



Flash Eurobarometer 457

Briefing Note

Businesses' attitudes towards corruption in the EU

Fieldwork

October 2017

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Survey requested by the European Commission,
Directorate-General for Migration and Home Affairs
and co-ordinated by the Directorate-General for Communication

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Flash Eurobarometer 457 – TNS Political & Social

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(DG COMM "Media monitoring and analysis" Unit)

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INTRODUCTION

Corruption is a serious challenge for all societies. Corruption takes many forms, such as bribery, trading in influence, abuse of functions, but can also hide behind nepotism, conflicts of interest, or revolving doors between the public and the private sectors. It constitutes a threat to security, as a potential enabler for crime. It acts as a drag on economic growth, by creating business uncertainty, slowing processes, and imposing additional costs. Although the nature and scope of corruption may differ from one EU Member State to another, it harms the EU as a whole by lowering investment levels, hampering the fair operation of the Internal Market and reducing public finances.

In addition to allowing economic inefficiencies to flourish, corruption adversely affects government objectives ranging from improving income distribution, to better environmental protection. Most importantly, corruption undermines trust in governments, public institutions and democracy in general. The international community has also recognized the damaging effects of corruption on economic and social development in the 2030 Agenda for Sustainable Development and pledged to substantially reduce corruption and bribery in all their forms.¹

This Eurobarometer survey, first conducted in 2013², and repeated in 2015³, is designed to explore the level of corruption perceived and experienced by businesses employing one or more persons in the following six key sectors: energy, mining, oil and gas, chemicals; healthcare and pharmaceutical; engineering and electronics, motor vehicles; construction and building; telecommunications and information technologies; and financial services, banking and investment.

The survey covers a range of areas, including:

- The prevalence of a range of corrupt practices
- The management of public tender and public procurement processes
- The prevalence of various corrupt practices in public tender and public procurement processes
- Bribery among political parties and senior officials
- How corruption is managed and punished

This Flash Eurobarometer was carried out by TNS Political & Social in the 28 EU Member States between the 9th of October and the 30th of October 2017. All interviews were conducted using the TNS e-Call centre (our centralised CATI system). The sample of 7,746 businesses was selected from an international business database and, where necessary, from local sources in the countries concerned.

The methodology used is that of Eurobarometer surveys as carried out by the Directorate-General for Communication ("Media monitoring and analysis" Unit)⁴. A technical note on the manner in which interviews were conducted by the Institutes within the TNS Opinion & Social network is appended as an annex to this report. Also included are the interview methods and confidence intervals⁵.

¹ <https://sustainabledevelopment.un.org/post2015/transformingourworld>

² Flash Eurobarometer 374: http://ec.europa.eu/public_opinion/flash/fl_374_en.pdf

³ Flash Eurobarometer 428:

<https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/ResultDoc/download/DocumentKy/69434>

⁴ <http://ec.europa.eu/commfrontoffice/publicopinion>

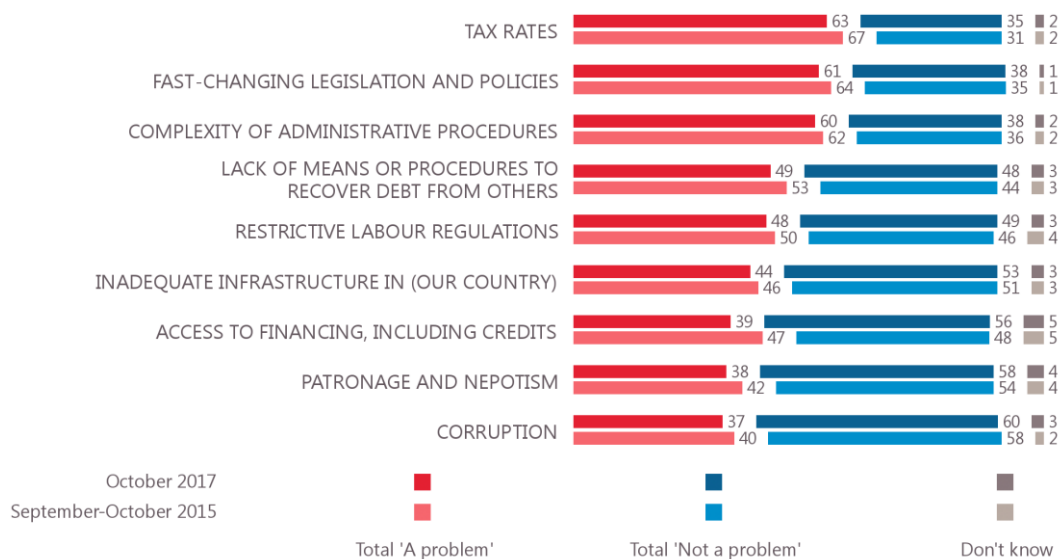
⁵ The results tables are included in the annex. It should be noted that the total of the percentages in the tables of this report may exceed 100% when the respondent was able to give several answers to the question.

I. PROBLEMS ENCOUNTERED WHEN DOING BUSINESS

- Nearly four out of ten companies consider corruption to be a problem when doing business, but it is not considered to be the main problem -

As in the previous Flash Eurobarometer of December 2015, the most frequently mentioned problem is tax rates (63%), while at least six in ten mention fast-changing legislation and policies (61%) or the complexity of administrative procedures (60%).

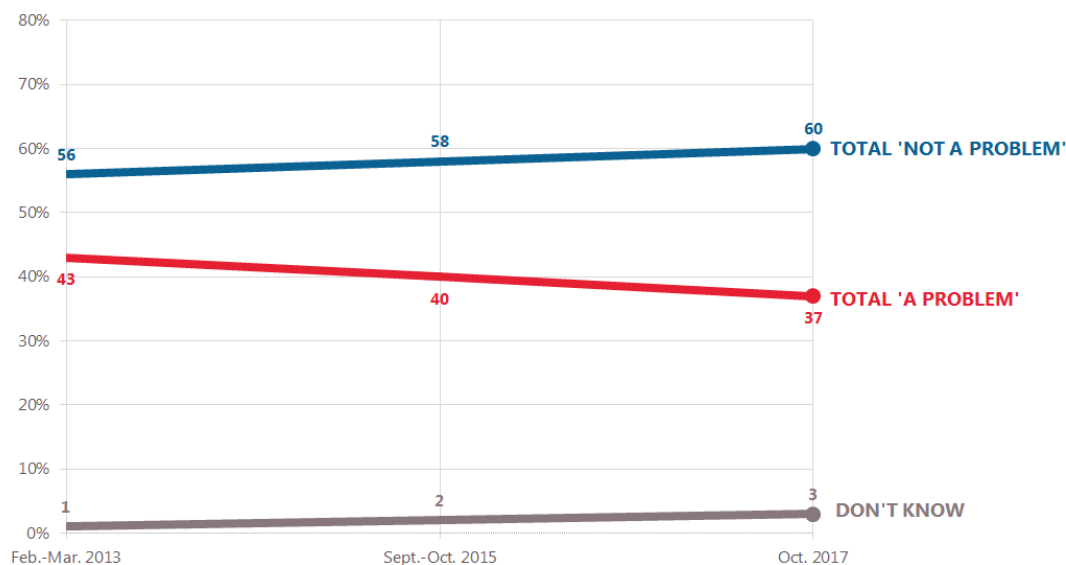
Q1 Do you consider the following to be a problem or not for your company when doing business in (OUR COUNTRY)?
(% - EU)



Base: all companies (n=7,746)

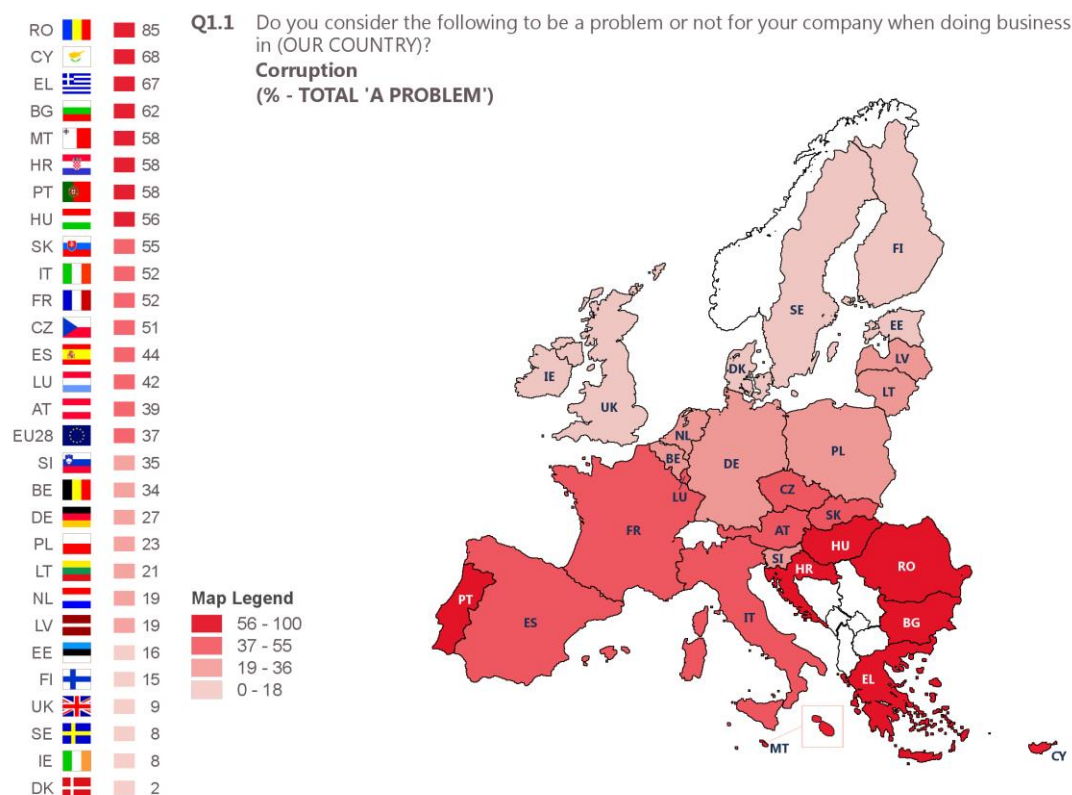
As before, corruption (37%) is the issue least likely to be considered a problem by European businesses. The proportion of companies that consider corruption to be a problem when doing business in their country decreased by 3 pp. since 2015 and 6 pp. since 2013 to now 37%.

Q1.1 Do you consider the following to be a problem or not for your company when doing business in (OUR COUNTRY)?
Corruption (% - EU)



Base: all companies (n=7,746)

Looking at **country results**, Romania (85%) shows a particularly high proportion of companies which see corruption as a problem for them when doing business compared to the EU average. Over two thirds of those surveyed in Cyprus (68%) and Greece (67%) give this response. In ten of the 28 EU Member States, less than a quarter of businesses see corruption as a problem that affects them. The figure is particularly low in Denmark (2%), and less than one in ten give this response in the United Kingdom (9%), Sweden (8%) and Ireland (8%).



Base: all companies (n=7,746)

In 20 EU Member States, companies are less likely to say that corruption is a problem than they were in 2013. The highest decreases are recorded in Slovenia (-22 pp) and in Czech Republic (-20 pp).

There is some noteworthy variation at the **sectoral level**. In most sectors, at least a third of businesses mention corruption as a problem, but in the financial services, banking and investment industry, less than three in ten (29%) give this response. Despite a decrease by 9 points since 2015, companies in the construction sectors remain the most likely to mention that corruption is a problem when doing business (40%). This has, however, decreased by nine points since 2015. A similar proportion of companies in the healthcare sector say corruption is a problem (39%). This has increased by ten points since on 2015.

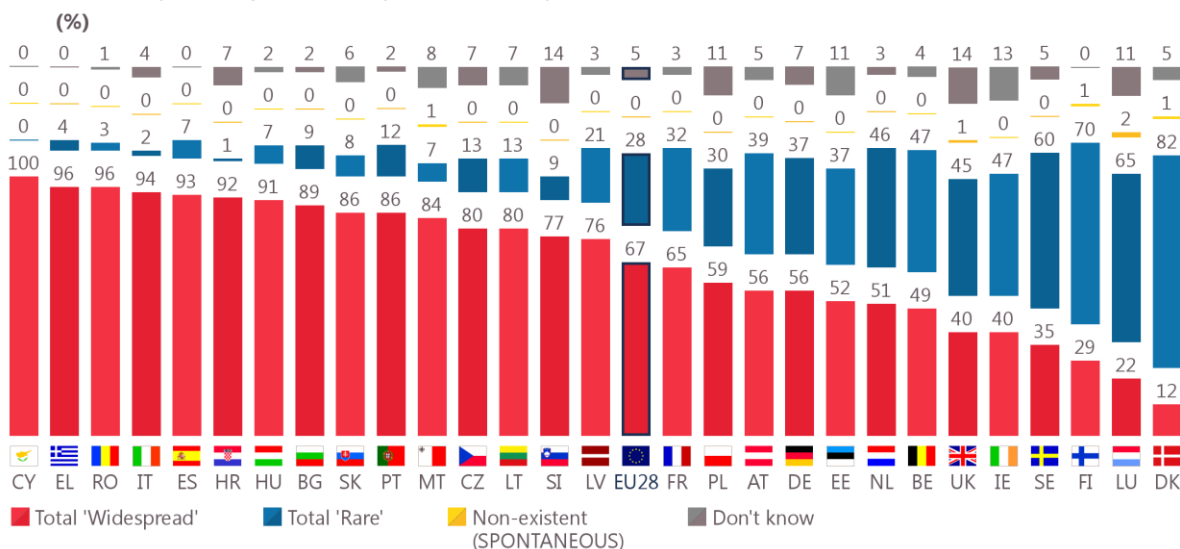
Corruption appears to be a problem mainly **for smaller companies**. 38% of companies with 1-9 employees say that corruption is a problem for them when doing business whereas 15% of companies with 250 or more employees say this.

II. BUSINESSES AND THE LEVEL OF CORRUPTION IN THEIR COUNTRY

- Just over two thirds of companies say corruption is widespread in their country -

Across the EU, 67% of companies say corruption is widespread in their country – a decline of four points since 2015 and of eight points since 2013. Companies in Cyprus (100%), Greece (96%), Romania (96%) and Italy (94%) are the most likely to say corruption is widespread in their country, while only just over one in ten (12%) of respondents in Denmark share this view. In 18 EU Member States, companies are now less or as likely to say that corruption is widespread than they were in 2013.

Q3 How widespread do you think the problem of corruption is in (OUR COUNTRY)?

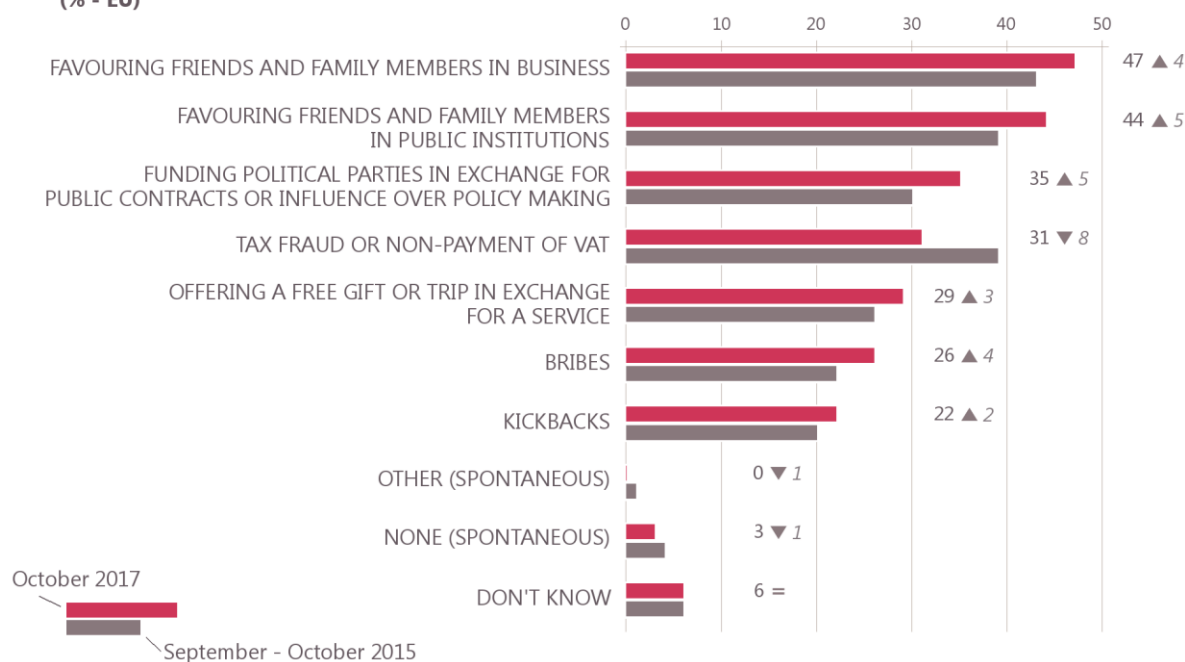


Base: all companies (n=7,746)

- Favouring family and friends in business is considered to be the most widespread corrupt practice -

Nearly half (47%) of companies say that favouring friends and family members in business is the most widespread corrupt practice in their country, while a similar proportion (44%) also say this about favouring friends and family members in public institutions. The proportion of respondents who think tax fraud (31%) is the most widespread has decreased significantly since 2015 (-8 pp).

Q6 Which of the following practices do you consider to be the most widespread in (OUR COUNTRY)? (MAX. 3 ANSWERS)
(% - EU)



Base: all companies (n=7,746)

The value threshold for money, gifts or services received by a public official to be considered a bribe remains low: 12% say any gift is a bribe, and over two thirds consider a gift of 100 euros to be a bribe. These figures have remained stable since 2015.

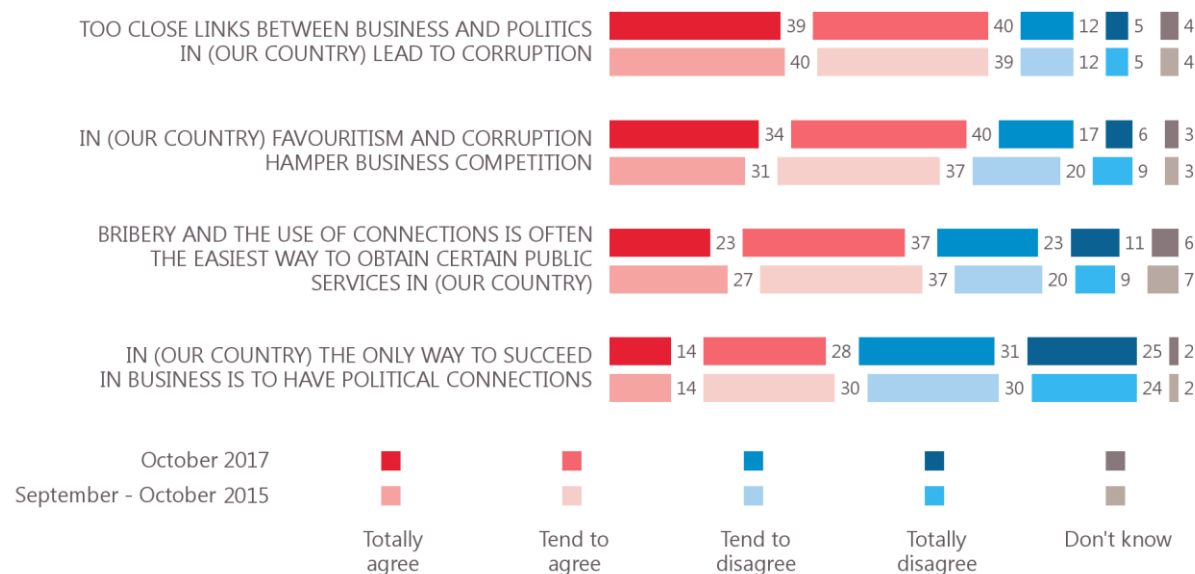
III. BUSINESSES' OPINIONS ABOUT PRACTICES LEADING TO CORRUPTION IN THEIR COUNTRY

- About three quarters of companies think that favouritism and corruption hamper business competition –

About three quarters (74%) of businesses agree that favouritism and corruption hamper business competition, a slight increase from 2015 (68%). Somewhat fewer companies (60%) agree that bribery and the use of connections is often the easiest way to obtain public services, with only less than a quarter (23%) totally agreeing with this statement.

As in the previous survey, less than half of the companies surveyed (42%) think that the only way to succeed in business is to have political connections. The majority (56%) disagrees, with a quarter (25%) of businesses totally disagreeing that this is the case.

Q7 Do you agree or disagree with the following statements?
(% - EU)



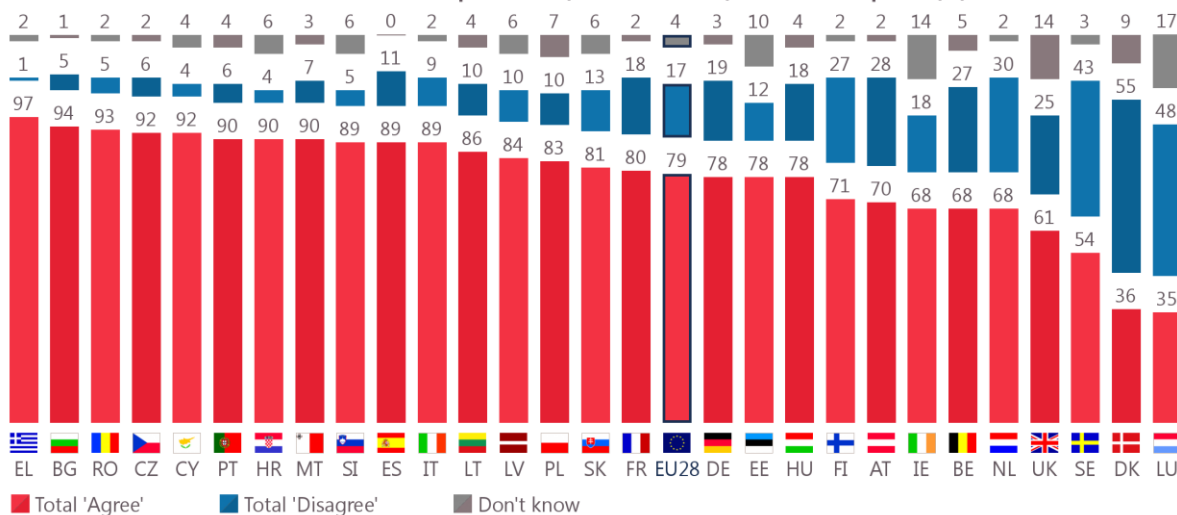
Base: all companies (n=7,746)

In almost all EU Member States, at least half of all companies agree **too close links between business and politics** lead to corruption. This view is held by almost all companies in Greece (97%), and over nine in ten of those polled in Bulgaria (94%), Romania (93%), Czech Republic and Cyprus (both 92%). In 19 EU Member States, over three quarters (75%) of companies agree with the statement.

There are two countries that stand out with a particularly lower-than-average proportion of companies that consider close links between business and politics to be connected with corruption. As in the previous survey, less than four in ten (36%) of those surveyed in Denmark hold this view, and over half (55%) of businesses disagree. The proportion of respondents who disagree is similarly low in Luxembourg (35%).

Q7.1 Do you agree or disagree with the following statements?

Too close links between business and politics in (OUR COUNTRY) lead to corruption (%)



Base: all companies (n=7,746)

Compared to 2015, companies in Malta (+13 pp), Czech Republic (+11 pp) and Belgium (+10 pp) are more likely to agree that too close links between business and politics lead to corruption. Companies in Ireland (-16 pp) and Luxembourg (-15 pp) are less likely to think this way.

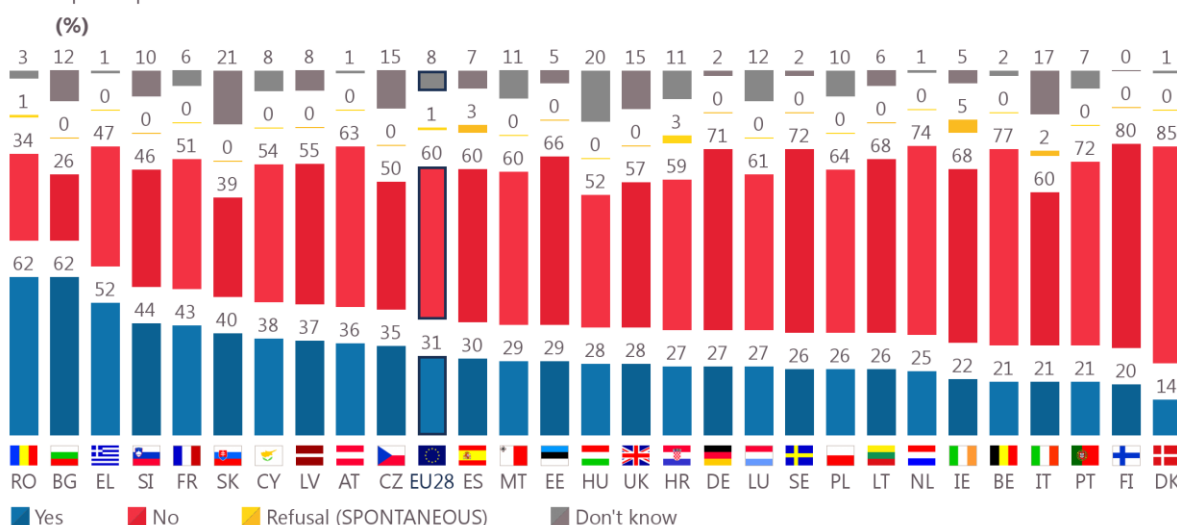
IV. BUSINESSES AND CORRUPTION IN PUBLIC TENDERS OR PUBLIC PROCUREMENT PROCEDURES

- About one third of companies say corruption prevented them from winning a public tender or procurement contract -

About third (32%) of companies have taken part in at least **one public tender or procurement procedure in the last three years**. Although the majority say corruption has not prevented them from winning a public tender or procurement contract (60%), about one third (31%) say that it has. Since 2015, the proportion of companies that say they were prevented from winning a public tender has decreased (31 %, - 3 pp).

There are significant differences at country level, but in most cases, only a minority of businesses say corruption prevented them from winning a public tender or public procurement contract. The exceptions are Romania (62%) and Bulgaria (62%), where over six in ten businesses give this answer, and Greece, where just over half (52%) do. At the other end of the scale, only just over one in ten (14%) of those surveyed in Denmark give this answer.

D8 In the last three years, do you think that corruption has prevented you or your company from winning a public tender or a public procurement contract?



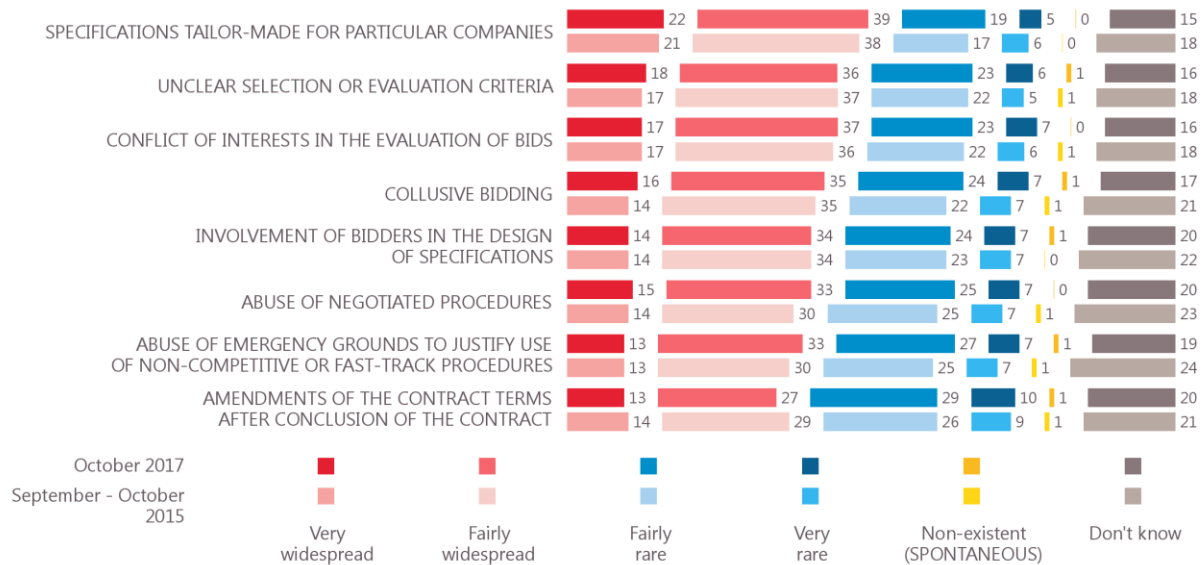
Base: companies that took part in public tender/procurement procedures (n=2,476)

Smaller companies are more likely to say that corruption prevented them from winning a public tender than the largest ones (33% vs 17%). The proportion of the largest companies that faced this issue, however, increased since 2015 (+8 pp) while it remained similar for smaller companies (-1 pp).

Companies in the healthcare sector are the most likely to say that corruption prevented them from winning a public tender (38%, +16 pp compared to 2015), whereas this is the case for less than 30% of companies in the engineering (27%) and energy sector (25%).

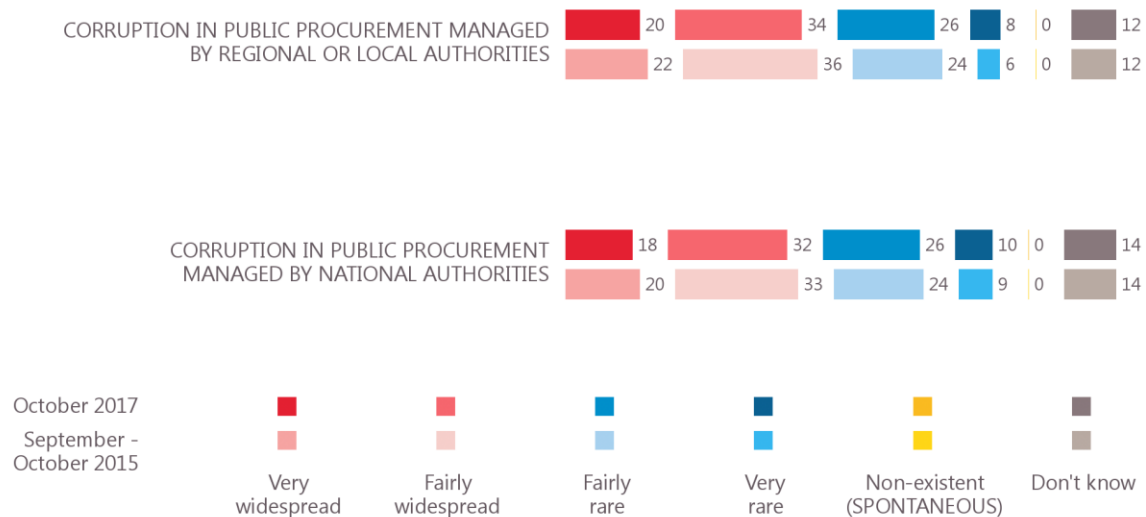
Over four in ten companies think that **a range of illegal practices are widespread in public procurement procedures**. As in 2015, companies are most likely to say that there is widespread use of tailor-made specifications for particular companies (61%), unclear selection or evaluation criteria (54%), or conflict of interests in the evaluation of bids (54%) in public procurement.

Q4 And how widespread do you think the following practices are in public procurement procedures in (OUR COUNTRY)?
(% - EU)



Around half of companies think corruption in public procurement managed by national or regional or local authorities is widespread.

Q5 And how widespread do you think the following practices are in (OUR COUNTRY)?
(% - EU)

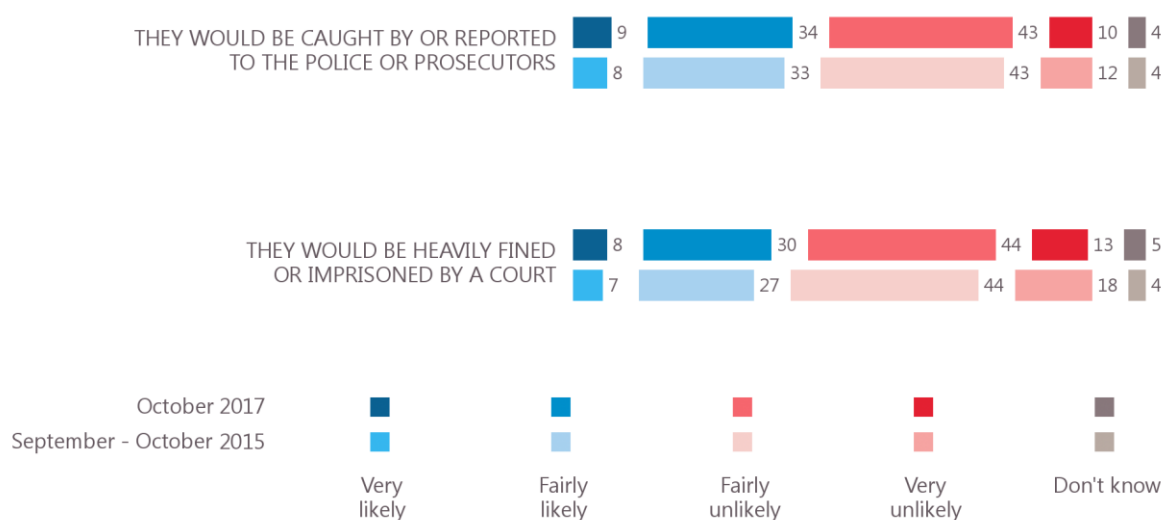


V. BUSINESSES' OPINIONS ABOUT HOW CORRUPTION IS TACKLED IN THEIR COUNTRY

- Companies are generally pessimistic about the way corruption is tackled in their country -

Just over half (53%) of all companies think it is unlikely that corrupt people or businesses in their country will be caught or reported to the police or prosecutors. A smaller proportion (38%) say that they would be heavily fined or imprisoned by a court

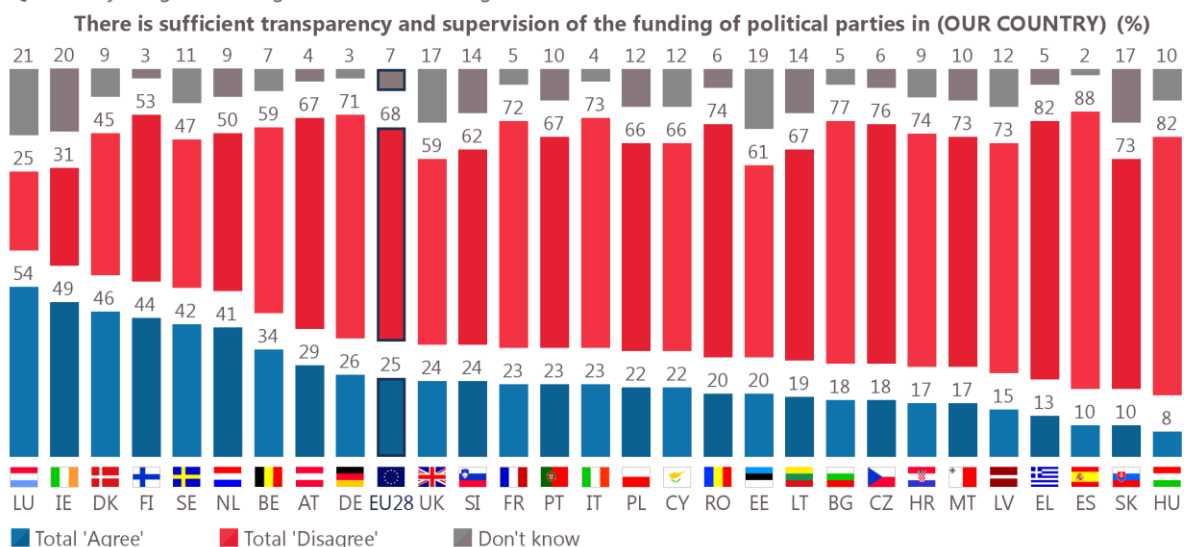
Q8 How likely do you think it is that the following would happen to people or businesses engaging in corrupt practices in (OUR COUNTRY)?
(% - EU)



Base: all companies (n=7,746)

Only a quarter of companies agree there is sufficient transparency and supervision of political party funding. In most sectors, the proportion of companies that agree with this statement does not deviate significantly from the EU average. The exception is the financial services sector, where just over three in ten (31%) agree that there is sufficient transparency and supervision of the funding of political parties.

There are significant differences at the country level. Luxembourg (54%) is the only country in which a majority of companies agree with this statement, but the proportion is also more than 20 percentage points higher than the average in Ireland (49%) and Denmark (46%). The distribution at the country level is highly skewed: in 19 EU Member States, the proportion of companies agreeing with this statement is less than the EU28 average of 25%. Hungary (8%), Slovakia (10%) and Spain (10%) have particularly low rates of agreement with this statement.

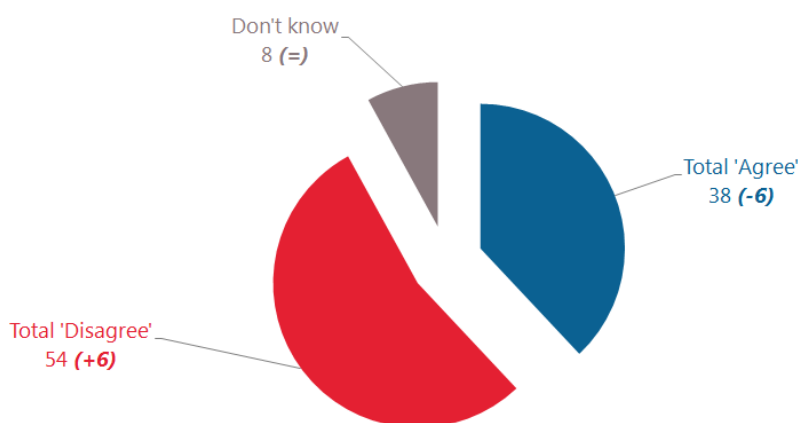
Q7.3 Do you agree or disagree with the following statements?

In most cases, the proportion of respondents who agree with this statement has not changed by a significant amount, but there are several exceptions. In the Netherlands (+15 pp) and Austria (+13 pp) a significantly higher proportion of companies agree that there is sufficient transparency and supervision of the funding of political parties, compared with the figures recorded in 2015. However, the United Kingdom (-12 pp) and Lithuania (-15 pp) have seen a significant decrease in the proportion of companies who agree with this statement.

Less than four in ten (38%) agree that **measures against corruption are applied impartially and without ulterior motives in their country**. This has decreased by six points since 2015 and by four points since 2013.

Q7.6 Do you agree or disagree with the following statements?

In (OUR COUNTRY) measures against corruption are applied impartially and without ulterior motives (% - EU)

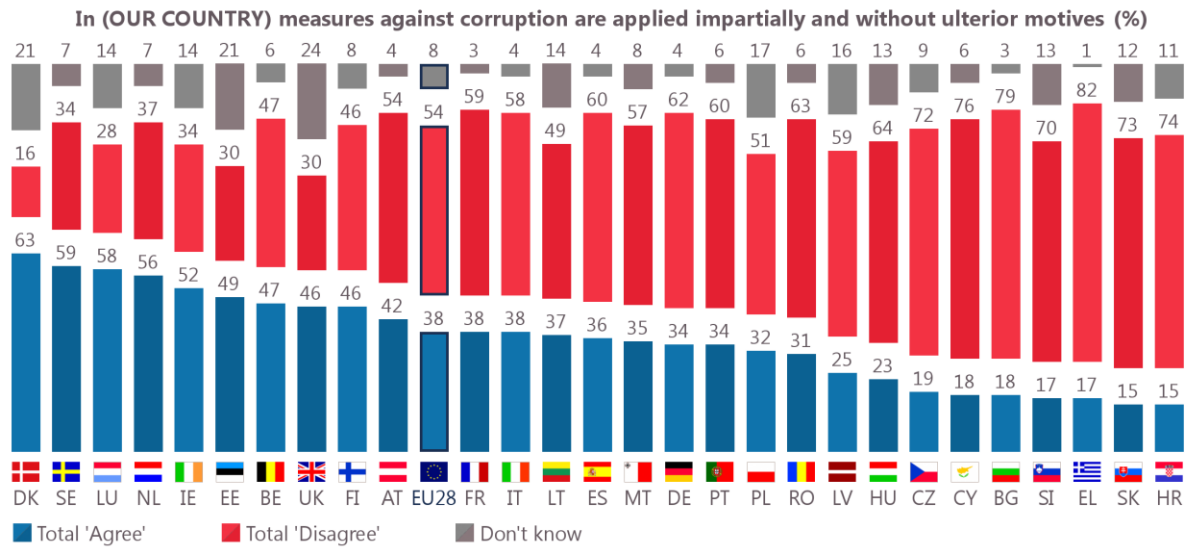


(Oct. 2017 - Sept.-Oct. 2015)

Base: all companies (n=7,746)

Again, there are substantial country-level differences on this question. In five EU Member States, a majority of companies agree that measures against corruption are impartially applied. These are Denmark (63%), Sweden (59%), Luxembourg (58%), the Netherlands (56%) and Ireland (52%). The proportion of companies that agree with this statement is particularly low in Slovakia (15%) and Croatia (15%).

Q7.6 Do you agree or disagree with the following statements?



Base: all companies (n=7,746)

In 21 cases, the proportion of companies who agree with the statement has fallen. Croatia (-24 pp), Slovakia (-18 pp), Romania (-18 pp), Finland (-17 pp), Portugal (-17 pp) and Malta (-16 pp) stand out in particular for significant decreases in the proportion of companies which express agreement.