruption-free” society.
- Corruption indexes have been grouped into several categories:
 - Attitudes towards corruption;
 - Corrupt pressure;
 - Assessment of the spread of corruption;
 - Corruption-related expectations.

CHIEF PROBLEMS FACED BY BULGARIA

There is a high measure of agreement among businesspersons that corruption constitutes one of the most critical problems faced by modern Bulgarian society. It is comparable by significance with unemployment and the low incomes (it is worth noting that while in January corruption was rated third, in October it occupied the first place). The latter two problems, however, tend to affect the public at large far more than managers themselves or the economic conditions in which they are doing business. By contrast, the problem of corruption immediately concerns the possibilities for, and limitations on, business development. To the managers, this problem has serious implications for the financial state of the companies and affects adversely the development of private business.

TABLE 1. CHIEF PROBLEMS FACED BY BULGARIA

	<i>January 2000</i>	<i>October 2000</i>
Corruption	51,70%	55,00%
Unemployment	61,30%	45,40%
Low incomes	52,30%	44,50%
Неблагоприятните условия за развитие на частния бизнес	26,60%	39,50%
Недостатъчните чуждестранни инвестиции	23,60%	25,70%
Poverty	26,90%	20,70%
Crime	15,10%	18,60%
Political instability	11,20%	18,00%
High prices	5,70%	7,30%
Healthcare	12,40%	5,90%
Pollution	2,40%	2,70%
Education	3,60%	1,80%
Ethnic problems	1,20%	1,30%

Respondents gave up to three answers and the sum total of percentages therefore exceeds 100.

Base: N= 560

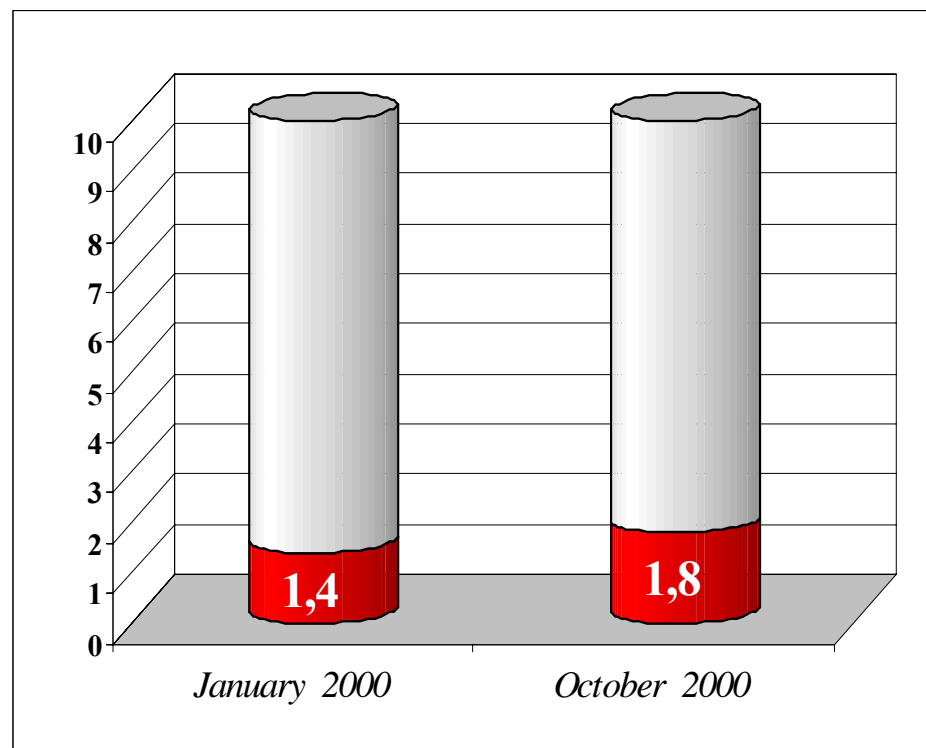
ATTITUDES TOWARDS CORRUPTION

Acceptability in principle

This index reflects the extent to which various corrupt practices are tolerated within the value system shared by businesspersons in this country.

Compared to the month of January, in October 2000 the value of this index marked an increase by 0.4. Notwithstanding this important change, business executives demonstrate low level of tolerance and tend to regard the various forms of corrupt behavior as unacceptable. What this increased index value suggests is a certain public desensitization of businesspersons in this country to the manifestations of corruption.

FIGURE 1. ACCEPTABILITY IN PRINCIPLE



Base: N = 560

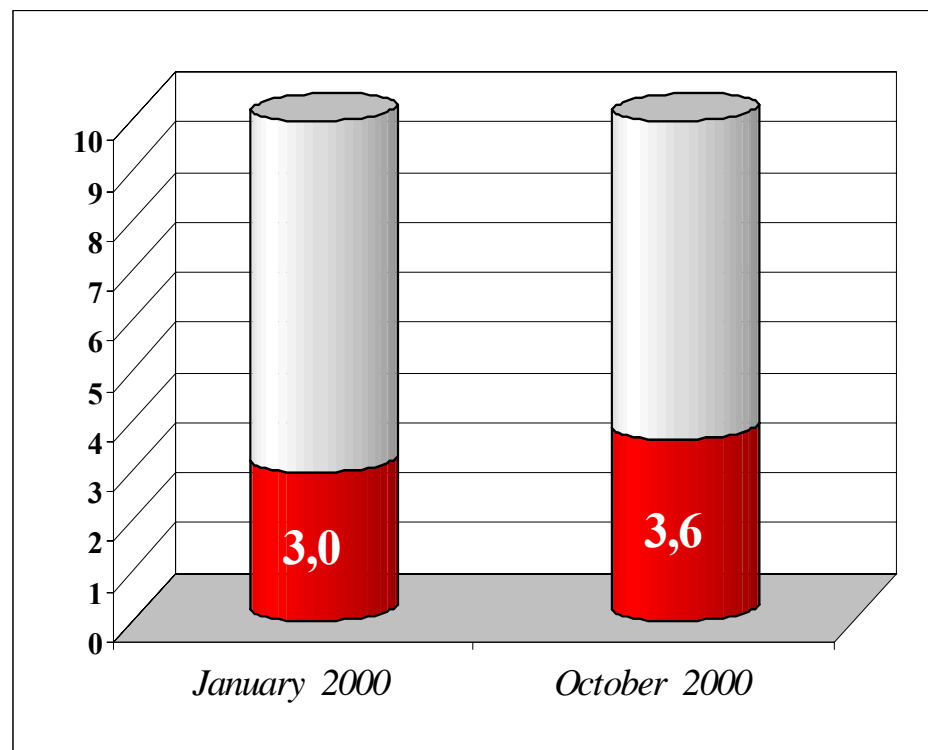
Susceptibility to corruption

This index measures businesspersons' inclination to compromise on values and principles under the pressure of circumstances.

The period January-October 2000 was marked by a considerable increase in the value of this index. The increased susceptibility to corruption of businesspersons and their inclination to engage in acts of corruption in fact means that there has not occurred any change in the existing business conditions and in the corruption-generating aspects of the economic environment.

The value of this index continues to be twice as high than that of the index of corruption acceptability in principle. This suggests that corrupt behavior is formed largely under the pressure of practical circumstances although it is unacceptable in terms of the established values and principles.

FIGURE 2. SUSCEPTIBILITY TO CORRUPTION



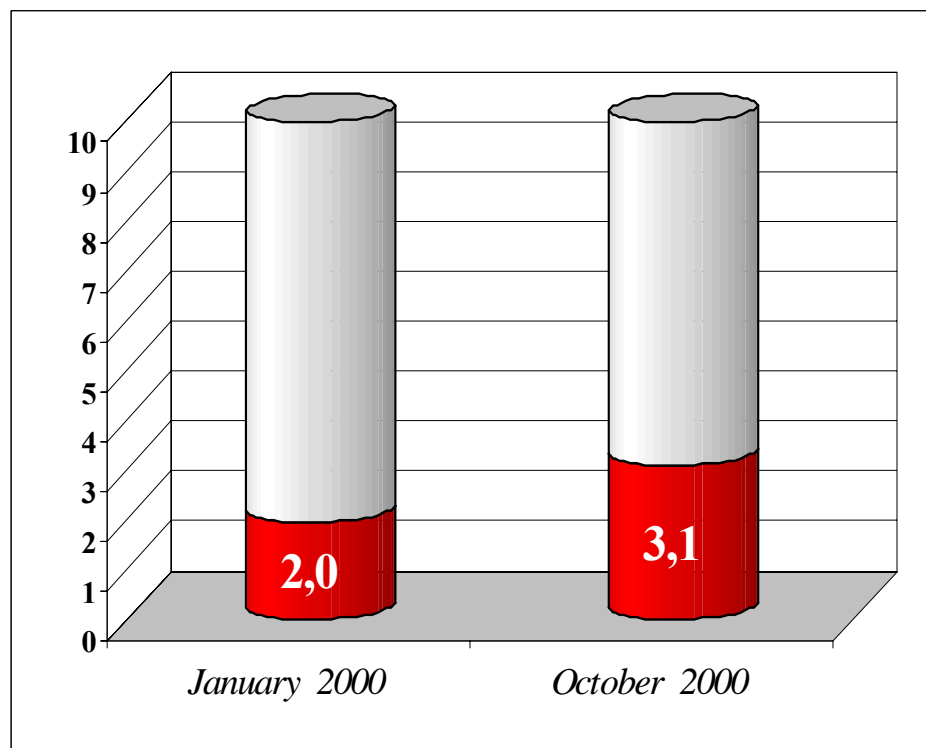
Base: N = 560

CORRUPTION PRESSURE

This index measures the spread of attempts by public officials to exert direct or indirect pressure on businesspersons in order to obtain money, gifts, or favors.

Unlike the previous two indexes, here the increase in value is far more substantial. This indicates that in the period April-October 2000 the corruption pressure on businesspersons by public officials has intensified drastically. What is more, there is a logical connection between the increase in the susceptibility to corruption and its acceptability in principle, and the power of the corruption pressure exerted.

FIGURE 3. CORRUPTION PRESSURE



Base: N = 560

Corruption pressure

The October 2000 data indicate a drastic increase in the power of the corruption pressure exerted on businesspersons by all groups of public sector employees without exception.

The corruption pressure exerted on businesspersons by customs and police officers and municipal officials marked the most significant increase. It is worth noting that there is considerable corruption pressure among businesspersons themselves, moreover marking a substantial increase in excess of 10%.

In their turn, these changes have brought about certain shifts in the ordering of the various groups of public sector employees. In the period January-October 2000, the strongest corruption pressure on businesspersons was attributed to customs and police officers, and the weakest, to the investigators and prosecutors.

TABLE 2. "IF IN THE COURSE OF THE PAST YEAR YOU HAVE BEEN ASKED FOR SOMETHING IN ORDER TO HAVE A PROBLEM OF YOURS SOLVED, YOU WERE ASKED BY:"

	<i>January 2000</i>		<i>October 2000</i>	
	<i>Yes</i>	<i>Base</i>	<i>Yes</i>	<i>Base</i>
Customs officer	28,70%	167	43,40%	249
Police officer	16,10%	205	39,70%	320
Doctor	20,60%	247	33,90%	363
Municipal official	20,40%	255	30,60%	356
Businessperson	17,60%	250	28,10%	392
Tax official	17,40%	259	27,20%	356
Minister and Ministry official	15,60%	109	25,50%	184
University teacher or official	7,00%	71	24,30%	189
Administrative staff from the judicial system	4,80%	165	16,10%	211
Banker	3,10%	193	14,90%	281
Municipal Council member	3,90%	154	13,80%	225
Judge	4,70%	85	12,70%	181
Teacher	4,00%	175	12,40%	218
Member of Parliament	4,40%	90	9,40%	139
Criminal investigator	5,20%	96	8,80%	170
Prosecutor	0,00%	85	5,10%	156

** Relative share of those who have had such contacts, who have been asked for money, gifts, or services.*

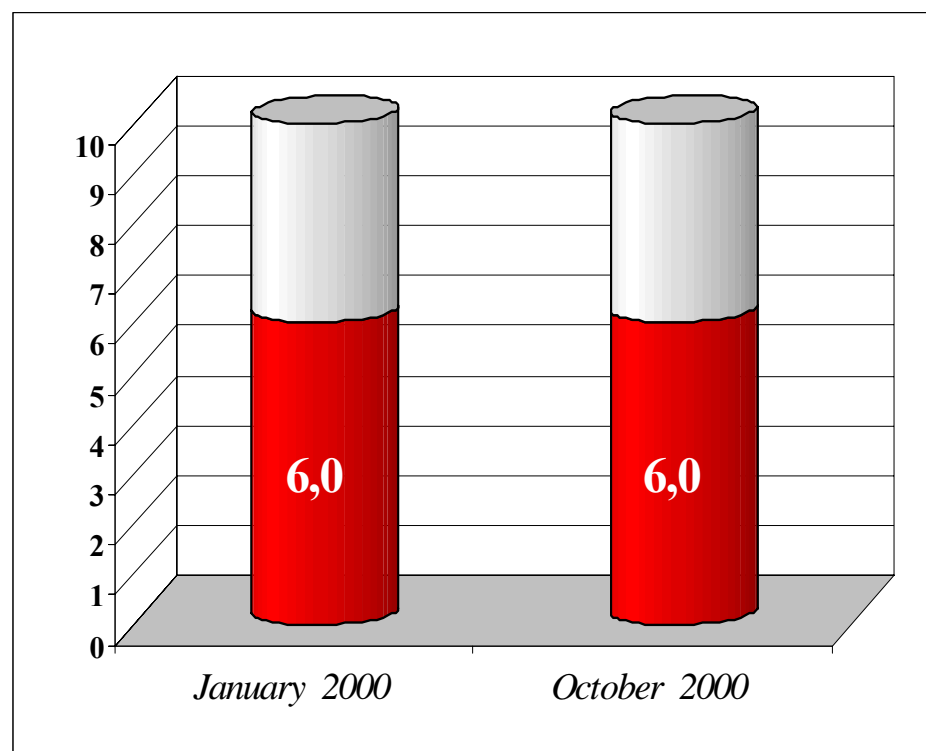
ASSESSMENTS OF THE MAGNITUDE OF CORRUPTION

Spread of corruption

This index registers businesspersons' assessments of the spread of corrupt practices among public sector employees.

The value of this index is the highest of all the corruption indexes. This fact suggests at least two more notable conclusions. First, in the opinion of business executives, corruption is a widespread phenomenon in Bulgarian society. Second, the lack of fluctuations in the value of this index suggests that in the short term there are hardly likely to occur any substantial changes in these assessments.

FIGURE 4. SPREAD OF CORRUPTION



Base: N = 560

Spread of corruption

The chief factor for the proliferation of corruption, associated with the use of public office for personal or group gain, remains with a practically unchanged value among businesspersons. It is worth noting the declining influence of the factors rated next, namely, the low remuneration levels and the intertwined official duties and personal interests. A similar conclusion applies to the factors related to the inefficient social control: imperfect legislation and lack of strict administrative control. By contrast, the share of those citing the moral crisis in the transition period and the inefficiency of the judicial system has increased substantially. The problems inherited from the communist past and the distinctive characteristics of Bulgarian national culture are believed to exert the weakest influence on the spread of corruption in this country.

TABLE 3. MAJOR FACTORS ACCOUNTING FOR THE SPREAD OF CORRUPTION (%)

	<i>January 2000</i>	<i>October 2000</i>
Fast personal enrichment sought by those in power	58,90%	58,40%
Low salaries	54,10%	49,60%
Intertwinement of official duties and personal interests	40,50%	35,90%
Imperfect legislation	42,90%	35,40%
Moral crisis in the period of transition	26,90%	33,90%
Lack of strict administrative control	32,30%	27,90%
Ineffectiveness of the judicial system	19,60%	23,80%
Problems inherited from the communist past	6,00%	9,30%
Specific characteristics of Bulgarian national culture	7,90%	8,60%

Spread of corruption

In the opinion of the business elite, there exist stable channels in Bulgarian society through which corrupt practices are sustained. In fact they duplicate the officially regulated relations between the political class, public administration, and business managers. Public procurement, privatization auctions and tenders, the issuing of licenses and permits for legal activities, the payment of taxes, are all typical areas in which corruption is thriving.

Corruption thus brings about a general deterioration of the business environment insofar as it distorts the conditions for normal competition. It places companies in unequal market positions, which can prove fatal to small and medium-sized enterprises, with their more limited resources.

TABLE 4. ОЦЕНКИ ЗА СТЕПЕНТА НА РАЗПРОСТРАНЕНИЕ РАЗЛИЧНИ ФОРМИ НА КОРУПЦИОННО ПОВЕДЕНИЕ В БИЗНЕСА

	<i>January 2000</i>		<i>October 2000</i>	
	Ниска степен на разпространение	Висока степен на разпространение	Ниска степен на разпространение	Висока степен на разпространение
Приемането на подкупи от служители и политици за въздействие при разпределяне на държавните поръчки	11,2%	78,6%	7,1%	82,7%
Приемането на подкупи от служители и политици при провеждането на приватизационни търгове	6,6%	88,5%	5,0%	85,2%
Приемането на подкупи от служители и политици при издаването на лицензи или разрешения за извършване на законни дейности	7,2%	85,6%	10,7%	79,5%
Приемането на подкупи от служители и политици при укриване или намаляване на данъци	19,9%	68,6%	19,6%	66,4%
Приемането на пари или подаръци при изпълнението на служебни задължения	19,6%	73,7%	15,2%	75,0%

Spread of corruption

In October 2000 businesspersons appeared less inclined to believe that corruption is widespread among the majority of occupational groups. Exceptions to this tendency occur with respect to bankers, judicial system employees, university employees and professors, and particularly journalists, among whom corruption is perceived as increasing. It is interesting to note that businesspersons assess the spread of corruption in their own professional group as substantial.

Even in October 2000 customs officers were still perceived as the most corrupt occupational group. Revealingly enough, they have come to be immediately followed by leaders of political parties and coalitions, MPs, and ministers. According to the managers, corruption is least widespread among the NGO representatives, journalists, and teachers. In this respect there is consensus between businesspersons and public opinion.

TABLE 5. "ACCORDING TO YOU, HOW WIDESPREAD IS CORRUPTION AMONG THE FOLLOWING GROUPS:"

	<i>"Nearly all" and "Most are involved in corruption" (%)</i>	
	<i>January 2000</i>	<i>October 2000</i>
Customs officers	90,4%	80,0%
Leaders of political parties and coalitions	70,4%	64,5%
Members of parliament	64,3%	60,2%
Ministers	66,2%	60,2%
Ministry officials	65,6%	60,0%
Tax officials	67,3%	58,8%
Police officers	62,8%	57,7%
Judges	56,5%	53,4%
Lawyers	60,4%	52,0%
Local political leaders	58,0%	51,6%
Businesspersons	48,6%	50,9%
Municipal officials	52,5%	49,3%
Prosecutors	53,2%	49,3%
Criminal investigators	47,8%	43,2%
Bankers	37,4%	43,1%
Doctors	40,4%	38,2%
Municipal Council members	41,0%	36,9%
Administration staff from the judicial system	31,1%	34,2%
University teachers or officials	27,8%	29,6%
Representatives of NGOs	22,3%	25,0%
Journalists	10,9%	21,6%
Teachers	11,8%	8,9%

Institutional spread of corruption

The ranking of the state institutions depending on the spread of corruption within them did not undergo any substantial changes in October 2000. According to businesspersons, corruption is most widespread in customs, the Privatization Agency, the sector ministries, the Government, and the judicial system, and least common, in the presidency, the army, and the National Statistical Institute.

Certain changes have occurred in the perceptions of the spread of corruption in the various institutions. The negative assessments have declined most substantially with regard to customs, tax services, the Energy Committee, and the army. In the opinion of the businesspersons, in the period January-October 2000 corruption has increased most significantly in the Government, the Securities and Stock-Exchange Committee, and the National Statistical Institute.

TABLE 6. "ACCORDING TO YOU, HOW WIDESPREAD IS CORRUPTION IN THE FOLLOWING INSTITUTIONS:"

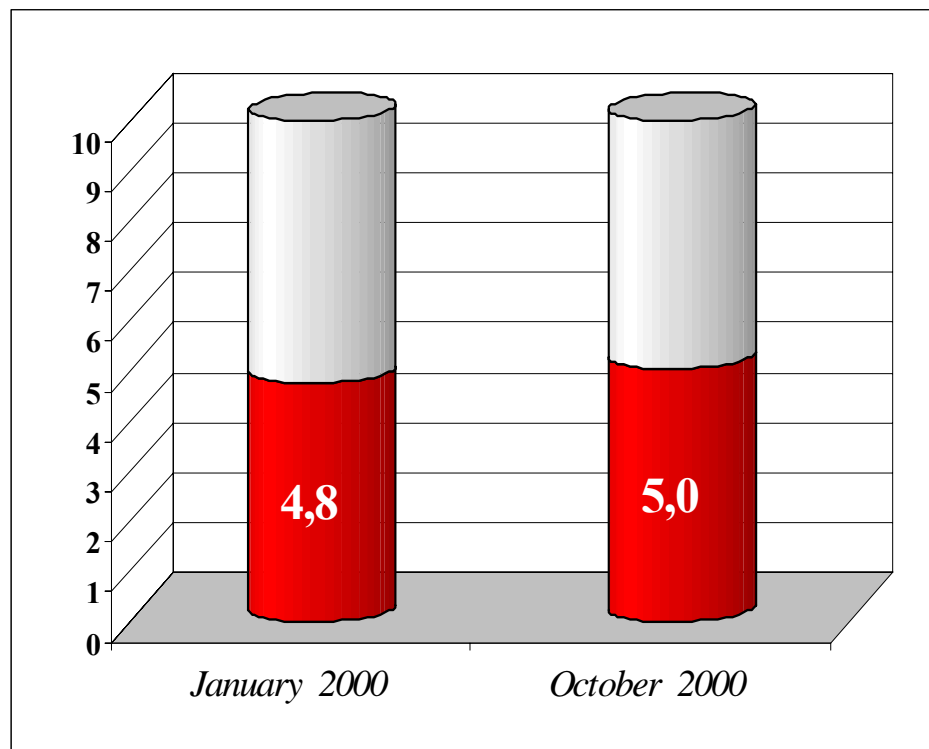
	<i>January 2000</i>	<i>October 2000</i>
Customs	7,54	7,22
Privatisation Agency	6,98	6,78
Sector ministries	6,56	6,48
Government	6,16	6,42
Judicial system	6,42	6,32
Parliament	6,24	6,30
Tax services	6,46	6,22
Bulgarian Foreign Investment Agency	-	6,20
District administration	6,18	6,06
Police	6,10	6,04
Municipal administration	5,76	5,74
Committee on Energy	6,00	5,74
Commission on the Protection of Competition	5,34	5,46
Bulgarian Telecommunication Company	-	5,44
Securities and Stock-Exchanges Commission	4,84	5,24
National Audit Chamber	4,52	4,54
Bulgarian National Bank	4,34	4,42
Army	4,64	4,36
National Statistical Institute	3,94	4,20
Presidency	3,72	3,88

Practical efficiency of corruption

This index shows businesspersons' assessments of the extent to which corruption is becoming an efficient means of addressing private problems.

In the month of October, the index value increased by 0.2. Furthermore, it continues to display one of the highest values of all corruption indexes. What this suggests is that in Bulgarian society the perception of corruption as a highly effective tool for addressing private problems is becoming ever more firmly established. Hence the more general conclusion that the social environment generating the preconditions for corruption has not undergone any serious changes.

FIGURE 5. PRACTICAL EFFICIENCY OF CORRUPTION



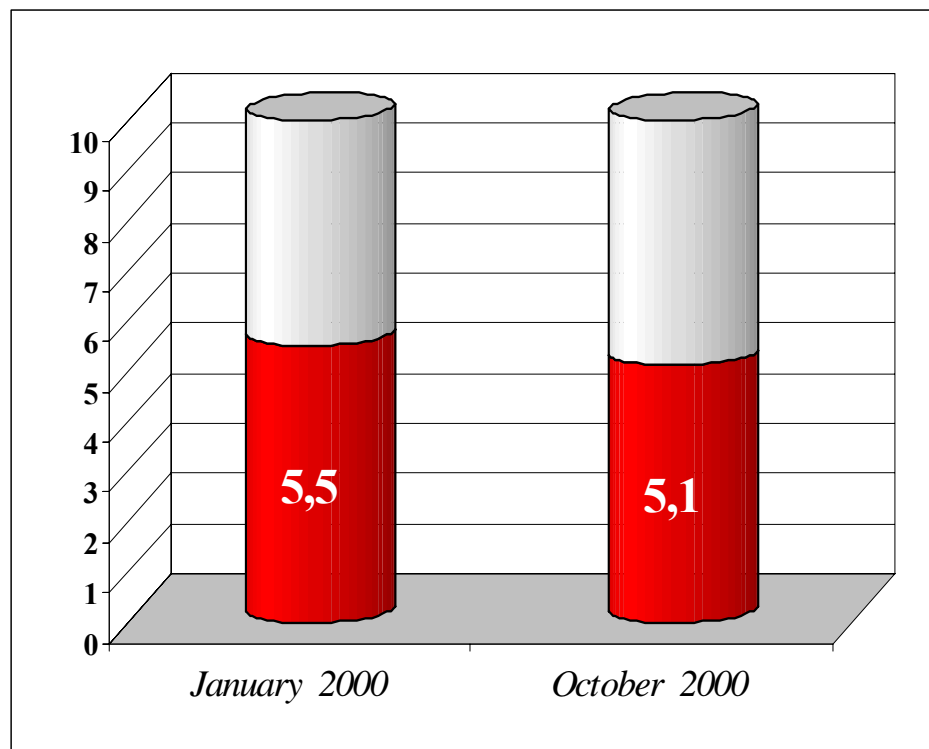
Base: N = 560

CORRUPTION EXPECTATIONS

This index registers businesspersons' assessments of the capability (potential) of Bulgarian society to cope with corruption.

Set against the general increase of the remaining corruption indexes, this index is the only one undergoing decline in the period January-October 2000. Nevertheless, even its present value continues to be extremely high. This comes as further confirmation that the capability of Bulgarian society to limit or resolve the problem of corruption not only depends on a positive change in mass attitudes to this phenomenon, but also implies the practical need for new regulatory mechanisms.

FIGURE 6. CORRUPTION EXPECTATIONS



Base: N = 560

Vitosha Research (VR) is a social and market research agency unit of the Center for the Study of Democracy, Sofia.

Vitosha Research specializes in carrying out social and market research in the fields of corruption and crime, social policies, economic, political and electoral behavior privatization, value orientations and attitudes of Bulgarians, public opinion studies, surveys of media audiences and programs, advertising research and others.



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