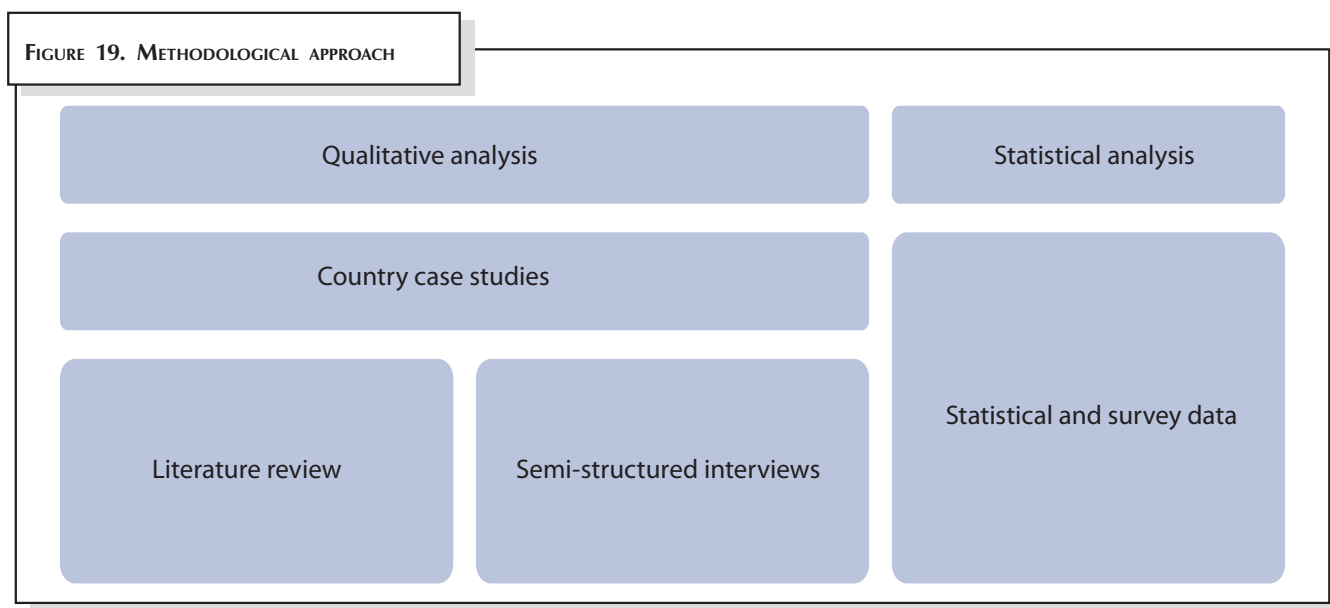


## ANNEX 7: METHODOLOGY

The methodological approach of this study includes a broad collection of secondary (literature and statistics) and primary data (interviews and field visits), followed by a rigorous quantitative (statistical) and qualitative (software aided) analyses.



The **data collection** for the study was based on four key elements:

- **Literature:** included academic works, government reports on corruption and organised crime; reports by research institutes, international organisations (GRECO, FATF), or private companies. The literature reviewed was in Dutch, Italian, Greek, Bulgarian, French, Spanish, Russian, Serbo-Croatian and English. Media sources in almost all Member State languages were also consulted.
- **Statistical and survey data** on corruption and organised crime: a full list of the 105 indexes and indicators that were assembled and the related methodological issues in their analysis are presented in Annex 4. Most member states also provided official statistical data on corruption.
- **In-depth semi-structured interviews** with law-enforcement, judicial, government officials and private sector were carried out in all 27 member states via phone or in person. These were expert interviews as the interviewees were asked to provide their expert *opinion and assessment*. In total 156 interviews were conducted: 69 were face-to-face interviews and 87 were done over telephone.
- Six **country studies (case studies)** were carried out: Netherlands, Greece, Italy, Bulgaria, France, and Spain. The countries were selected based on the quantitative and preliminary qualitative analysis. Each case study was based on approximately ten interviews, literature, and media review. The help of locally based academics and researchers was solicited for all studies.

**The data analysis** was based on triangulation of the collected data and combined quantitative and qualitative analyses:

- **Review of secondary literature:** the approach taken included review of key academic journals and relevant academic literature, as well as review of grey academic literature, such as national organised crime reports, or policy analyses published by non-governmental organisations.
- **Statistical analysis:** The main types of statistical analyses included: (1) a cluster analysis to determine groups of EU member states with similar characteristics related to corruption and organised crime; and (2) multiple regression analysis to determine the ways in which corruption, organised crime and a range of other socio-economic factors were related. The methodology and technical results of the cluster analysis is provided in Annex 3. The technical results from the multiple regression analysis will be provided in an annex. The conclusions of both analyses are included in the report.
- **Qualitative analysis** of interviews was aided by the NVivo software.<sup>170</sup> This analysis included coding, identifying, and distilling common themes in the interviews, and supporting them with evidence from the secondary literature and statistical analysis.

### *Literature review process*

The lack of specific studies examining the link between corruption and organised crime, forced the research team to broaden the scope of the review. The approach taken for each type of literature review, academic and grey, is described in more detail below.

Academic sources: the academic research was conducted in two stages. In both cases, databases, such as ISI Web of Knowledge, Factiva, and EBSCO were used, as well as the libraries of Oxford University and the London School of Economics. To compensate for the lack of studies that dealt specifically with the link between corruption and organised crime the team looked further into several strains of academic literature:

- Key studies on organised crime (in English, Greek, Dutch, Russian, Spanish, Bulgarian and Italian);
- Literature on police corruption; and
- Literature on judicial corruption.

**Grey literature:** The main source of grey literature were the national organised crime reports. The public versions of these reports largely did not address the issue of corruption. Some government or police reports (national OCTA reports) were sent or referred to by officials in the course of the in-depth interviews. Although these reports do not deal specifically with the subject, some of them contain ad-hoc references to the links between corruption and organised crime. In addition, the team reviewed the 2001 Evaluation reports carried out by GRECO.

<sup>170</sup> A software package for qualitative research, NVivo provides a range of tools for handling data, ideas, information and theories built up from observations, interviews, document analysis, or literature reviews. NVivo supports coding and retrieval of coded material, searching and theorizing, combined with ability to annotate and edit documents. NVivo is designed for methods requiring more flexible development of rich data in dynamic documents, and more subtle ways of linking data to ideas and showing and reflecting on the results (Jupp 2006).

The lack of empirically based studies on the link between corruption and organised crime led us to introduce some criteria for the review of grey literature:

- **Exclude literature from the ‘developing’ world.** Literature on Africa and Latin America, or development studies literature was largely ignored.
- **Focus on studies that are empirically based.** We largely ignored legal discussions, or theoretical discussions, studies that did not provide sound methodologies or evidence.
- **Focus on key studies:** beyond the EU, we have reviewed the most influential studies, i.e. those most often quoted in academic literature.
- **Separating the literature on Italy/Bulgaria.** The Italian literature on the present topic is vast, and there is significant number of studies on Bulgaria as well. Therefore, to avoid disproportionate presentation of this literature, much of it will be addressed in the country-case studies on Italy and Bulgaria.

### *Semi-structured interviews*

156 in-depth interviews were conducted. The team identified the respondents in three main ways:

- in the course of the literature review/research;
- through official correspondence with government/law-enforcement bodies;
- through snowballing sampling method: i.e. respondents recommended other interviewees;
- Connections from previous work in the field of organised crime/corruption.

The main goal was to develop a sample that could provide balanced and objective (if possible) views of experts. As government and law-enforcement institutions are often reluctant to admit corruption within their ranks, outside opinions were necessary. In the course of the interviews, some respondents were found to have insufficient knowledge on the subject matter, although they were recommended or appointed by governments or institutions, or recommended by other experts. In such cases, additional respondents were sought for compensation. In some instances, former law-enforcement officers or government officials were more appropriate interviewees, as they were more likely to speak openly. In each country between 4 and 6 respondents were targeted:

- **Academic or independent researchers.** In a Malta, Cyprus, and Luxembourg such researchers could not be identified: In several other countries they were identified, but were not willing to provide an interview (some were associated with government research institutions and apparently did not feel free to speak on the subject).
- **Investigative journalists.**
- **Government/Parliament:** national anti-corruption bodies or commissions.
- **Law-enforcement** (representatives of “Internal Affairs” departments of national customs and police forces were targeted). Official letters with requests were sent to police and customs in all 27 member

states. Police contacts included all members of the EPAC (European Partners Against Corruption) – a network that includes representatives of National Police Oversight Bodies and Anti-corruption Authorities in all EU MS.

- **Customs/Tax:** Not all customs agencies have internal investigation departments. Therefore in some countries interviews were conducted with human resource representatives responsible for handling cases of internal corruption. Several MS officially responded (CY, PT) that the link between organised crime and corruption has not been observed, and therefore declined to provide an interview, instead providing general statistics. Tax officials were approached only in a few countries. Although considered relevant to the study, the limit of 5-6 interviews per country meant that customs representatives were given preference.
- **Judiciary** – judges and prosecutors, as well as representatives of judicial system oversight bodies were contacted.
- **Private sector representatives:** representatives of corruption and fraud investigation firms, law firms, or other private corporations that were victims to corruption.

FIGURE 20. BACKGROUND OF INTERVIEW RESPONDENTS

Background	Number of interviewees
Academic	24
International organisation	3
Journalist	8
Judiciary	18
Law enforcement (police)	36
NGO/research institute	8
Other government (e.g. Anticorruption commissions)	13
Private sector (law firms, accounting firms, fraud investigators)	29
Customs & tax administration	17
Total	156

The make-up of the group of interviewees for each country depended on several factors:

- Availability of the type of interviewee required;
- The range of issues that needed to be discussed (either in the review of secondary sources.) Interviewees generally agreed on the broad range of issues related to the problem (political, customs, police, administrative, private sector corruption). Based on the preliminary responses and the main problem fields identified, in some countries interviewees with judiciary or customs were deemed irrelevant and were not carried out.

For this reason, in some countries the number of interviewees is 6, while in others it was 4. In the case study countries the total number

of interviews was 10. Therefore at the first stage of in-depth interviews, only 4 interviews were completed, with the expectation that in the course of the country-case study, more interviews would be carried out.

In addition, interviews with EC representatives that are familiar with Member States' problems related to corruption and organised crime are to be conducted:

- representatives of OLAF;
- representatives of Europol (2 representatives were already interviewed).

### *Piloting*

Interviews were piloted in three countries: the UK, Bulgaria, and Estonia. As telephone interviews provide significantly lower quality due to the sensitivity of the information or language barriers it was decided that effort should be made to conduct as many interviews as possible: (1) face-to-face and (2) in mother tongue of the interviewee. Therefore, additional experienced researchers based in EU member states were hired, to conduct interviews and carry out the country studies.

### *Interviews guides*

The interviews lasted on average one hour for the telephone interviews, and two hours for the face-to-face interviews. A questionnaire guide with detailed instructions and prop questions was developed. The questions were deliberately left open and the interviews were semi-structured to achieve greater level of comfort and trust by the interviewees.

Some interviewees requested to receive the questions in advance so that they could prepare and discuss them with colleagues. On several occasions, sections of the questionnaire had to be translated in Spanish and French for ease of the interviewees.

### *Anonymity*

The sensitivity of the issue required that all interviewees were specifically asked if their names were to be revealed. It was agreed that no quotes will be associated with names of interviewees. In addition, some interviewees specifically agreed to speak on condition of anonymity. This is understandable bearing in mind the situation in some Member States, where political corruption is rife and the police and the judiciary are not independent. Hence, interviewees feared to share their knowledge as they could be easily discredited.

### *Case studies methodology*

In six countries (Italy, Netherlands, Bulgaria, Greece, Spain, France) a more in-depth research was carried out. These countries were selected out of the initial quantitative analysis and the interviews, as well as from evidence from the literature review. Each country study was based on:

- Review of the existing literature/surveys;

- Analysis of the available official statistics;
- 8 to 10 face-to-face interviews official and alternative sources.

### ***Semi-structured interviews questionnaire***

The introduction and conclusion of the questionnaire was identical for all interviewees. Specific modules for the different types of interviewees (customs, police, judicial, political, and private sector corruption) were developed. Experts with broader or more general knowledge, such as academics and journalists, were interviewed on several sections of the questionnaire, while other interviewees felt comfortable answering to only one section (e.g. police or customs). An attempt was made to obtain at least general views of the interviewees on all main aspects of corruption. All questions were opened, as the bullet points provided only prodding questions to the interviewers. Interviews lasted between 1 and 2 hours, some even longer. Below are the questions that were used for the semi-structured interview:

#### **Introduction**

1. Could you tell us a few words about your background and experience in dealing with corruption & organised crime.
2. Which of the following sectors you consider more vulnerable to corruption in your country:
  - Judicial;
  - Political;
  - Administrative;
  - Private sector.
3. What do you base this assessment on?
  - Your work/personal experience;
  - Specific studies;
  - Media reports;
  - Specific cases you are familiar.

#### **A. Police/Investigation**

4. When criminal investigations against organised crime fail in your country – what are the main reasons?
5. Is corruption in the police considered a problem in your country?
6. Are there particular departments/services of the police that are more affected than others? Are any of them particularly targeted by organised crime?
7. Within the police hierarchy are any levels targeted by organised crime more than others? Are there cases in which one finds the systemic/organised corruption involving multiple officers at different levels or in different departments, or colluding with other institutions?
8. If you are to describe the corrupt relations that exist, are they predominantly of temporary/ad-hoc nature, or are these long-lasting

- relations? If the cases that a long-lasting relation exist, can you think of specific circumstances that might have contributed to this?
9. What form does usually the corrupt exchange between police and participants in illegal markets take (e.g. payments, trading in influence)?
  10. What are the main reasons for organised crime to corrupt the police (e.g. protection, information)?
  11. Which sectors of the economy are most affected by extortion racketeering (e.g. immigrant owned businesses)?
  12. Is corruption used to cover up continuous extortion racketeering arrangements?
  13. Why are police officers vulnerable to corruption by organised crime?
  14. Are there any special measures against police corruption that you feel have impacted the ability of organised crime to influence corruption?
  15. Do you have any national level statistical information on investigations against police corruption?
  16. Are any intermediaries used to corrupt police officers (e.g. lawyers)?
  17. Are any criminal groups more likely to be able to corrupt police than others (e.g. run by former police officers)?
  18. Is there a particular case of corruption by organised crime, with which you might be familiar? Could you describe it?
  19. Grey economy questions: Is organised crime active in industries, with significant grey economy, like construction, entertainment (bars, restaurants), transport, agriculture? In which industries is it most active? Do such companies related to organised crime use corruption to cover up their grey economic activity (e.g. paying immigration authorities to employ illegal migrants; or police not to enforce regulations in night-clubs)?

## **B. Customs/Tax**

20. Is customs corruption by organised crime considered a problem in your country?
21. Are there particular customs offices or departments that are more vulnerable to corruption by organised crime than others?
22. What kind of organised criminal activities are facilitated by customs corruption in your country (e.g. drugs smuggling)?
23. What kind of organised criminal activities are facilitated by tax corruption?
24. Why do criminal groups use corruption in customs?
25. What kind of intermediaries do organised crime groups use to corrupt customs (e.g. former customs officers)?
26. If you are to describe the corrupt relations that exist, are they predominantly of a temporary/ad-hoc nature, or are these long-lasting relations? If cases of long-lasting relations exist, can you think of specific circumstances that might have contributed to this?
27. Why are the customs vulnerable to corruption by organised crime?
28. Are there any measures against corruption in customs that have an impact on organised crime?

29. Is there a particular case of corruption used/caused by organised crime, with which you might be familiar? Could you describe it?
30. Grey economy questions: Is organised crime active in industries, with significant grey economy, like construction, entertainment (bars, restaurants), transport, agriculture? In which industries it is most active? Do such companies related to organised crime use corruption to cover up their grey economic activity (e.g. paying immigration authorities to employ illegal migrants; or police not to enforce regulations in night-clubs)?

### C. Judiciary

31. Is corruption in the judiciary generally considered a problem in your country?
32. Which branches of the judiciary does organised crime most often targets through corruption (e.g. judges)?
33. What levels or types of judicial authorities are prone to corruption by organised crime (e.g. small towns, courts of appeal)?
34. Are any type of criminal groups more likely to have access to corruption in the judiciary than others?
35. What kind of intermediaries does organised crime most often use?
36. If you are to describe the corrupt relations that exist, are they predominantly of a temporary/ad-hoc nature, or are these long-lasting relations? If cases of long-lasting relations exist, can you think of specific circumstances that might have contributed to this?
37. Why does organised crime use corruption of the judiciary?
38. What are the factors that contribute to corruption of the judiciary?
39. Is there a particular case of judicial corruption caused by organised crime, with which you might be familiar? Could you describe it?

### D. Political

40. Are there particular political parties (including smaller, local ones) that are known to be more corrupt and have relations to oligarchs/organised crime figures?
41. At what level is political corruption encountered in relation to organised crime (e.g. local, central government)?
42. What types or levels of criminals are likely to use political corruption?
43. What forms does national level political corruption take (e.g. trading in influence)?
44. If you are to describe the corrupt relations that exist, are they predominantly of temporary/ad-hoc nature, or are these long-lasting relations? If the cases that a long-lasting relation exist, can you think of specific circumstances that might have contributed to this?
45. Why does organised crime use political corruption?
46. Are there particular regions or towns of your country, where corruption or organised crime are considered to be a particular problem?
47. Why are politicians in your country susceptible to corruption?
48. Is there a particular case of political corruption caused by organised crime, with which you might be familiar? Could you describe it?



### **E. Administrative/Bureaucratic corruption**

49. Are there particular industries where organised crime related individuals have investments or business interests?
50. Are there particular parts of the government administration that are vulnerable to corruption from white collar or organised criminals (that have interests in such legal business structures)?
51. Why do criminal enterprises need to use corruption on administration and bureaucracy?
52. Why is bureaucracy vulnerable to corruption by organised crime?
53. Are there any particular measures against administrative corruption that specifically aimed at preventing the threat of organised crime?
54. Is there a particular case of administrative corruption by organised crime, with which you might be familiar? Could you describe it?
55. Grey economy questions: Is organised crime active in industries, with significant grey economy, like construction, entertainment (bars, restaurants), transport, agriculture? In which industries is it most active? Do such companies related to organised crime use corruption to cover up their grey economic activity (e.g. paying immigration authorities to employ illegal migrants; or police not to enforce regulations in night-clubs)?

### **F. Private sector corruption**

56. Are there industries which are particular targets of organised crime?
57. Which company positions/departments are particularly vulnerable?
58. Why does organised crime use corruption to target private companies?
59. Why are private sector positions vulnerable to corruption by organised corruption?
60. Do companies take specific anti-corruption measures related to vulnerable areas exploited by organised crime?
61. Is there a particular case of private sector corruption caused by organised crime, with which you might be familiar? Could you describe it?
62. Grey economy questions: Is organised crime active in industries, with significant grey economy, like construction, entertainment (bars, restaurants), transport, agriculture? In which industries is it most active? Do such companies related to organised crime use corruption to cover up their grey economic activity (e.g. paying immigration authorities to employ illegal migrants; or police not to enforce regulations in night-clubs)?

### **Conclusion**

63. How do you think the financial crisis has affected the levels of corruption? Some economists have argued that the share of the grey economy is bound to increase during the crisis – do you agree/disagree? Legal and illegal enterprises alike are facing fall in revenues. Has this put more corruption pressure on public/judicial officials?

64. Do you mind if your name and/or institution be anonymous shared with the EC, as someone who has contributed to the study by providing an interview? Your name will not be made public and will not be associated with a particular statement, if the report is made public.
65. Could you recommend anyone else that we should interview?