



ICT, law & criminology

04

eCRIME RESEARCH REPORTS

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THE PRIVATE CORRUPTION BAROMETER (PCB)

DRAFTING AND PILOTING A MODEL
FOR A COMPARATIVE BUSINESS VICTIMIZATION SURVEY
ON PRIVATE CORRUPTION IN THE EU

Beneficiaries

eCrime, Department 'Faculty' of Law, University of Trento (Coordinator)
Center for the Study of Democracy (Co-beneficiary)
Universidad Rey Juan Carlos (Co-beneficiary)
Mafia? Nein Danke! (Co-beneficiary)



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No. 04

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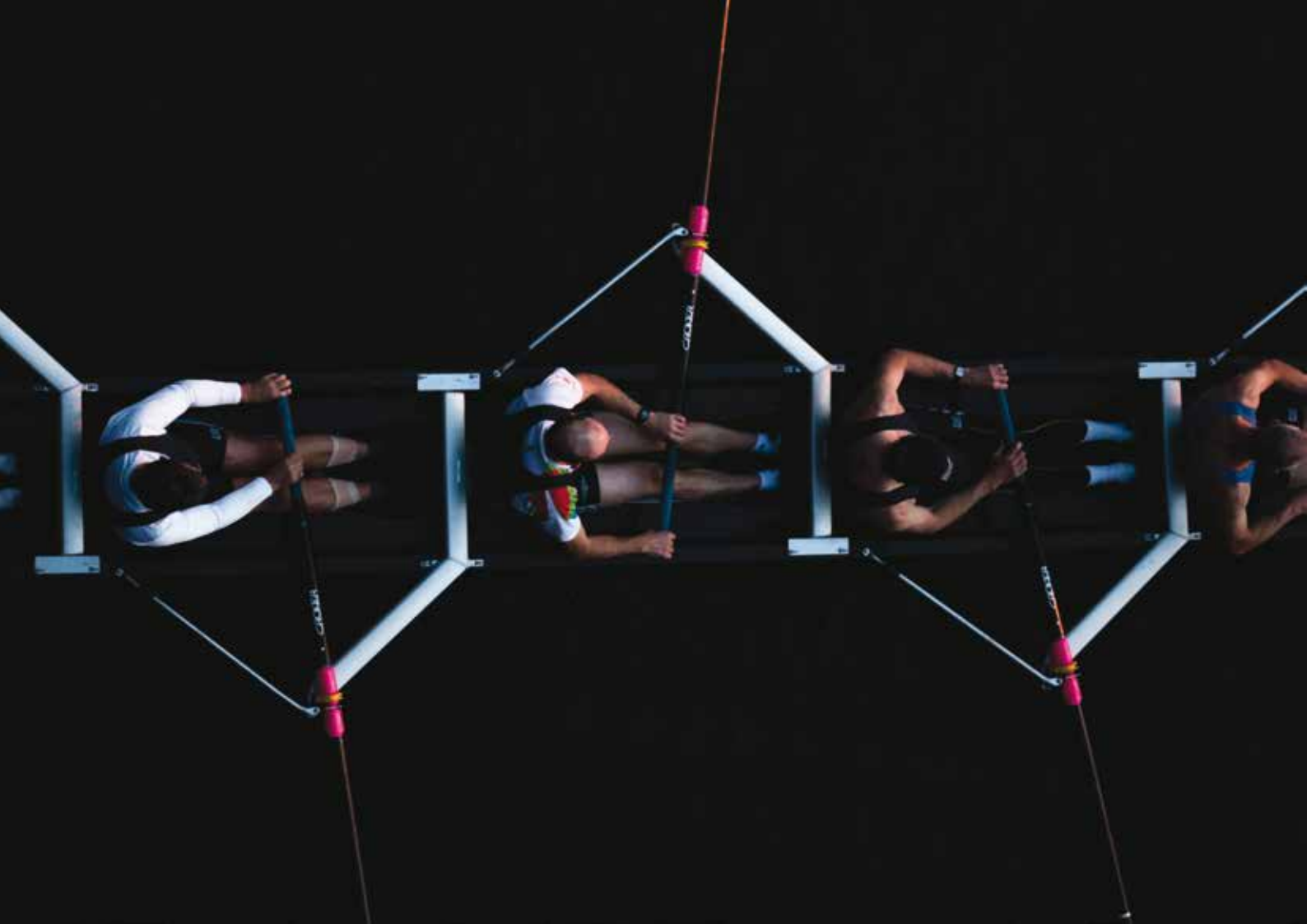
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The project was co-funded by the European Commission under the ISF Police Programme (2014) of the Directorate General for Migration and Home Affairs (project no. HOME\2014\ISFP\AG\EFCE\7222) and lasted 28 months: from January 2016 to April 2018.

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02

What is
private-to-private
corruption?

Private-to-private corruption has become an agenda-topping issue over the past twenty years because of the increasing role played by the private sector in providing public services and in controlling key sectors of the economy (Argandoña, 2003). Despite growing awareness of its extent and problematic nature, this phenomenon is still poorly defined and understood. Thus, corruption in the public sector has for long been considered a more serious problem than private-to-private corruption (Andvig et al. 2001), also due to a commonly-held belief that free market competition is a mechanism sufficient to prevent such inefficient company behaviours.¹

The threat posed by private-to-private corruption for economic development and Member States democracy has induced European institutions to create rules and mechanisms for its regulation (Heineman and Heimann, 2006:75-76). In this regard, the Council Framework Decision 2003/568/JHA of 22 July 2003 recommends that Member States adopt the necessary measures to ensure that the promise, offer or granting, directly or through an intermediary, in exchange for the breach of a duty, of an illegal advantage to a person carrying out managerial or working functions of any kind (and not only managerial ones) on behalf of an entity of the private sector becomes a criminal offence.

Private-to-private corruption is a phenomenon difficult to define due to its structural complexity and the particular environment in which it occurs. In this report, we use as our analytical basis Argandoña's definition (2005:252) of private-to-private corruption:

“Private-to-private corruption consists of giving, facilitating or receiving payments or effects, violating a formal or implicit rule to avoid a disadvantage (as reducing a cost) or to gain an advantage (as obtaining profits). It is done to the benefit of the person who pays or a third party, it can be individualised or systemic, based on coercion or collusion, centralised and organised or decentralised and unorganised and, it tends to be done in secret”.

Moreover, private-to-private corruption “may adopt a variety of forms such as bribery (when it is the person who pays who takes the initiative of the action); extortion or solicitation (when it is the person who receives the payment who takes the initiative); dubious commissions, gifts and favours; facilitation payments; nepotism and favouritism or an illegitimate use of trading of the information” (Argandoña, 2003: 255).²

The analysis of private-to-private corruption is a complex task, for three main reasons: (i) because every corrupt exchange is based on a hidden agreement which does not cause any countable victim (unless we adopt broader concepts such as “the State” or “the free market”) (Costantino, 2018; Della Porta and Vanucci, 2016); (ii) because private-to-private corruption is a phenomenon that in large part still needs to be regulated: hence, the standards introduced by the Council Framework Decision 2003/568/JHA (when adopted) have not resolved all of the problems connected to the effectiveness of the punishment of private-to-private corruption; (iii) because the sole regulations at national/international level are not sufficient to prevent and

¹ A first distinction between public and private-to-private corruption is related to the fact that in the private sector both parties represents private property and therefore any corrupt behaviour corresponds to a violation of private property rights. In public corruption at least one of the parties involved is entrusted with a public power. Thus, the public sector features fewer instruments to control its officials (who act as entrusted agents) compared with the private sector principals who can control their respective employees.

² Furthermore, private-to-private corruption can be carried out for or against the interest of the companies involved. Thus, a manager or employee who makes use of corruption in the performance of his/her duties towards the company may: i) obtain a benefit for himself/herself; ii) obtain a benefit both for himself/herself and the company; iii) obtain a benefit for the company. This involves a number of issues which have an impact on the development of efficient regulations at national and international level (ibid.).

sanction private-to-private corruption. Thus, companies need to devise *ad-hoc* policies to prevent and sanction private-to-private corruption, ensuring at the same time a substantial compliance by managers and employees.

Private-to-private corruption entails several costs for the country's economy and society in general. One broader cost concerns the inefficiency that private-to-private corruption generates for EU market mechanisms by distorting the allocation of resources (Argandoña, 2003). Hence, private-to-private corruption gives a competitive advantage to the company that makes use of bribes, gifts or favours against competitors in the usual course of business (Boles 2014).^{3 4} This affects the sustainable growth of companies, at the same time reducing their performances and competitive advantages (Luo, 2002).

Private-to-private corruption affects the productivity of companies, considering also the alleged costs associated with the implementation of new anticorruption measures (Transparency International, 2018). Furthermore, the money used to pay bribes may represent a considerable loss for the enterprise balance. One recent example is provided by the Siemens case, where bribing amounted to 3 per cent of total sales (Healy and Serafeim, 2016). In this sense, private-to-private corruption may also incorporate part of the public sector through a spill-over effect, causing further damage to the economy (Jenkins, 2007). Corrupt environments affect the degree of freedom of the market, reducing companies' performances and the quality of products and services provided to the consumer (Transparency International, 2018). Moreover, private-to-private corruption may harm the brand reputations of companies. Pricewaterhouse Cooper's Global Economic Crime and Fraud Survey of 2018 shows that, among the companies which reported that they had been victims of fraud in the last two years, 28 per cent had suffered from business misconduct, while 45 percent had experienced asset misappropriation (PricewaterhouseCoopers 2018).⁵

³ In particular, bribery causes substantial financial and reputational damage for enterprises, according to the Association of Certified Fraud Examiners (Gasiorowski-Denis 2017).

⁴ In economic terms, PTPC corresponds to a market distortion which hampers the correct functioning of domestic and international markets.

⁵ Moreover, according to the available data, the risks connected with private-to-private corruption are not perceived as prevalent by companies. Thus, according to the latest 2017 Flash Eurobarometer, nearly four out of ten companies consider corruption to be a problem when doing business, although it is not considered to be a major problem. Corruption is the least often mentioned (37 percent) problem connected with business and it has decreased by three percentage points since 2015 and by six points since 2013.

2.1 Why is it important to measure private-to-private corruption in the EU?

The harm caused by private-to-private corruption to companies and society is not matched by adequate knowledge of the phenomenon. Consequently, there is a lack of data on private-to-private corruption at both the perception and experience levels. Moreover, we do not know the extent which the anticorruption measures implemented by companies (when they exist) are effective in preventing private-to-private corruption, with obvious consequences for firms' integrity.

Despite the efforts made by EU institutions to highlight the emergency of the phenomenon, there is little systematic evidence on private-to-private corruption, especially if compared to studies on public sector corruption (Gopinath 2008). This lack is even more evident when reviewing the existing data on private-to-private corruption at EU level. Thus, corruption in the private sector still receives less attention than corruption in the public sector.

Large part of the available empirical evidence on corruption in the private sector concerns business when dealing with the public sector (e.g. Eurobarometer 374, "Businesses' Attitudes towards Corruption in the EU", EU Commission, Brussels, 2014 World Bank's Worldwide Governance Indices (WGI), the European Bank for Reconstruction and Development (EBRD), the Business Environment and Enterprise Performance Survey (BEEPS) and the Bribe Payers Index (BPI)). Moreover, the empirical research on private-to-private corruption has been conducted only recently and mainly on a national basis. One example in this regard is the study by Sööt et al. (2016), which provides evidence on how the perceived risk of private-to-private corruption relates to views on anticorruption measures by company managers, focusing on a comparative study of 500 managers in Estonia and Denmark. Transparency International's Bribe Payers Index 2011 analysed business relationships in 30 countries including their relations with other private firms. Business people were asked how often firms in each sector paid or received bribes from other private firms. The results showed that the perceived likelihood of this form of corruption across all the sectors analysed was almost as high as bribery of public officials, providing strong evidence that corruption is also a common practice within the business community (Transparency International, 2011).

Fighting private-to-private corruption needs reliable business-level data on the perception and experience

of the phenomenon. However, also according to the EU Anti-Corruption Report of 3 February 2014 (COM(2014) 38 final), there is a lack of indicators with which to measure corruption in the private sector that damages businesses, and to compare data on this topic across different countries in the EU. At the same time, private-to-private corruption is under-reported in official statistics, and some MS criminalize private-to-private corruption as part of a wider offence/category. This results in substantial difficulty in the devising of efficient regulations at national and international level. Thus, according to the report by the Commission to the European Parliament and the Council based on Article 9 of Council FD 2003/568/JHA of 22 July 2003 on combating corruption in the private sector (2011) the quality of transposition of Framework Decision 2003/568/JHA on combating corruption in the private sector is uneven amongst EU MS.

As a consequence of this lack of data, there is no real knowledge about the impact of private-to-private corruption on the EU market, and no consensus on how best to punish private-to-private corruption (Transparency International, 2014), because MS envisage different standards for evidence collection and punishment, creating a difficulty in the elaboration of a coherent framework for the incrimination of private-to-private corruption (Hess, 2009). Thus, criminal or civil offences such as abuse of trust, anti-competitive conducts or fraud are aimed at punishing specific types of conduct, but are often used to punish private-to-private corruption in countries in the absence of specific regulations on this matter (Argandoña 2003).

To understand the occurrence of private -to-private corruption among MS, and to design effective measures of prevention, both at legislative level (national and international) and company level (internal regulations), it is important to develop a standardized instrument with which to measure private-to-private corruption at European level, while at the same time comparing the results among the different MS. This would make it possible to pose the correct questions on the causes of corrupt behaviour in private-to-private transactions, while measuring its extent among MS.



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Project PCB

The project entitled “The Private Corruption Barometer - Drafting and piloting a model for a comparative business victimization survey on private corruption in the EU” (hereinafter referred to as “PCB”) was coordinated by eCrime, the research group on ICT, law and criminology of the Department “Faculty of Law” of the University of Trento, in partnership with the Center for the Study of Democracy (Bulgaria), Mafia? Nein, danke! (Germany) and Universidad Rey Juan Carlos (Spain). The project was co-funded by the European Commission under the ISF Police Programme (2014) of the Directorate General for Migration and Home Affairs (project no. HOME\2014\ISFP\AG\EFCE\7222) and lasted 28 months: from January 2016 to April 2018.

The Project contributed to the priorities of the Call by “analyzing and providing data and/or tools to fight corruption”, with a focus on “corruption in the private sector”, by developing the first tool to gather comparative information on private-to-private corruption. The development of a victimization survey on businesses makes it possible to go beyond the limits of official crime statistics, and to produce more reliable “indicators and statistics measuring corruption across Member States”.

The Project aimed at building the first business victimization module on corruption in the private sector that can be used to make comparisons across MS, thus promoting EU awareness, knowledge, knowledge-based interventions, and policies. This is even more important considering that: i) there is little information and research available on this type of crime; ii) private-to-private corruption is under-reported in official statistics, where criminalized; iii) private corruption has been inserted as an offence in some MS only in recent years (e.g. Spain in 2010; Italy in 2012); iv) some MS criminalize private-to-private corruption as part of a wider offence/wider category, as reported in the 2014 Update on Corruption Indicators of the Expert Group on Policy Needs for Data on Crime of the DG Home Affairs of the EU Commission; v) the quality of transposition

of Framework Decision 2003/568/JHA on combating corruption in the private sector is uneven amongst EU MS (Report from the Commission to the European Parliament and the Council based on Article 9 of Council FD 2003/568/JHA of 22 July 2003 on combating corruption in the private sector, 2011); vi) existing tools to measure corruption comparatively at the EU level do not focus on private-to-private corruption and on businesses.

Accordingly, the project developed and piloted – for the first time at the national and supranational level – a standardized business victimization survey module on private-to-private corruption at the national level within European (EU) Member States (MS). This sample survey module made it possible to measure comparatively objective (experiences) and subjective (perceptions) private corruption within businesses of MS, via the analysis of victimization experiences, perceptions, costs, and countermeasures.

In order to achieve this aim, the Project set itself the following specific objectives:

1. to develop an innovative and standardized module to measure private-to-private corruption: a) to be administered to a representative sample of businesses in a given MS; b) to be scalable and replicable in all MS;
2. to pilot the standardized business victimization survey module on private-to-private corruption on a representative sample of businesses in 4 EU MS (Bulgaria; Germany; Italy; Spain) and to analyse/compare the results.

3.1 Methodology

To achieve the above objectives, a twofold approach was adopted. It included the elaboration of a questionnaire to be administered to companies in the four Member States (Bulgaria; Germany; Italy; Spain) and the selection of a sampling strategy.

In this regard, a number of preliminary in-depth interviews were administered to key business actors (both employees and managers) in the four Member States involved in the project. These interviews were intended to identify concepts, vocabulary and meanings that the respondents employed when referring to private corruption. The interviews were conducted either face-to-face, by telephone or through Skype.⁶ Consideration of these issues was essential to define the most appropriate work strategy to apply while improving the reliability of the survey and its replicability among Member States.

Basing on the literature review and the preliminary interviews, the following issues emerged:

1. **Enterprises may perceive private-to-private corruption in different ways across the EU Member States.** Thus different definitions of private-to-private corruption and different degrees of censorship may influence the perception of the phenomenon.⁷ At the same time, private-to-private corruption may be perpetrated both for or against the interest of the companies involved: we do not know, however, if these situations are perceived in the same way by the companies and if there are differences among Member States. Moreover, some specific types of private-to-private corruption may be more frequent than others, with differences among Member States. Finally, the economic sector and the size of the companies may affect the perception of private-to-private corruption. Thus, big companies will naturally feature a larger number of transactions (so a higher risk of private-to-private corruption) compared to smaller companies;
2. **The direct/indirect experience of private-to-private corruption may vary across the EU Member States.** Different definitions of private-to-private corruption and different degrees of censorship may influence the number of cases reported to

the company/authorities. Thus, a similar conduct may be sanctioned as private-to-private corruption offence in some countries (while in others not) or be encompassed under a different definition. Finally, structural factors such as companies' economic sector of reference or their size may affect the experience of PTPC, for two main reasons: first, because bigger companies usually feature a larger number of transactions (see bullet 1) at risk of private-to-private corruption; second, because some economic sectors may be more vulnerable than others to private-to-private corruption.

3. **The anticorruption measures implemented by companies may be subject to differences across the EU Member States.** There is a lack of knowledge on the prevalence of anticorruption measures among the private companies of the EU. At the same time, we do not know if these measures are effective in preventing/sanctioning private-to-private corruption. Also in this case, the size and sector of the companies may be associated with the presence of anticorruption measures such as codes of conduct or more sophisticated systems of control and sanction. At the same time, the presence/absence of effective anticorruption measures may influence the number of cases of private-to-private corruption or the perception of it among the company employees. Finally, there is limited knowledge on similarities/differences in the adoption of anticorruption measures among EU Member States' companies.

The issues that emerged from the preliminary research match a substantial lack of knowledge on the prevalence of private-to-private corruption practices among Member States and, more specifically, of indicators to measure the phenomenon. To bridge this gap, a questionnaire to measure private-to-private corruption within Member States was developed (see Annex E).

⁶ The interviews were semi-structured, although they included an open-ended question so that respondents had more freedom to speak about the topics.

⁷ In the case of Spain, for example, private-to-private corruption involves the sole use of bribes. Moreover, bribery is punished only when it harms the interest of the company.

3.2 The questionnaire

The first step in drafting the questionnaire involved identification of the most reliable indicators of private-to-private corruption. For this purpose, a systemic review of the literature on private-to-private corruption was carried out. At the same time, the evidence yielded by the preliminary in-depth interviews provided indications on behaviours which, although pertaining to different criminal offences (e.g. fraud by an employee responsible for inventory management who makes false account entries and instead of storing the goods, resells them) may be encompassed under the broader concept of private-to-private corruption. Basing on the literature review and the preliminary interviews, it is possible to divide the concept of private-to-private corruption into 3 macro-areas:

i) Perception of private-to-private corruption; ii) Experience of private-to-private corruption; iii) Anticorruption measures. The questionnaire was composed of 36 questions, designed on the basis of the following indicators:

1. Data on the companies

- a. Sector of activity
- b. Number of employees
- c. Position within the company
- d. Years of experience
- e. Activities carried out (by the respondent)

2. Perception of private-to-private corruption

- a. General perception of private-to-private corruption
- b. Perception of private-to-private corruption in the market of reference;
- c. Perception of private-to-private corruption: a deal which benefits the interest of the company;
- d. Perception of private-to-private corruption: a deal which damages the interest of the company;
- e. Perception of private-to-private corruption: internal stakeholders
- f. Perception of private-to-private corruption: external stakeholders
- g. Perception of private-to-private corruption: activities of the company
- h. Clientelism
- i. Familism
- j. Favoritism
- k. Conflict of interest

- l. Regulations as a trigger of private-to-private corruption

- m. Types of private-to-private corruption

3. Experience of private-to-private corruption

- a. Direct experience of private-to-private corruption
- b. Indirect experience of private-to-private corruption
- c. Political corruption
- d. Types of private-to-private corruption

4. Anti-corruption measures

- a. Presence/absence of anticorruption measures within the company
 - i. Code of conduct
 - ii. Anti-corruption training programme
 - iii. Protection of whistleblowers
- b. Effectiveness of anticorruption measures
 - i. Code of conduct
 - ii. Anti-corruption training programme
 - iii. Protection of whistleblowers
 - iv. Reduction of the employees' degree of discretion
 - v. Development of an internal control system
 - vi. Punishing wrongdoers by terminating employment contracts
 - vii. Punishing wrongdoers by decreasing salary, demotion etc.
 - viii. General ethics training to all employees
 - ix. Declaration of (financial) interests
 - x. Control of access (intermediaries, suppliers)
 - xi. Standard system of monitoring and evaluation of the activities

To ensure the respondents' privacy, the questionnaire was designed to guarantee the anonymity of the respondent. To ensure the maximum level of comparability of the results, the questionnaire featured multiple-choice/scaled answers (e.g. "Very often"; "Often"; "Rarely"; "Never"). To provide the reader with the necessary information on the questionnaire and the PCB project, the questionnaire was introduced by a FAQ section that answered the following questions: i) Who made this questionnaire?; ii) What is the goal of the questionnaire?; iii) What topics are covered by the questionnaire? iv) Why has my company been

chosen?; v) Who should fill in the questionnaire? vi) How much time will it take to answer the questionnaire? vii) Can I answer the questionnaire at different times? Finally, a guide including the definition of complex concepts such as “private-to-private corruption” or “conflict of interest” was provided.

3.3 The sampling strategy

Researchers piloted the survey to test its performance in the selected countries. The pilot included the administration of the questionnaire to a representative sample of companies in the four Member States (Bulgaria, Germany, Italy, Spain). In order to ensure the largest coverage of the pilot, and the best reliability of the evidence collected for the further fine-tuning of the PCB, a sample of 2,000 companies for each of the Member States involved (with a total of around 8,000 companies) was selected. In particular, the samples were selected from the population of enterprises from the City of Sofia (Bulgaria), the Region of Berlin (Germany), the Autonomous Province of Trento (Italy) and the Region of Madrid (Spain).

This sample covered part of the economic activities defined according to the NACE (Statistical Classification of Economic Activities in the European Community) classification: i) industry; ii) services; iii) trade (retail/wholesale); iv) hotel/restaurants. The sample includes most of the economic sectors, with the sole exception of public services and the primary sector, which is usually analysed independently. The sample was stratified by:

1. *enterprise sector*: services, industry, trade (wholesale/detail), hotels-restaurants;
2. *size*: 0-9; 10-49; 50 or more employees.

3.4 The administration of the questionnaire

The questionnaire was translated into the four languages of the Member States involved in the project (i.e. Bulgarian, German, Italian, Spanish) in order to facilitate its administration in different countries. The strategy adopted for the administration of the questionnaire was CAWI (Computer Assisted Web Interview) to enable rapid collection of the responses and the further comparison of the results. At the same time, also considering the usual short time available by the employees, CAWI would allow rapid completion by the respondents of the questionnaire. The sampled companies were invited to participate via e-mail and provided with a link to the web platforms where the question-

naire was hosted. The invitation was sent via e-mail to the sampled companies, together with an overview of the project and a detailed data protection statement.

The questionnaire was administered in the 4 EU Member States involved in the project in the period October 2017 – February 2018. In particular, in Bulgaria from July to August 2017, in Italy from October to December 2017, in Germany from November 2017 to February 2018, and in Spain from January to February 2018.

The questionnaire was administered as follows: in a first step, the sampled enterprises were contacted via e-mail and invited to compile the online questionnaire. A second step included phone calls to companies, sending of post letters, face-to-face interviews, to increase the response rate (generally low in corruption surveys). The final number of respondents in each country was 164 (Bulgaria); 271 (Italy); 48 (Germany); 287 (Spain). The next section will describe in detail the implementation the PCB survey in each of these countries and the results of the pilot.



हज़ार रुपये

एक को
हज़ार रुपये
रुपये का
दस्ता है।

I PROMISE TO
PAY THE BEARER
THE SUM OF ONE
THOUSAND RUPEES

राजत
गवर्नर

Raghuram G. Rajan
GOVERNOR



MK 16215601

Secretary of the Treasury.

EURO
ΕΥΡΩ
EBPO

銀行

圓

1000



50



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DD880572

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100



ONE HUNDRED

UNITED STATES OF AMERICA

100

THIS IS LEGAL TENDER

ONE HUNDRED DOLLARS



Monnaie

10



04

PCB:
pilot implementation

This section provides a comparative overview of the PCB pilot results in Bulgaria, Germany, Italy, and Spain both at methodological and data level. The first part describes the implementation of the survey for each of the 4 MS, presenting the sampling strategy used, the distribution of total companies and the distribution of units of the selected sample (according to sector of activity and size). Moreover, it describes the problems encountered in the pilot and the mitigation strategies adopted.

The second part of this chapter provides a comparative overview of the results obtained by the PCB pilot in each MS. The complete results are set out in Annex A,B,C, and D.

4.1 The PCB standardized business victimization survey module

4.1.1 Bulgaria

The survey was administered on a population of firms in the City of Sofia from July to August 2017. The sampling technique used was stratified sampling, which divided the population into non-overlapping groups (called 'strata') based on different characteristics. The online survey, hosted by the *Vitosha Research Lime-survey* server, was sent to the sampled companies

along with an invitation to fill in the survey including a description of the objectives of the survey, privacy and contact details.

A multivariate stratification was performed by using two stratification criteria, i.e. the number of employees (divided into three groups: 0 to 9; 10 to 49; 50 and more) and the sectors of activity (industry; services; trade; hotels and restaurants) of the companies. The survey methodology included selecting the specific person to answer the survey questions for each respondent company.

The main sample consisted of 2,014 companies. The population of this sample comprised all the companies registered in Sofia in the sectors of industry, services, hotels and restaurants and trade. The structure of the population and the sample are presented in Table 1.

Due to an initial low number of responses, the data collection method used (CAWI) required the sending of invitation post letters to the sampled companies in order to increase the number of responses. This method, however, did not achieve the desired results and was then replaced by phone calls to encourage participation. Companies that agreed to participate in the survey were offered two possibilities: to be interviewed by telephone or to schedule a face-to-face interview. Due to low return rates, the selection of companies to be included in the call-back procedure was again randomised.

Table 1 – Distribution of total companies in the City of Sofia (according to sector of activity and size)

Sector	Industry	Services	Trade	Hotels\Restaurants	Total
0-9	13,552	45,196	37,305	5,685	101,738
10-49	2,245	2,775	2,783	981	8,784
50 or more	665	699	464	159	1,987
Total	16,462	48,670	40,552	6,825	112,509

Source: elaboration by eCrime – project PCB

Table 2 - Distribution of units of the selected sample in the City of Sofia (according to sector of activity and size)

Sector	Industry	Services	Trade	Hotels\Restaurants	Total
0-9	241	804	664	102	1,811
10-49	40	50	13	10	158
50 or more	12	13	10	10	45
Total	293	867	724	130	2,014

Source: elaboration by eCrime – project PCB

The achieved results show a fairly close match between the structures of the main sample and the realized sample (see Figures 4.1 and 4.2). This is due to the random selection of companies in the secondary sample (companies that had been contacted a second time). However, large part of the results were collected by administering the questionnaire by means of telephone and face-to-face interviews. Thus, the low response rate of the online survey (less than 1 percent) shows that this method is not the most suitable for company surveys in Bulgaria. The number of respondents (186) shows that, while fairly well representing the company population of Sofia (in the sampled sectors) its relatively small size does not allow for very detailed breakdowns of surveyed cases by multiple variables; small sample size also means that stochastic error is relatively large, and conclusions based on the data should be considered carefully.

4.1.2 Germany

The survey was administered on a population of firms in the Region of Berlin from November 2017 to February 2018. The sampling technique used was stratified sampling, which divided the population into non-overlapping groups (called 'strata') based on different characteristics. The questions were uploaded to the online survey portal SoSci Survey, a German system designed specifically for scientific surveys. Companies were categorised into three groups following the number of

employees (0-9; 10-49; 50 and more). The selected sectors were Industry, Trade, Services and Hotels/Restaurants. According to this categorisation, the population of the companies registered in the Region of Berlin is shown in Table 3.

The representative sample, consisting of 2,024 companies in order to allow comparisons between countries, was selected as shown in Table 4.

The invitation to the survey was sent via e-mail to the selected companies, together with an overview of the project and a detailed data protection statement. However, the sole mail invitation was not sufficient to obtain a satisfactory number of responses. For this reason, the companies were contacted by phone, in order to stress the scientific nature of the project and to increase the respondents' trust. Nevertheless, the response rate remained rather low. In order to increase the responses, the companies – especially the ones with more than 50 employees – were invited to schedule a face-to-face interview, or to be interviewed by telephone. This invitation was declined by all the companies contacted, for lack of time or interest.

Another strategy taken into consideration while trying to improve the response rate was comparison between the results collected by native speakers and non-native speakers when contacting the companies by phone. This aspect did not seem to have an impact on the reaction of the respondents.

Table 3 - Distribution of total companies in the Region of Berlin (according to sector of activity and size)

Sector	Industry	Services	Trade	Hotels\Restaurants	Total
0-9	17,759	23,245	95,011	10,552	146,567
10-49	2,058	1,574	4,875	1,030	9,537
50 or more	406	296	1,321	172	2,195
TOTAL	20,223	25,115	101,207	11,754	158,299

Source: elaboration by eCrime – project PCB

Table 4 - Distribution of units of the selected sample in the Region of Berlin (according to sector of activity and size)

Sector	Industry	Services	Trade	Hotels\Restaurants	Total
0-9	225	294	1,201	134	1,854
10-49	27	20	62	14	123
50 or more	10	10	17	10	47
Total	262	324	1,280	158	2,024

Source: elaboration by eCrime – project PCB

Implementation of the survey in Germany encountered a number of difficulties linked to various factors, both cultural and practical. The first barrier was access to the companies' data. Due to the German data protection laws, it was impossible to acquire the necessary contact information directly from a public institution. The request was forwarded to different public agencies but the only option available remained the acquisition of the companies' contacts through a private firm. This might have generated a slight bias, as the database from which the data were extracted was that of the private firm, and not the more complete and updated one of the official companies' register. This issue was anyway mitigated by the sampling technique, which was the same in the four countries and which allowed the extraction of a representative sample.

The main problem encountered during the implementation of the project in Germany was the very low response rate. The companies were first contacted via an e-mail providing the link to the anonymous survey, the presentation of the project and the privacy statement. They were then sent a second e-mail with a new invitation to reply to the survey and some extra background information, emphasizing the academic purpose of the research. The results collected were still low, and remained low also after a third round of reminder e-mails. For this reason, it was decided to proceed with telephone contacts. All the companies were called by phone and most of them were reached, but only few accepted to receive a new e-mail with the link to the online survey.⁸ Considering all these reasons, it is possible to imagine that the main bias in the data collected is that the small amount of companies that decided to fill in the information represented a part of the population already more sensitive to the issue and more willing to talk about it. Moreover,

the companies that agreed to take part in the survey were not representative of the whole sample. For example, companies with more than 50 employees and companies in the industrial sector almost did not participate. Since the topic is particularly delicate and requires a lot of confidence, especially in a country like Germany where privacy plays an essential role in the development of the economy, probably more effective would have been the involvement of some bigger and recognised local institutions for presenting the survey. To mitigate this problem, the project was always presented as a European research project, developed by a cooperation of universities and civil society organisations, presenting therefore also the other project partners.

Finally, the length of the survey might have been too time-consuming for the respondents, especially when applied to companies with fewer than 10 employees. An indication of this is the fact that only one out of four respondents who accessed the online survey answered all the 36 questions.

4.1.3 Italy

The survey was administered on a population of firms in the Province of Trento from October to December 2017. The sampling technique used was stratified sampling, which divided the population into non-overlapping groups (called 'strata'), and based on different characteristics. In this case, a multivariate stratification was performed by using two stratification criteria, i.e. the number of employees (divided into three groups: 0 to 9; 10 to 49; 50 and more) and the sector of activity (divided into four groups: industry; services; trade; hotels and restaurants) of the companies. The distribution of units among the twelve resulting strata is shown in table 5.

⁸ The percentage of the companies that agreed to receive the e-mail again and demonstrated some interest in the project lies under 27%. More than 70% of the companies that answered did not want to be contacted via e-mail.

Table 5 - Distribution of total companies in the Province of Trento (according to firms' sector of activity and size)

Sector	Industry	Services	Trade	Hotels\Restaurants	Total
0 to 9	8,933	15,109	7,924	4,215	36,181
10 to 49	768	364	335	343	1810
50 or more	124	100	42	6	272
Total	9,825	15,573	8,301	4,564	38,263

Source: elaboration by eCrime – project PCB

From the population described in Table 5, a representative sample of 2026 firms was selected. The sample size was determined by both statistical and non-statistical considerations. Given that a sampling error cannot be determined in advance, it was not possible to determine an optimal sample size. This situation occurs when data about the phenomenon under investigation are not available, as in this study, which represents a first quantitative analysis of private corruption. For these reasons, the sample size was set to 2,026 units.

The designed sample was selected with proportional allocation within strata. The minimum size for each stratum was $n_h = 10$ and the maximum size was $n_h = N_h$. This means that when the stratum size was less than 10 units, the allocation was forced to $n_h = 10$; otherwise, when $n_h = 10$ the stratum was census. The inclusion probability for stratum h was $\pi_h = \frac{n_h}{N_h}$.

For each stratum, units were selected by means of simple random sampling, respecting the principle of randomization and consequently ensuring the representativeness of the selected sample. The table 6 shows the sample composition.

Data were gathered in a first step by means of computer-assisted web interviews (CAWI) and, in a second step, by means of computer-assisted telephone interviews, to ensure a higher response rate. This was due to an initial low number of responses, which required two rounds

of phone calls in order to encourage participation in the survey by overcoming an initial scepticism of the respondents, typical of surveys on corruption. However, as happens in all the surveys, partial and total non-responses occur. Due to the composition of the survey and to the nature of the survey, only total non-responses, understood as refusals to participate in the survey. The response rate for Province of Trento amounted to 14.75 percent, which is a value in line with the findings of similar surveys on firms and reasonable for sensitive phenomena like corruption.

4.1.4 Spain

The research was conducted by using a survey on the population of companies in the Region of Madrid from January to February 2018.

The sampling technique used was stratified sampling, which divided the population into non-overlapping groups (called 'strata'), and based on different characteristics. The data recovery method consisted in computer-assisted telephone interviewing (CATI) through a structured and pre-coded survey, with a random selection of the interviewees. The interviews were performed by the telephone field-interviewer team of Metroscopia. The processing of the data was fully conducted in Metroscopia through the TESI Barbwin system. In order to ensure the maximum number of responses while completing the stratification of the sectors provided in

Table 6 - Distribution of units of the selected sample in the Province of Trento (according to firms' sector of activity and size)

Sector	Industry	Services	Trade	Hotels\Restaurants	Total
0 to 9	467	790	415	221	1,893
10 to 49	41	20	18	18	97
50 or more	10	10	10	6	36
Total	518	820	443	245	2,026

Source: elaboration by eCrime – project PCB

Table 7 - Distribution of total companies in the Region of Madrid (according to firms' sector of activity and size)

Sector	Industry	Construction	Trade	Hotels/ Restaurants	Services	Total
10 - 49	2,298	2,237	3,261	1,631	10,355	19,782
50 or more	613	313	814	291	3,668	5,699
Total	2,911	2,550	4,075	1,922	14,023	25,481

Source: elaboration by eCrime – project PCB

the original methodology, it was decided to rely on the collaboration of the well-known Spanish enterprise of opinion studies Metroscopia to perform the telephone field work. This decision was due to the difficulty and complexity of the research topics and previous experiences of other research groups that had encountered a significant number of refusals to respond to surveys on corruption.

The research was conducted by means of quantitative methodology, in particular through telephone interviews administered to a stratified and representative sample of companies with 10 or more employees. Table 7 shows the distribution of total companies in the Region of Madrid.

The sample of the research was set for 300 interviews, distributed among each of the five activity sectors with the aim of grasping with reasonable reliability the possible differences and perspectives prevailing in each of them. For the joint analysis of all the data obtained, the research process restored to each interviewed business sector its real proportional significance over the total of the Spanish business community in order to avoid possible over or infra-representation of their opinions on the total.

In regard to the sampling error, it should be stressed that for a statistical confidence level of 95% (the

one typically adopted) and assuming the principles of simple random sampling, in the most unfavorable hypothesis of maximum indeterminacy ($p=q=50\%$) it is ± 4.1 points.

The survey dynamic did not present important difficulties and no doubt signals were registered for the understanding of the answers statements. The average duration of the interviews (16.71 minutes), which was one of the main obstacles at the moment of obtaining the collaboration of professionals with senior positions at the companies, due to the existing difficulties of getting enough free time, does not seem to have overly contributed to increasing the reject rate. In this sense, once the respondents agreed to collaborate in the research, it was normally concluded without difficulties. In fact, the study reject rate reached 10.7 percent, below the usual interval of negative answers (between 12 and 15 percent for studies on companies).

From the experience of Metroscopia on this kind of research, the lack of updated telephone numbers in the companies' registers (the economic crisis has caused changes in Spanish companies' structure, cessation of business, changes of activity and size, etc. that have not yet been registered), makes necessary the incorporation of a bigger number of contacts to achieve the collaboration of Spanish companies in this kind of research project.

Table 8 - Distribution of units of the obtained sample in the Region of Madrid (according to firms' sector of activity and size)

Sector	Industry	Construction	Trade	Hotels/ Restaurants	Services	Total
10 - 49	28	34	46	28	67	203
50 or more	8	5	11	5	55	84
Total	36	39	57	33	122	287

Source: elaboration by eCrime – project PCB

4.2 The PCB results

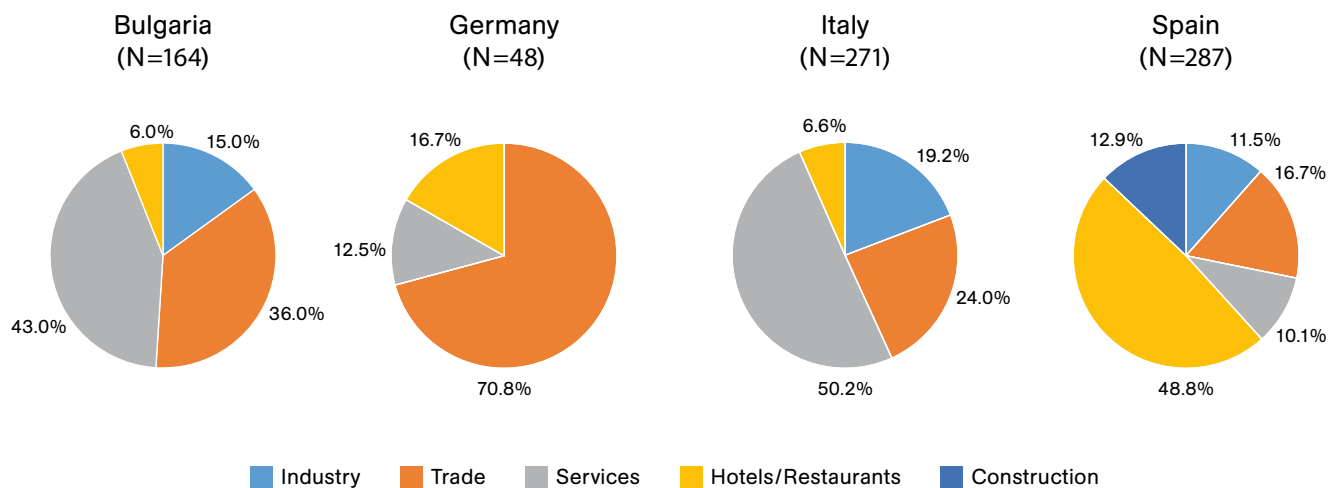
The detailed results for each country are included in the Annex A,B,C, and D. Before going further, a premise is necessary: the results provided in this report refer to the test of an instrument. In this sense, they indicate a trend but at the same time must be taken with caution as they do not represent a general result valid for the whole population of companies. The survey explored the following areas: i) data on the companies interviewed; ii) perception of private-to-private corruption; iii) incidence of private-to-private corruption; iv) anti-corruption measures.

4.2.1 Data on the companies interviewed

This section shows the data on the respondent companies in each of the Member States included in the PCB pilot. In particular, this section shows the percentage of respondents according to the enterprise sector (Figure 4.1) and the size of the enterprise (Figure 4.2).

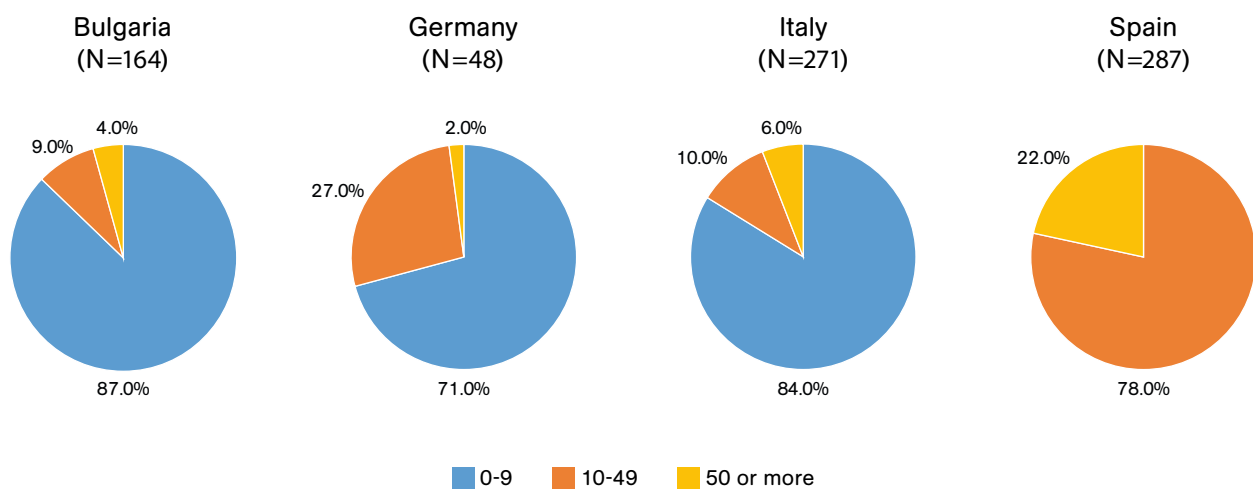
Figure 4.1 shows the percentage of respondents for each country according to the sector of business. All sectors have been covered by the sample, although with some differences across countries. Thus Bulgaria shows a larger proportion of respondents from the

Figure 4.1 – Percentage of respondents (enterprise sector)



Source: elaboration by eCrime – project PCB (data gathered during 2017-2018)

Figure 4.2 – Percentages of respondents (number of employees)



Source: elaboration by eCrime – project PCB (data gathered during 2017-2018)

services and trade sectors (respectively 43 and 36 percent), while Germany shows a larger percentage of respondent companies from the trade sector (70.8 percent). Finally, Italy and Spain show a larger proportion from the services sector (44 per cent Italy, 48.8 Spain).

According to the percentage of respondents (company size), Bulgaria, Germany and Italy show a larger number of companies with 0-9 employees (respectively 87.2 percent, 70.8 percent and 71.8 percent) while Spain show a larger number of companies with 10 to 49 employees (78.4 percent). Thus, because of the particular structure of the Spanish economy, an *ad-hoc* methodology⁹ was adopted (see Annex D)

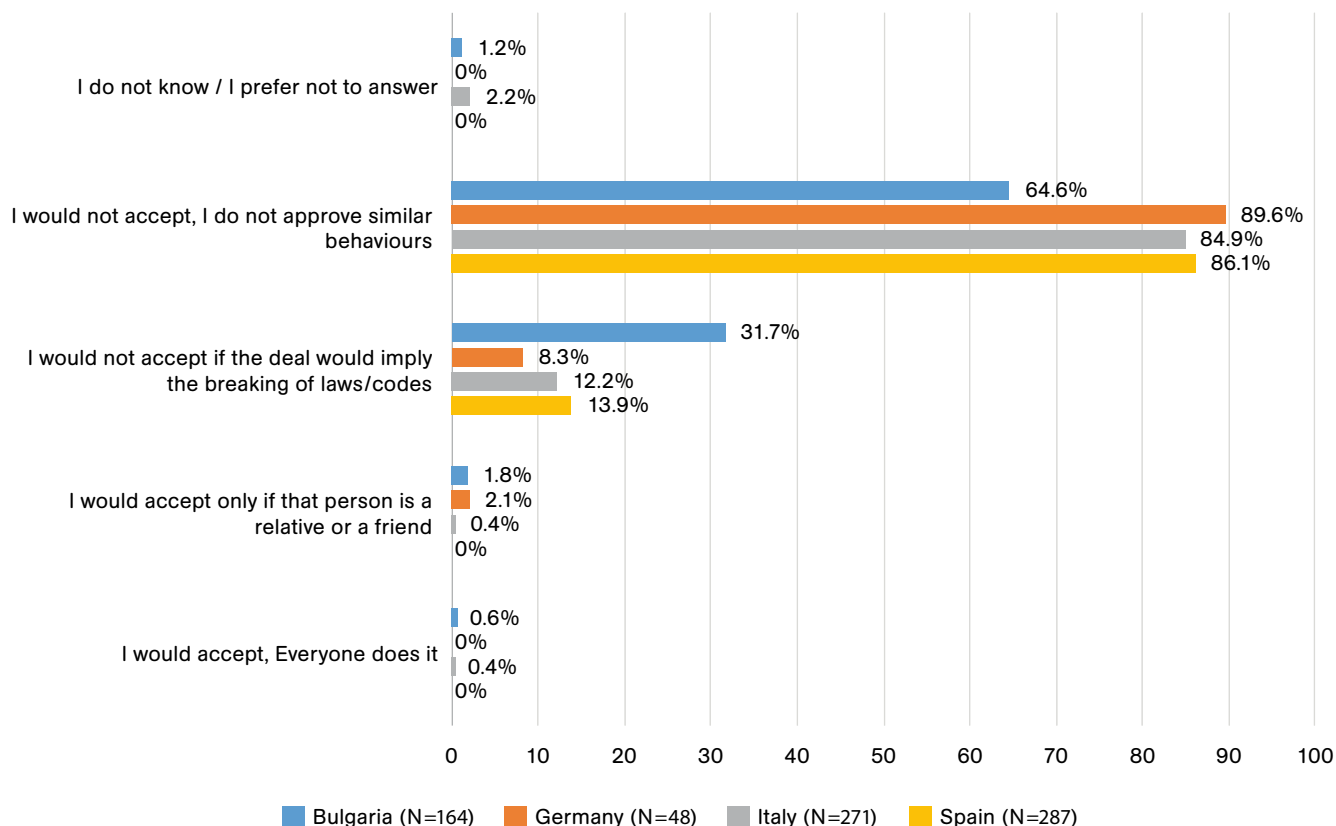
⁹ This methodology was elaborated on the basis of the results collected in previous surveys on corruption in Spain. In Spain, private corruption is only bribery. Moreover, there is bribery only when there is an attack on the interest of the company.

4.2.2 Perception of private-to-private corruption

This section reports the results of the PCB pilot on companies' perceptions of private-to-private corruption. In particular, it shows how the respondents perceived private-to-private corruption both in the case of a deal which benefited their company (Figure 4.3) and one that damaged it (Figure 4.4). Finally, data on the perception of some specific types of private-to-private corrupt behaviours are provided by Figure 4.5.

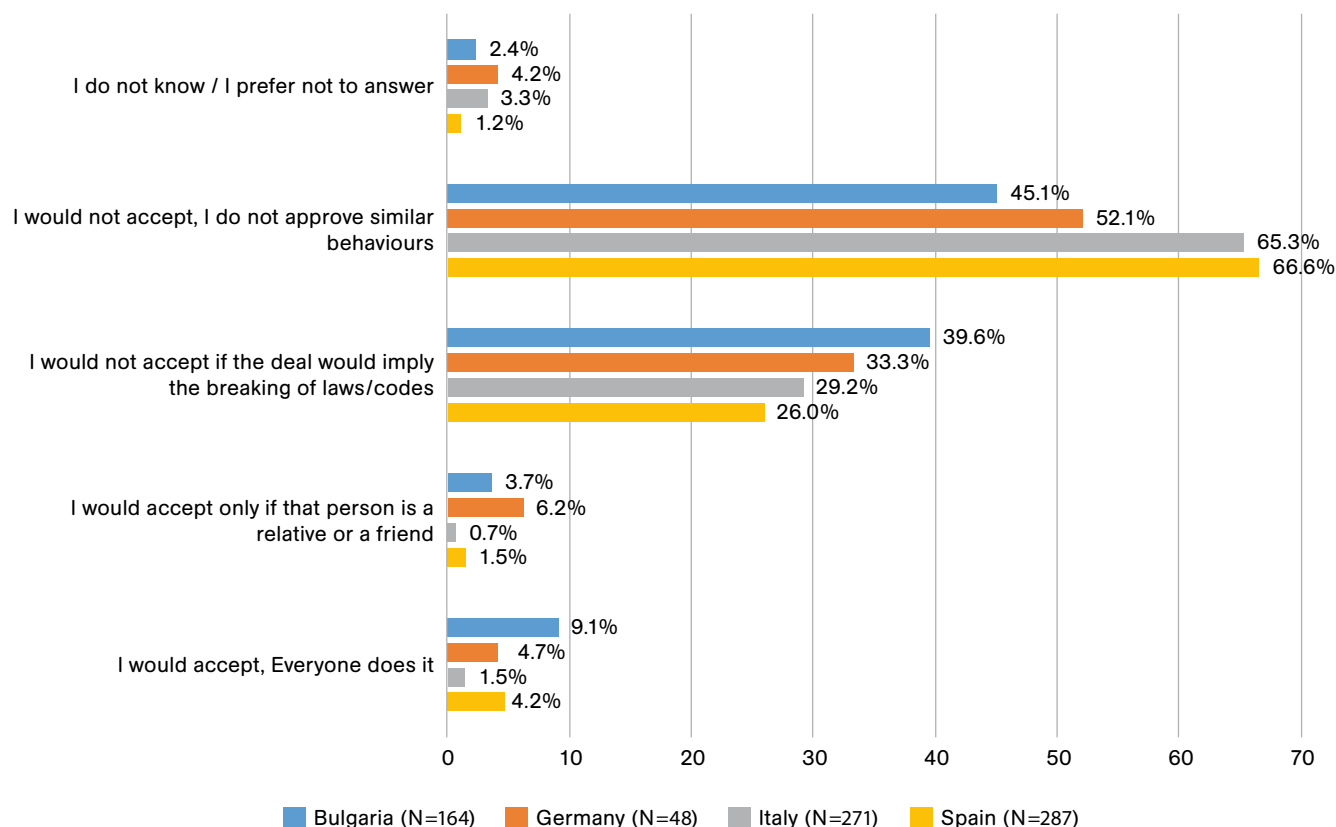
Figure 4.3 shows the percentage of responses to the question: "a person has offered you money, gifts or favors to help him/her make a deal that is not good for your company. What would you do?". The largest part of respondents (86.1 percent of companies in Spain; 89.6 in Germany; 64.6 in Bulgaria, and 84.7 in Italy) would not approve of such behaviour, while a very small proportion of respondents would approve of it (2.4 percent of companies in Bulgaria, 2.1 in Germany, 0.37 in Italy). A proportion of respondents, finally, would not accept the deal only if this would mean the breach of laws/codes (13.9 percent in Spain, 12.18 in Italy, 8.3 in Germany, 31.7 in Bulgaria).

Figure 4.3 – Perception of private to private corruption in Europe: deal not good for the company (Q8. A person has offered you money, gifts or favors for helping him/her to make a deal that is not good for your company. What would you do?)



Source: elaboration by eCrime – project PCB (data gathered during 2017-2018)

Figure 4.4 – Perception of private-to-private corruption in Europe: deal good for the company (Q9. A person has offered you money, gifts or favours for helping him/her to make a deal that is good for your company. What would you do?)



Source: elaboration by eCrime – project PCB (data gathered during 2017-2018)

Figure 4.4 shows the percentage of responses to the question “a person has offered you money, gifts or favours to help him/her make a deal that is good for your company. What would you do?”. The largest part of respondents (66.6 percent of companies in Spain; 52.10 in Germany; 45.10 in Bulgaria, and 65.3 in Italy) would not approve of such behaviour, even if the deal would benefit their company. On the other hand, a minor (though significant) proportion of respondents would accept the deal (9.1 and 3.7 percent in Bulgaria, 4.2 and 6.2 in Germany, 1.48 and 0.74 in Italy and 4.7 and 1.5 in Spain). Finally, an important percentage would not accept the deal only if this would mean the breaking of laws/codes (26 percent in Spain, 29.15 in Italy, 33.3 in Germany, 39.6 in Bulgaria).

Figure 4.5 shows the perception of the companies according to specific types of corrupt behaviour: an employee responsible for procurements or purchases receives cash or goods in return for an order; a mediating company, instead of recommending the best and cheapest offer, suggests another firm that in turn kicks part of the sales back to the mediating company; a company offers money, favours or gifts to a buyer of a customer company in order to obtain favours in the

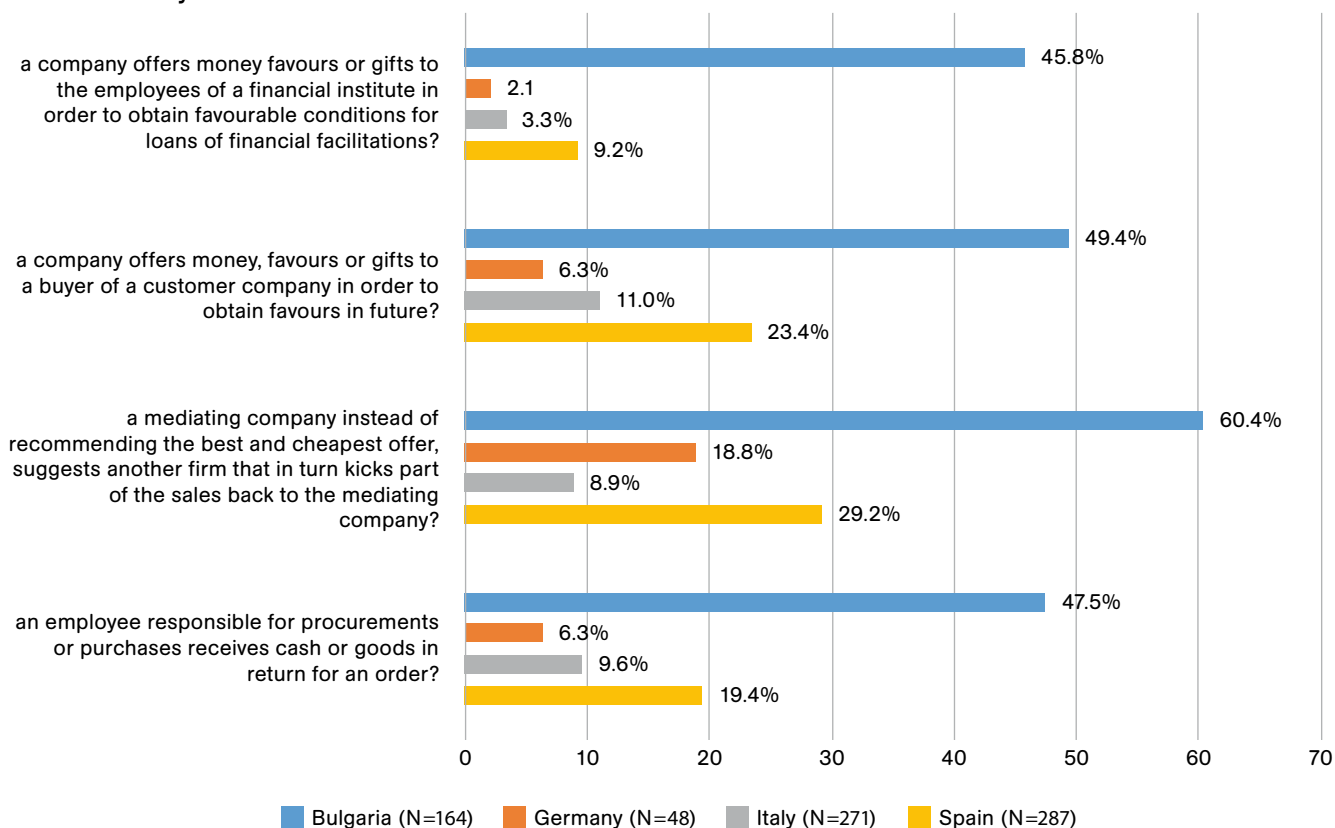
future; a company offers money, favours or gifts to the employees of a financial institute in order to obtain favourable conditions for loans or financial facilitations. Summarizing, Bulgaria shows the highest percentages for each of the forms of corruption analysed (45.8, 49.4, 60.4, and 47.5 percent), followed by Spain (9.2, 23.4, 29.2, 19.4 percent). Italy and Germany show percentages below 10 percent.

4.2.3 Experience of private-to-private corruption

This section shows the results of the PCB pilot on the companies’ experience of private-to-private corruption. In particular, it shows the direct/indirect experience of respondents regarding private-to-private corruption cases (Figures 4.6, 4.7) and the incidence of vote buying (Figure 4.8).

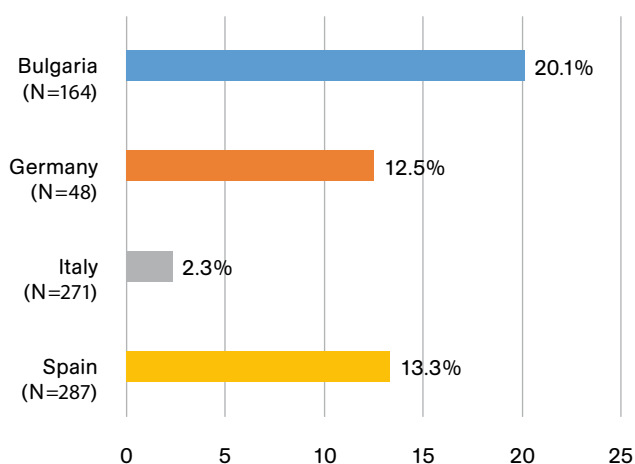
Figure 4.6 shows the percentages of respondents who knew of someone who had been offered money, gifts or favours to make a deal for his/her company in the last 12 months. 13.3 percent of respondents in Spain had experienced private-to-private corruption, followed by 12.5 in Germany and 2.31 in Italy. Bulgaria shows the highest percentage, with 20.1 percent of respondents.

Figure 4.5 – Perception of private-to-private corruption in Europe: types of corruption (Q24. According to your experience, how often in the market of your company/company you work for happens that:). Percentage of the respondents who answered “often” and “very often”



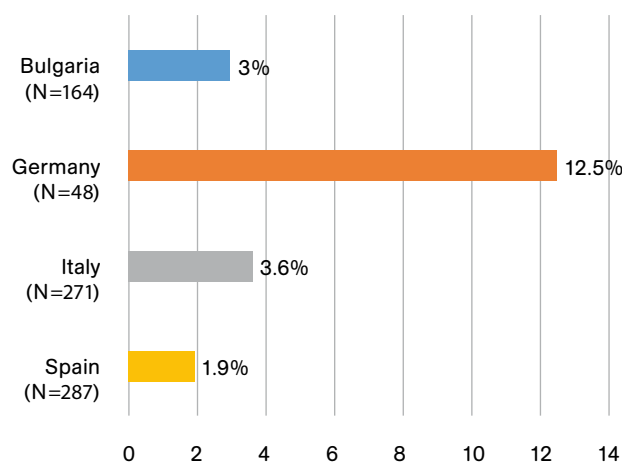
Source: elaboration by eCrime – project PCB (data gathered during 2017-2018)

Figure 4.6 – Experience of private-to-private corruption: knowledge of someone who has been offered money, gifts or favours to make a deal for his/her company (Q12. In the last 12 months, have you heard about someone who has been offered money, gifts or favours to make a deal for his/her company?). Percentage of the respondents who answered “Yes”



Source: elaboration by eCrime – project PCB (data gathered during 2017-2018)

Figure 4.7 – Experience of private-to-private corruption: job position (Q19. In the activities of your company/ company you work for have you heard in the last 12 months of someone suggested for a job position in exchange for money, gifts or favours?). Percentage of the respondents who answered “Yes”

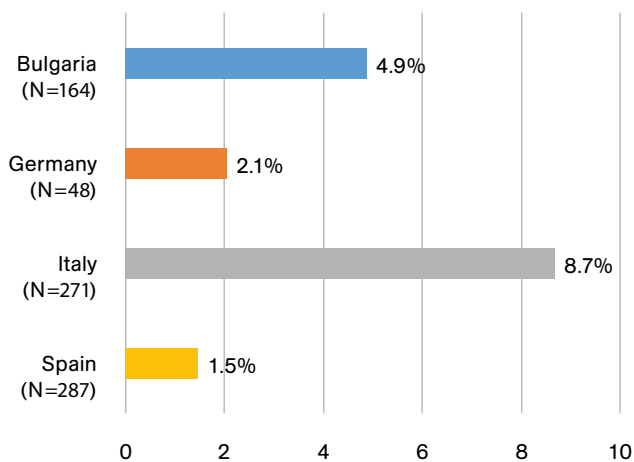


Source: elaboration by eCrime – project PCB (data gathered during 2017-2018)

Figure 4.7 shows the percentages of respondents who knew of someone recommended for a job in exchange of money, gifts or favours in the last 12 months. 12.50 percent of respondents in Germany had experienced this situation, while 3.63 percent had done so in Italy, 3 in Bulgaria and 1.9 in Spain.

Figure 4.8 shows the percentages of respondents who had knowledge of someone who had been offered money, gifts or favours in exchange for his/her political vote. According to the results, 8.7 percent of the respondents in Italy had experienced this situation, while 2.08 had done so in Germany, 4.9 Bulgaria and 1.5 in Spain.

Figure 4.8 – Experience of private-to-private corruption: vote buying (Q22. In the activities of your company/ company you work for, have you heard of someone which has been offered money, gifts or favour in exchange for his political vote?). Percentage of the respondents who answered “Yes”



Source: elaboration by eCrime – project PCB (data gathered during 2017-2018)

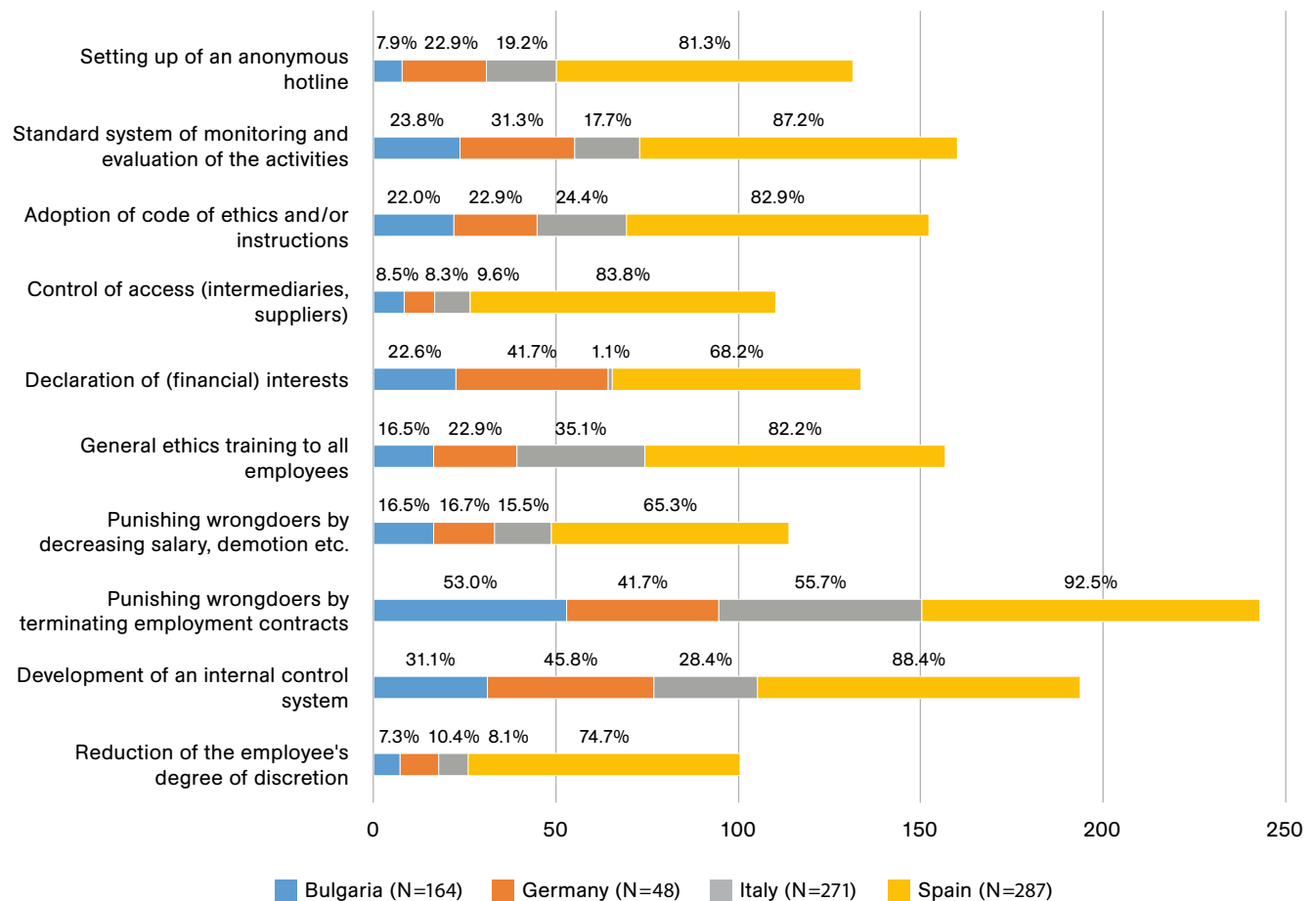
4.2.4 Anti-corruption measures

This section shows the results of the PCB pilot on the companies' perceived effectiveness of anti-corruption measures. In particular, Figure 4.9 shows the perceived effectiveness of the main anti-corruption measures in the private sector, while Figure 4.10 shows the presence of a code of conduct within the companies' internal regulations.

The results in Figure 4.9 show the measures considered most effective against corruption by the companies. According to the respondents, the most effective measures are: punishing wrongdoers by terminating employment contracts (92.5 percent in Spain, 55.72 in Italy, 53 in Bulgaria and 41.7 in Germany), the development of an internal control system (88.4 percent in Spain, 28.41 in Italy, 31.1 in Bulgaria and 45.8 in Germany) and a standard system of monitoring and evaluation of the activities (87.2 percent in Spain, 28.41 in Italy, 31.1 in Bulgaria and 45.8 in Germany).

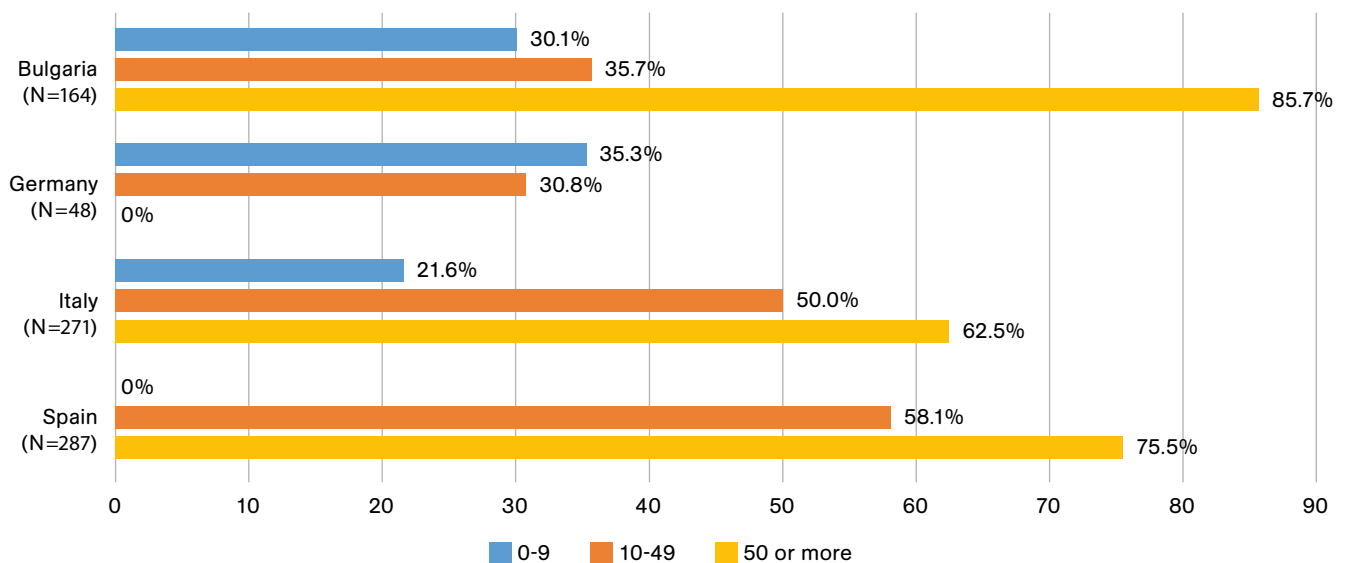
Figure 4.10 shows the percentage of companies which included a code of conduct within their internal regulations, by size of the company. According to the results, the presence of a code of conduct increases with the size of the company. Thus, companies with 50 or more employees (75.5 percent in Spain, 62.5 in Italy, and 85.7% in Bulgaria) show higher percentages regarding the implementation of a code of conduct. Companies with 10 to 49 employees (58.1 percent in Spain, 50 in Italy, 30.8 in Germany and 35.7 in Bulgaria) show lower percentages, and companies with 0-9 employees (21.6 percent in Italy, 35.3 in Germany and 30.1 in Bulgaria) are the ones with lesser percentages of codes of conduct implemented.

Figure 4.9 – Anti-corruption measures: perceived effectiveness (Q29. Which of the following acts do you consider effective against corruption? (max 3 answers))



Source: elaboration by eCrime – project PCB (data gathered during 2017-2018)

Figure 4.10 – Anticorruption measures: code of conduct (Q30. Does your company/company you work for feature a code of conduct which applies to all its employees (and intermediaries)?). Percentage of the respondents who answered “Yes”, by dimension of the company



Source: elaboration by eCrime – project PCB (data gathered during 2017-2018)



5

Key findings and recommendations for further research

By piloting the PCB in the four Member States involved it was possible to identify some key methodological findings useful for the further fine-tuning of the Barometer. At the same time, the project results allow for the outlining of some knowledge-based guidelines and tips aimed at improving the first instrument to measure private-to-private corruption at European level, providing at the same time initial data on trends in private-to-private corruption among the EU Member States.

5.1 The implementation of the PCB: methodological findings

1. **The structure of the sample reflected the distribution of total companies** by sector and size. However, while Italy and Bulgaria obtained a satisfactory number of responses, Germany recorded a lower response rate. This was due to both structural reasons (it was not possible to obtain a public registry of companies due to the domestic law on privacy) and cultural ones (companies were generally skeptical in answering questions on corruption). Finally, the sampling methodology used in Spain allowed coverage of all the sectors and sizes, obtaining satisfactory results in terms of sampling;
2. **The indicators provided by the questionnaire were adequate to measure the perception and the experience of private-to-private corruption.** Thus, in all the countries there was a relatively low number of “I don’t know/I prefer not to answer” responses;
3. **The use of CAWI (Computer Assisted Web Interview) for the administration of the questionnaire was insufficient.** Thus, in all the countries involved in the project the implementation of alternative methods such as CATI (or the scheduling of face-to-face interviews in order to overcome

a general skepticism in answering questions on private-to-private corruption) were necessary. Another problem encountered in the four Member States concerned companies with fewer than ten employees, which were often unused to taking part in research projects and therefore underestimated the importance of their participation in the survey;

4. **Companies often had no experience with victimisation surveys.** Another problem was related to the previous experience of companies with victimisation surveys, since some of them were afraid about the consequences that might follow their answers, despite the explanations and the clear privacy protection statement attached to the e-mails;
5. **The questionnaire in some cases was perceived as too time-consuming.** A final problem was related to the time necessary to fill out the questionnaire: thus, some companies contacted via telephone did not have enough time to fill out a survey. This was in part related to the length of the questionnaire (which had an average time of completion of 15 minutes) which was sometimes perceived as time-consuming by the sampled companies.

5.2 Data on private-to-private corruption: main findings

1. Regarding the **perception of corruption**, Bulgaria shows high values, in particular concerning some specific conducts such as: an employee responsible for procurements or purchases receives cash or goods in return for an order (45.8); a mediating company, instead of recommending the best and cheapest offer, suggests another firm that in turn kicks part of the sales back to the mediating company (49.4); a company offers money, favours or gifts to a buyer of a customer company in order to obtain favours in the future (60.4); a company offers money, favours or gifts to the employees of

- a financial institute in order to obtain favourable conditions for loans or? financial facilitations (47.5). Another aspect regarded a **gap between regulations and ethics**. Thus a proportion of the respondents would not accept a deal bad for their company, but only if this would mean the breaking of laws/codes (13.9 percent in Spain, 12.18 in Italy, 8.3 in Germany, 31.7 in Bulgaria). These values increase if the deal is perceived as beneficial for the company (26 percent in Spain, 29.15 in Italy, 33.3 in Germany, 39.6 in Bulgaria).
2. Regarding the **experience of corruption**, a percentage of respondents knew of someone who had been offered money, gifts or favours to make a deal for his/her company in the last 12 months. 13.3 percent of respondents in Spain had experienced private-to-private corruption, while 12.5 had done so in Germany and 2.31 in Italy. Bulgaria shows the highest percentage, with 20.1 percent of respondents.
 3. Regarding **vote buying**, 8.7 percent of the respondents in Italy had experienced this situation, while 2.08 had done so in Germany, 4.9 in Bulgaria and 1.5 Spain.
 4. The **anticorruption measures** perceived as most effective by Member States are “punishing wrongdoers by terminating employment contracts” (92.5 percent in Spain, 55.72 in Italy, 53 in Bulgaria and 41.7 in Germany), the development of an internal control system (88.4 percent in Spain, 28.41 in Italy, 31.1 in Bulgaria and 45.8 in Germany) and a standard system of monitoring and evaluation of the activities (87.2 percent in Spain, 28.41 in Italy, 31.1 in Bulgaria and 45.8 in Germany).

- Reduction of the **questionnaire length**. With an average time of completion of 15 minutes, it was sometimes perceived as time-consuming by the sampled companies. This would have a positive effect on the number of responses;
- Provide the reader with more **accurate information** on the definition of concepts such as private-to-private corruption or conflict of interest. Although the questionnaire was integrated with a guide to explain some of the most complex definitions, it emerged from the telephone interviews that some of them required further explanations in order to be more understandable by the respondents;
- Develop **awareness-raising campaigns** aimed at underlining the importance of private-to-private corruption and the inefficiencies that private-to-private corruption generates in EU market mechanisms by distorting the allocation of resources, affecting the productivity of companies. Thus a large number of companies had no experience with victimisation surveys, and some of them were afraid of the consequences that might follow their answers;
- Seek **collaboration between the private sector and academia** in order to develop more efficient indicators of private-to-private corruption while providing companies with methods of evaluation of anticorruption measures’ efficiency and effectiveness.
- Seek **collaboration between the public sector and academia** in order to access data essential for the development of standard methods of sampling (e.g. registry of companies).

5.3 Knowledge-based guidelines for the fine-tuning of the PCB survey methodology

The Project results suggest some knowledge-based guidelines aimed at improving the Barometer:

- Develop **alternative hybrid methodologies** for the administration of questionnaires on private-to-private corruption. Thus CAWI, although it is the most cost-effective method for the administration of questionnaires, it needs to be integrated with other methods such as CATI and face-to-face interview in order to gain respondents’ trust and provide them with the necessary information on private-to-private corruption;

Annex A

Research results in Bulgaria

Alexander Stoyanov
Tihomir Bezlov

1. Relevance of the problem (national literature review, costs, impact, evidence collected so far at national level)

Corruption in the private sector is a relatively new topic in corruption studies. Most researchers assume that corruption practices occur mostly in the interaction between the state and the private sector (when public servants provide illegitimate paid services to the private sector or citizens). Within the private sector, however, similar illegitimate practices are defined as theft, fraud, embezzlement, etc. Under this approach, corruption is seen primarily as a problem of governance, associated with the use and abuse of public power (Andvig et al., 2001).

The reason that certain practices within the private sector may be viewed as corruption stems from the specific structure of companies as collective actors. In most cases, company employees are delegated discretionary power by their superiors; some employees can take advantage of that power in making deals for their own benefit and to the detriment of the company, thus abusing their power.¹ The main results presented here is primarily of methodological importance, as the methodology for the study of corruption in the private sector is still being developed. Nevertheless, according to data so far available, the private sector in Bulgaria assesses the regulatory activity of state authorities as moderately hindering. In this respect, Bulgaria ranks close to the middle among EU Member States – roughly one third of companies regard regulations as a barrier to business development.

Despite the efforts (including those of several Bulgarian governments) made in order to fight private-to-private corruption, it would be difficult to claim that the problem in the country has been contained or resolved and/or that anticorruption measures have become indispensable part of the governance model (Shentov et al., 2016).²

Business corruption (government – business sector) and different types of crime against the business sector is a widely researched phenomenon. Most analytical and audit companies evaluate on a regular basis business risks like corruption like offences and/or bad practices like collusion, theft, conflict of interest, etc. the public aspect of relations between governments and the private sector is getting increasing attention on behalf of the EU and the EC. Eurobarometer has included corruption in the private sector as topic in the Flash Eurobarometer #374 (2013) and #428 (2015). This survey is designed to cover perceived and experienced corruption in several 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.³ The main evidence on experience with corruption shows that 12% of businesses in Bulgaria reported experiencing pressure from the civil service, which is higher than the EU27 average (4%) indicating that there was a serious problem.⁴ Moreover, most corruption transactions in the business sector remain unidentified and un-

¹ Some recent studies in the area of private corruption which apply similar methodology include: Sööt, M.-L., Johannsen, L., Pedersen, K.H., Vadi, M., Reino, A., 2016. Private-to-private corruption: Taking business managers' risk assessment seriously when choosing anticorruption measures, in: 2016 OECD Integrity Forum.; Johannsen, L., Pedersen, K.H., Vadi, M., Reino, A., Sööt, M.-L., 2016. Private-to-Private Corruption.

² All Corruption Assessment Reports published by CSD are available at: <http://www.csd.bg/artShow.php?id=1339>

³ See: TNS Opinion&Social. (2015). Flash Eurobarometer 428: Businesses' attitudes towards corruption in the EU., p. 2-3

⁴ TNS Political & Social (2015). Flash Eurobarometer 428: Businesses' attitudes towards corruption in the EU.

punished. Lack of sanctions is among the main factors that contribute to the embeddedness of different forms of corruption in the business environment.

Regarding the prospects of corruption in the business sector to be identified and prosecuted the discrepancy between Bulgaria and the EU28 average is substantial. The only indicator for which in Bulgaria the probability of corruption being identified and sanctioned is higher than the EU28 average is corruption committed by lower ranking public officials.

Anticorruption difficulties are not an exclusively Bulgarian phenomenon. They have been encountered in most countries where the situation is characterized as systemic corruption, i.e. corruption is observed with high intensity, at all government levels and most known forms. This problem is embarrassing for post-communist countries of Central and Eastern Europe as most of them are EU members, i.e. they operate in an environment where systematic corruption cannot be tolerated. One of the efforts to address this problem was the methodology to measure and assess the implementation of anticorruption policies and measures in public institutions developed by CSD in the period 2013 – 2015 (Center for the Study of Democracy, 2016).⁵

The direct research through the Corruption Monitoring System started parallel to the study of administrative corruption. In the period 2000 – 2015 business sector diagnostics was conducted annually and includes a system of indicators measuring both experience with corruption and perceptions of corruption. It is based on national random samples of 400 to 500 companies. Analyses related to the business sector have been published in the Corruption Assessment Reports. The main indicators for the business sector corruption diagnostics included: i) experience based indicators; ii) perception based indicators. Results from this surveys in Bulgaria identified a corruption problem in the private sector and it was first analysed in 2005. Overall, they show uneven fluctuation trend of improvement and deterioration which lead to several conclusions: first, the trend of corruption pressure and the transformation of pressure into actual involvement in corruption transactions marginally improves in the period until 2007 when the country became member of the EU. The main reason for that is the obliteration of one of the most important pro-corruption factors – corruption in the customs administration. Second, after 2007 new spheres of corruption relations emerged (e.g. EU funds procurement) and their relative importance has grown because of the increasing amount of EU subsidies the country is receiving. As a result, the corruption situation in the country in 2015 is more favourable, but still very similar to the situation in 2000, when the first Corruption Monitoring System observations were made. Third, despite the declining susceptibility to corruption in the business sector, the dominant view is that the public administration is corrupt and that the use of corruption is inevitable and a kind of defence strategy for the business sector.

An important corruption research problem is that the “business – business” corruption relations have not been studied intensively and therefore corruption inside the private sector is a relatively new research area. Existing work in the last years is scarce. The characteristics of this type of corruption relations have still not been clarified and need additional definitions. To this extent, it is important to develop reliable instruments to measure this type of corruption.

⁵ For more details on MACPI methodology, please refer to: Stoyanov, A.; Gerganov, A.; Di Nicola, A.; Costantino, F. (2015). *Monitoring Anti-Corruption in Europe. Bridging Policy evaluation and corruption measurement*. Center for the Study of Democracy, Sofia; Stoyanov, A.; Gerganov, A.; Di Nicola, A.; Costantino, F.; Terenghi, F. (2015). *Mapping Anticorruption Enforcement Instruments*. Center for the Study of Democracy, Sofia.

2. Preliminary interviews to key actors

Prior to developing the survey instrument several in-depth interviews were conducted in order to obtain a better understanding of the private corruption situation, and, possibly, to identify the most common private corruption scenarios. The respondents to be interviewed were difficult to recruit because of the topic. In the final sample, due to several refusals, the following types of respondents have been included at this qualitative stage of the survey:

- Owner and manager of a big advertising agency;
- Manager of a medium-sized telecommunication company;
- Managing director of a large company trading in fuel;
- Sales Director of a large electronics company;
- Partner and a director of a construction firm.

The general impression of the interviewers engaged in this activity was that some respondents have not been fully sincere. Other have preferred to comment on the questions in more general terms. A certain degree of sincerity has been achieved with respondents who knew personally the interviewer.

The main topic and results discussed in the in-depth interviews are as follows:

i. Spread of corruption and types of corruption in the line of business. The most widespread form of corruption mentioned by all respondents has been kick-back payment to company executives in order to obtain a service or delivery contract (commission kickback). This type of transaction is very similar to discounts of commissions granted to clients. However, the difference is, that the commission is paid in cash to someone in the leadership – the person who is in charge of the service or delivery contract. Several conclusions can be made based on respondents' answers:

ii. Prevalence of commission kickbacks. These types of payments are fairly common and serve the function to facilitate obtaining contracts from other companies. Company executives quote different level of business relationships affected by this practice – from 10% to 100% of business transactions depending on the sector. Certain differentiation exist in terms of the number of clients and their relative importance. Also of importance in some cases is the personal connection between the parties.

iii. Risk factors. The main risk factor in these transactions is the trust between both parties. Such a trust is strengthened in case a personal or long-term business relationship exists. Another factor is national culture. Exchanges between Bulgarian only companies seem to be “easier”, i.e. kickback bribes are expected and do not surprise business people. In case one of the parties is foreign the situation is the opposite – bribes are rather not expected and viewed negatively. However, some non-Bulgarian managers tend to accustom to local customs and traditions in the course of their service by using Bulgarian intermediaries. Trust is also ensured by using “middle men” in the transactions. This sphere, however, is a field of competition inside the company and between middle men.

iv. Anticorruption measures. Several principle strategies are employed to counter private corruption. One option is to distribute responsibilities so that different departments control each other. A second strategy are stringent control procedures, that are implemented on a regular basis. A third option is to hire special staff – former police officers and/or reorganise staff in a way that eliminates family or other relations between controlling staff and other employees. These measures show a notable disposition towards “hard” control and anticorruption measures: more control, precisely defined obligations, employment of specialized staff.

Still another consideration is supervision costs and effects. If costs are higher than the damage effected it proves meaningless for managers and owners. Regarding targeting of supervision managers tend to consider the damage balance between customer fraud and employee fraud. Whichever is higher and more damaging is more likely to be allocated supervision resources.

3. Problems related to the implementation of the survey (including also the strategies adopted to overcome these problems)

The expected response rate, especially with regard to experience in Bulgaria, was low. This expectation proved right in the course of administering the survey. Out of the 2,014 sent out invitations 16 completed surveys were obtained (see table below).

The additional procedure adopted to increase survey response was to contact (by phone) the companies in the sample and asked them to complete the online questionnaire and/or to agree to conduct a phone or face-to-face interview. The selection of companies in the sample for second contact sample was based on a random selection procedure (simple random selection) in order to preserve the proportion of types of companies in the initial sample.

A number of companies agreed to proceed with a phone or face-to-face interview (additional interviews) and in this way the final completed sample increased to 164. The number of respondent companies who completed the survey by recruitment method is as follows:

Methods used	Number
Administered online questionnaires (planned sample)	2,014
Completed online questionnaires (online survey)	16
Additional interviews (secondary sample)	148
Total respondents (realized sample):	164

4. Methodology (sample, population, survey technique)

The Private corruption barometer information was structured and collected based on several more important methodological decisions:

Questionnaire: the questionnaire has been administered in the city of Sofia in the period July – August 2017. It includes a total of 36 questions which operationalize the basic concepts of the survey. Most questions are close-ended. However, some of the questions are complex and therefore the total number of variables in the survey (excluding technical variables) is bigger.

Survey method: the main research method used has been the online survey. Respondent companies have been selected at random based on Sofia company registers, which included all registered companies operating in the city. All respondent companies have been sent link to the online questionnaire hosted on the Vitosha Research Lime survey server with an invitation to fill in the questionnaire also including description of the objectives of the survey, privacy details and contact details.

The survey methodology included selecting the specific person to answer the survey questions for each respondent company. The appropriate respondents for the survey were the owner of the company or members of the management. To a large degree, this requirement has been fulfilled - 67.7% of survey respondent have been management personnel and/or company owners. The remaining part of survey respondents have been management staff members (financial director, chief accountant or director of sales/marketing).

The main sample includes 2,014 companies. The population this sample represents includes all companies registered in Sofia in the sectors of industry, services, hotels and restaurants and trade. The structure of the population and the sample are presented in Table 1 and Table 2:

Table 1 - Structure of companies in Sofia by sector and size

Sector	0-9	10-49	50 or more	Total	%
Industry	13,552	2,245	665	16,462	15%
Services	45,196	2,775	699	48,670	43%
Trade	37,305	2,783	464	40,552	36%
Hotels\Restaurants	5,685	981	159	6,825	6%
Total	101,738	8,784	1,987	112,509	100%

Table 2 - Structure of the sample of companies in the main sample

Sector	0-9	10-49	50 or more	Total	%
Industry	241	40	12	293	15%
Services	804	50	13	867	43%
Trade	664	50	10	724	36%
Hotels and restaurants	102	18	10	130	6%
Total	1,811	158	45	2,014	100%

Fulfillment of the sampling plan. Due to low return rates, the data collection method used (online survey) presupposed sending out additional letters to companies in the sample in order to increase participation. This method however did not prove especially efficient and was replaced by phone call backs. Companies that agreed to participate in the survey were offered two possibilities: to conduct a telephone interview or to schedule a face-to-face interview. Due to low return rates, selection of companies to be included in the call back procedure was random. However, due to the low return rates of the online survey, call backs practically included most of the companies in the sample. The call back sample forms a second sample (sample of the sample), but random selection ensured good representation of all company categories in the main sample.

The achieved results show a fairly close match between the structures of the main sample and the realized sample. This is due to the random selection of companies in the secondary sample (companies that had been contacted a second time). However, large part of the results were collected by administering the questionnaire by means of telephone and face-to-face interviews. Thus, the low response rate of the online survey (less than 1 percent) shows that this method is not the most suitable for company surveys in Bulgaria. The number of respondents (186) show that, while fairly well representing the company population of Sofia (in the sampled sectors) its relatively small size does not allow for very detailed breakdowns of surveyed cases by multiple variables; small sample size also means that stochastic error is relatively large, and conclusions based on the data should be considered carefully.

5. Results

Q8. A person has offered you money, gifts or favors for helping him/her to make a deal that is not good for your company. What would you do?

I would accept. Everyone does it	0.6%
I would accept only if that person is a relative or a friend	1.8%
I would not accept if the deal would imply the breaking of laws/codes	31.7%
I would not accept, I do not approve similar behaviours	64.6%
I do not know / I prefer not to answer	1.2%

Q9. A person has offered you money, gifts or favors for helping him/her to make a deal that is good for your company. What would you do?

I would accept. Everyone does it	9.1%
I would accept only if that person is a relative or my friend	3.7%
I would not accept if the deal would imply the breaking of laws/codes	39.6%
I would not accept, I do not approve similar behaviours	45.1%
I do not know / I prefer not to answer	2.4%

The PCB attempts to measure attitudes to corruption and the likelihood of accepting corruption deals based on the type of actors involved or the expected impact of the deal. Survey results suggest the susceptibility to corruption is high. Only 45.1% of business executives would reject a corruption deal if its impact would be favorable for their company, while 9.1% would unconditionally approve of such a deal. Rejection rate goes up to 65.6% if the deal is unfavorable to the company, while only 0.6% would unconditionally support a deal under this scenario.

Considering the legality of deals, if a corrupt deal does not break the law, 31.7% would support it even if it is not favorable to their company, and 39.6% would support it if it is favorable. Having in mind that corrupt deals in principle are illegal, these findings suggest that susceptibility to corruption is quite high. It can be claimed with a great degree of certainty that corruption has become a factor of utility that defines the behavior of company executives. Regardless of its illegal nature, most executives view corruption as a necessary tool for reaching their business objectives.

Q10. Could you please indicate which of the following behaviours do you reckon as the most common in Bulgaria?

	Very often	Often	Rarely	Never	DK/NA
Politicians make decisions in exchange for money or favours for them or their families/friends	40.9%	29.9%	16.5%	4.3%	8.5%
Civil servants/public employees make decisions in exchange of money or favours for them or their families/friends	31.1%	42.1%	14.0%	5.5%	7.3%
Clientelism: the use of power (public or private) favoring friends and/or members of a political network	34.1%	33.5%	15.9%	9.8%	6.7%
Political and economic elite networks favoring each other through the use of resources or biased regulations	40.2%	29.9%	15.9%	5.5%	8.5%

The perceived prevalence of different corruption scenarios in the relations between the state and the private sector is high. On average, between 70% and 75% of company executives indicate that scenarios like bribes to or for politicians, bribes to public administration, clientelism and state capture occur often or very often. The most widespread appear to be “Politicians make decisions in exchange for money or favours for them or their families/friends” and “Political and economic elite networks favouring each other through the use of resources or biased regulations”.

Company executives assess their business environment as highly corrupt, as far as relations with the state is concerned. This implies that in their dealing with the public administration company executives are highly likely to consider various corruption practices and/or to assume that such practices are indispensable for doing business. This perception is shared by all companies, regardless of their size and the sector of operation.

Q11. Which type of crimes do you feel as most common in the City of Sofia? (it is possible to indicate more than an answer)

	No	Yes
Fraud	46.3%	53.7%
Counterfeiting	78.7%	21.3%
Corruption	30.5%	69.5%
Drugs and prostitution	73.8%	26.2%
Money Laundering	56.7%	43.3%
Racketeering and extortion	81.7%	18.3%
Non-regular job market	43.3%	56.7%
Intimidations	81.1%	18.9%
Homicides	85.4%	14.6%
Intellectual property theft	70.7%	29.3%
Environmental Crime	73.8%	26.2%
None of the above	100.0%	0.0%
DK / NA	99.4%	0.6%

Three types of crime emerge as most problematic: corruption (69.5%), grey labour market (56.7%) and fraud (53.7%). Assessment of various types of crime does not vary greatly by sector. In the trade sector, the score for corruption is higher than the average, while in the industry and services sectors money laundering is perceived as substantially more problematic than in the other sector. Assessment distribution by company size follows a similar pattern.

The overwhelming perception is that companies operate in insecure environment where compliance with the law and accepted rules is not guaranteed. This is probably the reason why corruption is viewed as the most problematic crime. Another issue is non-compliance with labour laws. Violations refer both to the existence and reproduction of a significant grey sector in the labour market, and to the use of corruption practices designed to preserve these informal relations.

Q13. [If Q12 is “Yes”] Who was this person? (it is possible to mark more than an answer)

	NA	No	Yes
Friend	79.9%	12.8%	7.3%
Acquaintance	79.9%	12.8%	7.3%
Colleague	79.9%	16.5%	3.7%
Relative	79.9%	20.1%	0.0%
Other	79.9%	17.7%	2.4%

Regarding the participation in corruption transactions, it is quite evident that in view of the illegitimate character of such relations company employees prefer to increase chances of not being sanctioned. The most quoted “partners” in such relations are friends (7.3%) and acquaintances (7.3%).

Q14. According to your opinion, regulations in your country act as a limit for the development of the business of your company/company you work for?

	Yes, very much	Yes, much	Yes, but not much	No, not at all	DK/NA
Industry	4.3%	26.1%	43.5%	26.1%	0.0%
Trade	11.3%	22.6%	50.0%	9.7%	6.5%
Hotels/Restaurants	1.5%	13.4%	44.8%	31.3%	9.0%
Services	16.7%	50.0%	25.0%	0.0%	8.3%

Third, regulations impose the smallest difficulties in the sector of hotels and restaurants (1.5%) and relatively big obstacles in the services sector (16.7%). Also notable are values for this indicator for the trade sector where 11.3% of company executives assess the negative impact of regulations as “very big”.

Q15. How do you assess the risk of private-to-private corruption linked to the business sector of your company/company you work for?

	Very big	Big	Not significant	No risk at all	DK/NA
Industry	0.0%	34.8%	30.4%	34.8%	0.0%
Trade	3.2%	22.6%	56.5%	9.7%	8.1%
Hotels/Restaurants	1.5%	17.9%	53.7%	17.9%	9.0%
Services	8.3%	16.7%	41.7%	16.7%	16.7%

The perceived risk of corruption in the own company is fairly big. Overall, if we consider the “very big” and “big” scores 25-30% of company executives are concerned about corruption in their own companies. The most serious concern is registered for the industry sector (34.8% of “big” risk assessments) and the services and the trade sectors (about 25% of “very big” and “big” assessments).

Q16. In the activities of your company/company you work for, how often happens that external stakeholders (e.g. customers, intermediaries etc.) show their availability to offer money, gifts or favours in exchange for a preferential treatment?

	Very often	Often	Rarely	Never	DK/NA
Industry	4.3%	0.0%	34.8%	60.9%	0.0%
Trade	1.6%	9.7%	35.5%	48.4%	4.8%
Hotels/Restaurants	0.0%	9.0%	23.9%	59.7%	7.5%
Services	0.0%	16.7%	8.3%	58.3%	16.7%

Experience with corruption in their own companies is less frequent but is not altogether non-existent. On average, about 50% to 60% of company executives have not heard of attempts by external parties to offer directly or indirectly bribes, while the rest have been aware of such attempts. Offers for bribes have more often been extended in the industry sector (4.3% “very often”) and in the services sector (16.7% “often”). Overall the share of those who have no experience with corruption in their own company is predominant in all sectors.

Q17. In the internal work relationships of your company/company you work for, how often happens that someone shows his availability to offer money, gifts or favours in exchange for a preferential treatment?

	Very often	Often	Rarely	Never	DK/NA
Industry	0.0%	0.0%	30.4%	69.6%	0.0%
Trade	1.6%	4.8%	27.4%	64.5%	1.6%
Hotels/Restaurants	0.0%	3.0%	26.9%	62.7%	7.5%
Services	0.0%	16.7%	16.7%	66.7%	0.0%

Internal company experience with people ready to participate in corruption relations is rather uncommon for the companies in all sectors – the range of executive assessments that “someone shows his availability to offer money, gifts or favours in exchange for a preferential treatment” never happens is between 62.7% (hotels and restaurants) to 69.6% (industry). On the other hand it should be noted that such practices exist: 16.7% of the executives in the services sector note that such practices happen “often”, around 5% of the executives in the trade sector consider they happen “very often” or “often”

Q18. According to your opinion, which is the likelihood that an employee in charge of the following activity would accept /ask money, gifts or favours? [List activities marked in Q7]

	Very likely	Likely	Not much likely	Not likely at all	DK/NA
Procurement	26.2%	23.2%	23.8%	15.2%	11.6%
Retail/Wholesale	1.8%	26.8%	33.5%	25.0%	12.8%
Control or/and monitoring	6.7%	23.8%	35.4%	18.3%	15.9%
Human resources	2.4%	16.5%	39.6%	22.6%	18.9%

One of the top corruption risk activities is procurement. Overall, 26.2% of company executive consider it is “very likely” that employees in charge of procurement would accept /ask money, gifts or favours. Another 32.2% of company executive consider this is “likely”. Regarding other company activities like retail/wholesale trade, control and monitoring of human resources likelihood of corruption susceptible employees is substantially lower.

It should be noted that DK/NA answers to this question are relatively high – 12-19%, which shows that this question is not well understood by respondents and/or could be considered too difficult to answer.

Q19. In the activities of your company/ company you work for have you heard in the last 12 months of someone suggested for a job position in exchange for money, gifts or favours?

No	Yes
97.0%	3.0%

Corruption transactions which involve exchange of job positions for money are relatively rare. Only 3% of company executive have heard of such practices in their own company. On the other hand, this result should be considered carefully as the number of position in a company that are suitable for “sale” (i.e. could give possibilities for eventual corruption transactions) are probably not many; in view of this 3% could prove a significantly large number.

Q20. In your company/company you work for, how many times have you heard of someone who:

	Very often	Often	Rarely	Never	DK/NA
Directly offered money, gifts or favours in exchange for a favour/service	0.0%	2.4%	18.3%	77.4%	1.8%
Has not directly offered, but shown the availability to give something (e.g. money, gifts or favours) in exchange for a favour/service	0.0%	4.3%	18.3%	73.8%	3.7%

While initiations of corruption transactions do not seem to be a predominant mode of action in companies (74-78% of company executives have never heard of such transactions), the remaining part of company executives have had (very often, often or rarely) experience with corruption among their employees. The question has been understood well – DK/NA answers are less than 5%.

Q21. In the last case, the offer/availability to give something came from the person itself or through intermediaries?

NA	Directly	Through intermediaries
75.6%	13.4%	11.0%

In addition to the preference to work with friends and acquaintances, the mechanics of corruption transactions also shows a slightly higher occurrence of direct exchange between parties (13.4%) and lower level of occurrence of transactions through intermediaries (11.0%).

Q22. In the activities of your company/ company you work for, have you heard of someone which has been offered money, gifts or favour in exchange for his political vote?

Yes	No
4.9%	95.1%

According to the results, 4.9% of the respondents had heard of someone which has been offered money, gifts or favour in exchange for his political vote.

Q23. [If Q22 is “YES”] Who was this person? (it is possible to mark more than an answer)

Friend	Acquaintance	Colleague	Relative	Other
0%	87.5%	12.5%	0%	0%

According to the respondents who (in the past 12 months) had heard of someone who had been offered money, gifts or favours in exchange for his/her political vote, this person was often an acquaintance (87.5%)

Q24. According to your experience, how often in the market of your company/company you work for happens that:

	Very often	Often	Rarely	Never	DK/NA
an employee responsible for procurements or purchases receives cash or goods in return for an order?	14.0%	33.5%	27.4%	19.5%	5.5%
a mediating company instead of recommending the best and cheapest offer, suggests another firm that in turn kicks part of the sales back to the mediating company?	17.7%	42.7%	10.4%	19.5%	9.8%
an employee responsible for procurements or purchasing goods and services hands over the order to a close friend or relative?	24.4%	35.4%	16.5%	15.9%	7.9%
an employee responsible for inventory management makes false account entries and instead of storing the goods, resells them?	8.5%	22.6%	32.3%	25.0%	11.6%
a company offers money, favours or gifts to a buyer of a customer company in order to obtain favours in future?	13.4%	36.0%	23.8%	17.1%	9.8%
a company offers money, favours or gifts to the employees of a financial institute in order to obtain favourable conditions for loans of financial facilitations?	15.9%	29.9%	21.3%	18.9%	14.0%
a company offers money, favours or gifts to the employees of a competitor in order to obtain strategic or commercial information (e.g. new products, customers list, terms offered by competitors for a tender, future investments)	13.4%	32.9%	25.0%	16.5%	12.2%
a company offers money, favours or gifts to independent professionals with specific roles of control (e.g. consultants, auditors) to convince them to make an act in contrast with their duties	12.8%	34.8%	26.8%	16.5%	9.1%
who asks/gives a bribe is actually discovered	3.0%	9.8%	51.2%	31.7%	4.3%
who asks/gives a bribe is actually sanctioned	1.2%	6.7%	51.2%	36.6%	4.3%
a company is subjected to a financial loss in case of involvement in corruption cases	3.0%	13.4%	39.0%	34.1%	10.4%
a company is subjected to a reputational loss in case of involvement in corruption cases	4.3%	14.0%	42.7%	32.9%	6.1%
giving/receiving a bribe have a negative impact on an employee's career	6.7%	22.6%	40.9%	24.4%	5.5%

Most corruption or corruption-related scenarios in and between companies in the private sector occur “very often” or “often”. On the top of this list is the scenario “an employee responsible for procurements or purchasing goods and services hands over the order to a close friend or relative” (“very often” or “often” answers of 59.8%). The scenarios that has the largest share of “never” answers (25.0%) is “an employee responsible for inventory management makes false account entries and instead of storing the goods, resells them”.

On the other hand, scenarios which evaluate discovery and sanctioning of bribery and corruption are much less common. The largest share of “never” (36.6%) answers among these scenarios is for “who asks/gives a bribe is actually sanctioned”, followed by “a company is subjected to a financial loss in case of involvement in corruption cases” (34.1%).

Some scenarios have not been well understood and have relatively high level of DK/NA answers:

- “a company offers money, favours or gifts to the employees of a financial institute in order to obtain favourable conditions for loans of financial facilitations” (14%).
- “a company offers money, favours or gifts to the employees of a competitor in order to obtain strategic or commercial information (e.g. new products, customers list, terms offered by competitors for a tender, future investments)” (12.2%).
- “an employee responsible for inventory management makes false account entries and instead of storing the goods, resells them” (11.6%).

Q25. Which of the following factors do you consider a major obstacle to firm's entry/development in the market? (max 2 answers)

	0-9 employees	10-49 employees	50 employees or more
Anti-competitive practices	37.8%	42.9%	57.1%
Infrastructure	9.1%	7.1%	14.3%
Taxes and regulations	34.3%	7.1%	42.9%
Functioning of the Judiciary	7.7%	0.0%	0.0%
Access to finance	21.0%	28.6%	14.3%
Organized Crime/Mafia	9.1%	0.0%	0.0%
Political instability/Uncertainty	18.2%	28.6%	0.0%
Street Crime/Theft/Disorder	7.0%	7.1%	0.0%
Exchange Rate	0.7%	0.0%	0.0%
Inflation	6.3%	14.3%	28.6%
Corruption	7.7%	14.3%	28.6%
None of the above	13.3%	7.1%	0.0%

In terms of company size, assessments of obstacles to business development show some level of differentiation. The factor “Anticompetitive practices” is assessed as significant by medium and large companies – 57.1%. This confirms hypotheses that in some sectors deliberate attempts to block competition exist and that this most probably is achieved by the use of corruption or mechanisms of illegitimate lobbying.

The relative importance of the “corruption as an obstacle to business” factor is relatively small – 9.1% in average for all companies. By company size some differentiation exists: for medium and large companies this is a factor with big relative importance – 28.6%. On the whole the importance of this factor increases as the size of the company grows and shows that business environment elements influence differently companies of different size.

Q26. Do you think that private-to-private corruption, in particular situations, can be useful to speed up the business of your company/the company you work for?

	Very useful	Useful	Not especially useful	Not useful at all	DK/NA
Industry	4.3%	4.3%	43.5%	39.1%	8.7%
Trade	0.0%	9.7%	33.9%	53.2%	3.2%
Hotels/Restaurants	0.0%	17.9%	19.4%	49.3%	13.4%
Services	0.0%	0.0%	8.3%	83.3%	8.3%

Despite their utilitarian attitude to corruption, private company executives overwhelmingly disapprove of deals involving corruption. In the service sector no respondents have evaluated corruption as “very useful” or “useful”. Still, certain categories of employees do not entirely share this negative attitude: about 9.7% and respectively 17.9% of executives in the trade and the hotels and restaurants sectors consider corruption “useful”.

It should be noted that the fully negative attitude towards the usefulness of private corruption is predominant only in the service sector – 83.3% of company executives have indicated this opinion. In the other surveyed sectors firm negative attitudes are lower – 53.2% in the trade sector, 49.3% in the hotels and restaurants sector and 39.1% in the industry sector.

Q27. Would you feel less guilty if a conduct which is contrary to the duties of your company/company you work for is requested by a superior?

Very guilty	Guilty	Not especially guilty	Not guilty at all	DK/NA/I do not have superiors
10.4%	25.0%	24.4%	11.6%	28.7%

About one third of company executives experience a feeling of guilt if ordered to perform task that violate their duties 10.4% “very guilty” and another 25.0% feel “guilty”. This question has evidently been difficult to answer for closely one third of respondents - 28.7% of respondents have chosen the DK/NA answer which is a sign that the question is either poorly understood, or difficult to answer.

Q28. Do you think that a behavior which is contrary to the duties of your company/company you work for would be more acceptable if common among its employees?

Fully acceptable	Acceptable	Not especially acceptable	Not acceptable at all	DK/NA
1.8%	4.3%	28.7%	57.9%	7.3%

The level of rejection of performing tasks which contradict duties predominates, if common among colleagues – 57.9% of respondents have chosen this answer. However, varying degrees of acceptance are supported by about one third of respondents – 1.8% (fully acceptable), 4.3% (acceptable) and 28.7% (not especially acceptable). The level of DK/NA answers is slightly higher than normal (7.3%) and indicates that the question has been understood well.

Q29. Which of the following acts do you consider effective against corruption? (max 3 answers)

	NA	No	Yes
Reduction of the employee's degree of discretion	-	92.7%	7.3%
Development of an internal control system	-	68.9%	31.1%
Punishing wrongdoers by terminating employment contracts	-	47.0%	53.0%
Punishing wrongdoers by decreasing salary, demotion etc.	-	83.5%	16.5%
General ethics training to all employees	-	83.5%	16.5%
Declaration of (financial) interests	-	77.4%	22.6%
Control of access (intermediaries, suppliers)	-	91.5%	8.5%
Adoption of code of ethics and/or instructions	-	78.0%	22.0%
Standard system of monitoring and evaluation of the activities	-	76.2%	23.8%
Setting up of an anonymous hotline	-	92.1%	7.9%
None of the Above	-	90.9%	9.1%

The anticorruption measure assessed most effective (53.0% of respondents) is “Punishing wrongdoers by terminating employment contracts”. Measures that rank second and third in perceived effectiveness are “Development of an internal control system” (31.1% of respondents) and “Standard system of monitoring and evaluation of the activities” (23.8% of respondents). The overall distribution of assessments for different types of anticorruption measures shows a preference for “hard” measures, i.e. strengthening structure of the organization, precision of rules, enforcement of policies, while “soft” measures like ethics training, anonymous hotline, etc. are less preferred.

Q30. Does your company/company you work for feature a code of conduct which applies to all its employees (and intermediaries)? [FILTER WITH Q31]

	NA	No	Yes
0-9 employees	-	69.9%	30.1%
10-49 employees	-	64.3%	35.7%
50 employees or more	-	14.3%	85.7%

The obvious conclusion from this distribution is that codes of ethics are fairly common (85.7%) in medium and large companies, and markedly less common in micro and small companies (30.1% and respectively 35.7%).

Q31. [If Q30 is “YES”] Do you think that this code is observed by all the employees of your company?

	NA	No	Yes
0-9 employees	69.9%	7.7%	22.4%
10-49 employees	64.3%	21.4%	14.3%
50 employees or more	14.3%	28.6%	57.1%

Existing codes of ethics in companies prove most useful and are most observed in companies where they are most common – medium and large companies. For these companies the ratio observed v/s not observed is 28.6% v/s 57.1%

Q32. Does your company/ company you work for have an anti-corruption training programme for its employees?

	NA	No	Yes
0-9 employees	-	96.5%	3.5%
10-49 employees	-	92.9%	7.1%
50 employees or more	-	100.0%	0.0%

The predominant situation in all types of companies is that anticorruption training is not conducted,

Q33. Does your company/ company you work for have a system of protection for the “whistle-blower”?

	NA	No	Yes
0-9 employees	-	93.7%	6.3%
10-49 employees	-	85.7%	14.3%
50 employees or more	-	85.7%	14.3%

As noted in comments to previous questions, whistle-blower protection is not an anticorruption measure considered effective. Respectively, 14.3% of small and medium and large company executives report the existence of such a measure in their companies.

Q34. How much the annual income of your company would variate in absence of private-to-private corruption? [If Q5 is “YES”]

	Would decrease a lot	Would decrease a bit	Would be the same	Would increase a bit	Would increase a lot
0-9 employees	0.0%	4.0%	61.6%	24.2%	10.1%
10-49 employees	0.0%	0.0%	85.7%	14.3%	0.0%
50 employees or more	33.3%	33.3%	0.0%	33.3%	0.0%

The economic effects of private-to-private corruption seem to affect companies of different size in different ways. For medium and large companies the predominant opinion is that annual income would decrease (66.6%). For small companies the predominant opinion is that annual income would not change (85.7%) with 14.3% of respondents projecting a possible increase of income. The situation in micro companies is similar – 61.6% consider that absence of private-to-private corruption would not have an effect on company income and 34.3% consider that annual income could possibly increase.

Q35. According to your experience, how frequently happens that the companies of your sector agree on the specific goal of not being competitors? [If Q5 is “YES”]

	Very often	Often	Not especially often	Never	DK/NA
Industry	0.0%	6.3%	31.3%	62.5%	0.0%
Trade	4.9%	22.0%	22.0%	39.0%	12.2%
Hotels/Restaurants	0.0%	9.3%	27.9%	34.9%	27.9%
Services	0.0%	9.1%	45.5%	27.3%	18.2%

Efforts to counter competition in the sector by concluding agreements for noncompetition are most widespread in the trade sector (39% of executives say this never happens) and in the hotels and restaurants sector (34.9% of executives say this never happens). The reverse situation is observed in the industry sector where 62.5% of executives say such agreements “never” happen and another 31.3% consider such agreements do not happen “especially often”.

It should be noted that this question seems to have been disturbing for the executives in some sectors – DK/NA answers amount to 27.9% and 18.2% respectively for the hotels and restaurants sector and the services sector. This could be interpreted as a logical reaction – noncompetition agreements are essential to forming cartels, which is and illegal practice.

Q36. According to your experience, how much conflict of interest affects the activities of your company/company you work for?

	Affects very much	Affects much	Does not affect especially (much)	Does not affect at all	DK/NA
Industry	4.3%	21.7%	60.9%	13.0%	0.0%
Trade	4.8%	19.4%	37.1%	33.9%	4.8%
Hotels/Restaurants	0.0%	9.0%	47.8%	35.8%	7.5%
Services	8.3%	8.3%	41.7%	33.3%	8.3%

The distributions regarding conflict of interest and its effect of company activities show that this practice is fairly widespread. With the exception of the executives in the industry sector, negative answers are about one third in the sectors of trade, hotels and restaurants and services. The predominant position respondents is that conflict of interest “does not affect especially” the activities in the company: 60.9% in the industry sector, 37.1% in the trade sector, 47.8% in the hotels and restaurants sector and 41.7% in the services sector.

Annex B

Research results in Germany

Vera Ferluga
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1. Relevance of the problem (national literature review, costs, impact, evidence collected so far at national level);

The little existing research on private to private corruption shows the need of developing indicators and tools to better analyse and understand the issue. For this purposes, the project The Private Corruption Barometer (PCB) develops and pilot a standardized business victimization survey module on private corruption that has been tested in four different European countries (Bulgaria, Germany, Italy and Spain). In this field it is important to collect and produce data that can be used besides official crime statistics.

In order to reach this goal, the PCB has been structured in different activities: first the study and development of a standardized module for a business victimization survey on corruption in the private sector, which has been then administered to a representative sample of businesses. The results collected have been analysed and compared within the four project partner organisations. This work included qualitative and quantitative methods, as it will be better explained in the following paragraphs.

The first part of the German report presents the existing national literature on private corruption, including the main issues that interest this field and the related legal framework. The second section includes preliminary interviews with key actors, while the third part introduces the problem encountered during the implementation of the survey and the strategies implemented to overcome them. The fourth section presents the methodology, the sample, the population and survey methods applied. The final part presents the first results of the pilot research in Germany.

Review of the literature: introduction and general awareness

Corruption in Germany does not involve isolated cases. Instead, it is a matter of “structural forms” of “organized corruption,” where bribes are “part of business policy”(Kreutzer, 2002). This was the picture provided by Wolfgang Schaupensteiner, Frankfurt prosecutor, already at the beginning of the 2000s. Due to a traditional blind faith in the German bureaucrats, however, for long time in the past the corruptive phenomenon had either been underperceived, or had passed unobserved (Schneider and John, 2013; Bannenberg and Schaupsteiner, 2004; Noack, 1985).

This, together with the traditional non-disclosure policy that characterises German public administration – which contrasts with the preventive transparency policy adopted by e.g. Scandinavian countries - contributed to keeping public information concealed (ibidem). The result is that still nowadays, according to the Global Corruption Barometer 2016, citizens in Germany are the least likely to see corruption as one of the biggest problems facing their country (2%) (Transparency International, 2016).

Although corruption in the public sector has usually been seen as more detrimental since it undermines confidence in public institutions (Van Schoor, 2017), in the past few years, also in the Federal Republic, private-to-private corruption has gained increasing attention. Even though an empirical evidence of corruption practices among companies can be found and proved, as provided by TI's Bribe Payers Index (Transparency International, 2011), the increased interest was not least triggered by high-profile corruption scandals, e.g. Siemens, Daimler, FIFA, which brought the country to be dubbed as “banana republic” (Shinde, 2016).

According to the 2013 Special Eurobarometer on Corruption, Germany, together with the Netherlands and Sweden, is one of the three Member States where at least half of the respondents believe corruption to be widespread in private companies (56%, 51%, 50% respectively) and is also one of the six countries where fewer than one in ten respondents (3%) claims to be personally affected by corruption in their daily lives. This survey also revealed that the majority of German business people do not believe corruption to be a problem when doing business by.¹ At the same time, the European Parliamentary Research Service's study *Corruption in the European Union, Prevalence of corruption and anti-corruption efforts in selected EU Member States* on businesses' attitudes towards corruption in the EU revealed a net increase: 28% of respondents considered corruption to be a problem for their company and 39% even indicated political connections as the only way for business success. Nevertheless, the rate of admitted personal past experiences in being asked to pay a bribe was still low (4%) (Bąkowski and Voronova, 2017: 52).

According to the latest 2017 Flash Eurobarometer “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. Corruption is the least often mentioned (37%) and it has decreased by three percentage points since 2015 and by six points since 2013.”² Germany, however, has shown an irregular trend towards this generalised European trend moving from 22% in 2013 and reaching in the following years 28% (2015) and 27% (2017). Moreover, 56% of the respondents answered that corruption is widespread.³

According to a recent survey carried out among 100 German firms by Ernst & Young GmbH in April 2017, “more than two in five surveyed companies in Germany believe that bribery or corrupt methods are widespread.”⁴

Nonetheless, corruption awareness among SMEs, as reported by RIKO project (Trunk and Frevel, 2017) is much lower than public awareness: they perceive corruption as more of a “problem of others” and only 14% suspect that corruption is widespread. Even though only 36% of the population considers SMEs partially responsible for corruption prevention, what is interesting is that more than the half of the citizens consider SMEs as the most trustworthy institution in the fight against corruption (ibidem).

Official Statistics

In a country where this issue is underperceived, the dark figure of corruption is likely to be very high and the few existing estimates might be very unreliable (BKA reports and PKS see below); they do not address the dark figure of this problem and the resulting provided picture is very fragmented, not fully helpful to get an overall image of the extent of corruption.

Every year, the German federal criminal police office⁵ publishes the “Bundeslagebild Korruption”, a report on corruption across the country. In 2016 a total of 6,502 corruption offenses was registered, which means, compared to the previous year, a decline of around 25%. An even more drastic decrease had already been registered the year before when the number had dropped from 20,263 in 2014 to 8,644 in 2015: a decline of around 57%.⁶

Estimates regarding shadow economy to which corruption evidently belongs, are always complicated and their reliability is often challenged. Official statistics report for Germany for the year 2016 a monetary damage of 123 million Euro, and for 2015, 222 million Euro.⁷ It must be considered, however, that this number does not take into account the dark figure and, furthermore, it refers only to those offences for which it was possible to calculate a monetary cost. An attempt to estimate the costs – comprehensive of the dark figure - caused by corruption to the German economy, reports an amount of 250 bln € for 2012 (Dowideit, 2012).

¹ 2013 Flash Eurobarometer 374.

² Flash Eurobarometer 457, Report „Businesses' attitudes towards corruption in the EU“, October 2017, p.4.

³ Flash Eurobarometer 457, Report „Businesses' attitudes towards corruption in the EU“, October 2017.

⁴ Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Report „EMEIA Fraud Survey – Ergebnisse für Deutschland“, April 2017, p.4.

⁵ Bundeskriminalamt, BKA

⁶ BKA, Bundeslagebild Korruption, 2016, 2015, 2014.

⁷ Bundeskriminalamt, 2017, 2016, 2015.

Compliance in the German “Mittelstand”

Compliance has come to the fore especially after the huge Siemens scandal in 2008⁸. The majority of studies that present survey data on corruption are now issued by audit companies and address the topic of economic crimes with a compliance perspective. Many of these studies address the “Mittelstand”, i.e. the German mid-sized companies, considered the backbone of German economy.

Among the most recent studies there are KPMG’s Tatort Deutschland – Wirtschaftskriminalität in Deutschland 2016⁹, PwC’s Wirtschaftskriminalität in der analogen und digitalen Wirtschaft 2016 (PricewaterCoopers, 2016) and PwC’s focus on trade and consumer industry sectors Wirtschaftskriminalität und Compliance – Handel und Konsumgüterindustrie 2014 (PricewaterCoopers, 2015). KPMG, 2016 found a perception of high corruption risk in 48% of the cases, whereas just 16% of the interviewed firms were actually affected by corruption. Corruption cases are distributed unevenly across size groups: 45% among big companies, while only 15% and 4% for medium and small ones respectively. According to PricewaterhouseCoopers, 2016, 7% of the enterprises were damaged by corruption (lower rate than the KPMG’s numbers) and 14% had at least one reported corruption situation. Trade and consumer industries seem to be less affected by corruption than the whole economy, according to PricewaterhouseCoopers, 2015. However, in these sectors, corruption seems to have a higher impact on the business flow as compared to the whole economy: 26% of the companies refer to have lost business opportunities due to corruption, ahead of a rate of 21% among all sectors.

Boemke, Grau, Kißling, & Schneider (2012), analyse effective compliance practices. In their survey 90% of the interviewed firms declared to have never observed any case of “corporate crime” (among which corruption) in which the own firm was acting as offender. Among those who had experienced such criminal situation, the majority were again large enterprises.

Also Ernst & Young recently issued two fraud surveys in 2014¹⁰ and 2015¹¹; however the chapter about Germany appears to be less representative compared to the KPMG and PwC studies, due to a considerably smaller sample.

A common methodological basis for all these diverse studies can be identified. Most of them consist of a survey (quantitative analysis) backed up by stakeholder interviews/case studies (qualitative analysis). Source for surveys is often the Hoppenstedt Manager-Datenbank. However, the lack of scientific literature already described at the early 2000’s by several authors (Bannenberg and Schuppensteiner, 2004) is still a current, relevant truth, especially referring to specific private-to-private corruption literature. And also considering that, as asserted by Morris and Klesner, in their “Corruption and trust: Theoretical considerations and evidence from Mexico” (Morris and Klesner, 2010) corruption perception is strongly influenced by the level of citizens’ trust in public institutions, the need for further and wider research, analysis and explanation from the institutions, as well as from companies and the academic world is undeniable (Trunk and Frevel, 2017:39)

2. Preliminary interviews to key actors

In order to collect useful information to develop the survey and to assess the companies’ main issues in Germany, beside a wide research of the literature on the topic, also preliminary interviews were conducted. The goal of the interviews was to get an overview on experts’ and entrepreneurs’ perspectives and experiences on the topics of private corruption and, possibly, to identify the most common private corruption challenges. The questions and topic were decided together with the project-partner, and the interviews were conducted in a semi-structured fashion. The recruitment of interviewees was not easy, as most of the people contacted did not feel prepared on the specific topic of private corruption and preferred not to be interviewed.

The preliminary interviews turned out to be representative of the overall range of perspectives that companies in

⁸ Centre for Business Compliance & Integrity, 2011.

⁹ <https://assets.kpmg.com/content/dam/kpmg/pdf/2016/07/wirtschaftskriminalitaet-2016-2-KPMG.pdf> (KPMG, 2016)

¹⁰ Ernst & Young, *Fraud Survey - Ergebnisse für Deutschland*. [http://www.ey.com/Publication/vwLUAssets/Praesentation_zur_EY_Fraud_Survey_2014/\\$FILE/Praesentation-EY-Fraud-Survey-2014.pdf](http://www.ey.com/Publication/vwLUAssets/Praesentation_zur_EY_Fraud_Survey_2014/$FILE/Praesentation-EY-Fraud-Survey-2014.pdf), 2014.

¹¹ Ernst & Young, *EMEIA Fraud Survey - Ergebnisse für Deutschland*. [http://www.ey.com/Publication/vwLUAssetsPI/Praesentation_zur_EY_Fraud_Survey_2015/\\$FILE/EY-EMEIA-Fraud-Survey-Deutschland-2015.pdf](http://www.ey.com/Publication/vwLUAssetsPI/Praesentation_zur_EY_Fraud_Survey_2015/$FILE/EY-EMEIA-Fraud-Survey-Deutschland-2015.pdf), 2015.

Germany usually have on the topics of corruption and private corruption, concerning both sides of objective and subjective experiences. Objective experiences are related to the real episodes of corruption that companies and CEO encountered in their working life, either directly or associated to competitors and/or suppliers. Subjective experiences relate to the perception that companies and CEO have of the phenomena, independently of their actual occurrence.

As already mentioned, the interviews depicted the whole possible range of perceptions and experiences. Within the collected interviews, one extreme is represented by a position where corruption does not play any role in the market and in the company. The interviewee does not report any direct or indirect experience related to the phenomenon, nor does it consider anyhow relevant for his business. The respondent is the owner and manager of a small company in the gastronomic business. Since the level of perceived risk is extremely low, there is also no interest or sense of need towards prevention measures and anti-corruption trainings. The issue results completely removed from the priorities of the company and there is a clear underestimation of the risks that corruption represents for the legal economy. The attitude of the interviewee shows a generalised indifference and great distance to the topic, maybe also to prove the non-involvement in the problem. This peculiar approach can also be encountered in the results of 2013 Special Eurobarometer, where, even if 59% of the interviewees believe that in their own country corruption is a widespread phenomenon, 92% however underline that they do not personally suffer corruption in daily life. Germans (similar to Swedes and Austrians) are most likely to perceive corruption as present in the EU institutions and least likely to perceive it as present in their domestic public institutions. Nonetheless only 3% admit to have experienced or witnessed any case of corruption in the past years. The Eurobarometer 2013 also reveals that less than 1% of German respondents say they have been object of bribery requests or expectations in the last 12 months, while 9% admit to know someone who has accepted bribes. 50% of the interviewed companies state that corruption and abuse of power for personal interest are widespread in private companies, but most of them do not consider corruption an obstacle to the entrepreneurial activity of its own company in Germany. This percentage is however the third highest in the EU.

The other extreme of the interviews' range could be classified as a victimisation case. In this example, corruption is considered to be an obstacle to the development of a transparent company and, due to this very widespread procedure in the field of real estate and construction industry, the interviewee decided to change working sector and moved to the energy supply sector. The respondent believes that corruption is not much prosecuted in Germany and that in the country there is a kind of double-standard evaluation towards the issue. Compliance and especially business consulting and mediations are mentioned as useful tools to reduce the risks related to corruption in the private sector, together with information, training, threat of punishment and real implementation of penal consequences. Even if the interviewee declared to have never received direct offers of money, gifts or favours for solving problems, the perception of the problem is extremely high and it is not limited to the exchange for small favours or presents, but goes rather in the direction of properties and contracts allocations, for amounts of millions euros. From the interview came out a sense of helplessness towards a tolerated and common phenomenon and the request for more controls and new regulations. In the already cited study carried out by the European Parliamentary Research Service "Corruption in the European Union. Prevalence of corruption, and anti-corruption efforts in selected EU Member States" the 55% of respondents agreed that corruption is part of the business culture, but, as is confirmed by the assertions of this second extreme respondent, 65% however believe that high-level corruption cases are not pursued sufficiently and only 12% have the total or partial perception that the government's efforts to combat corruption are effective.

Between the two mentioned extremes there is the moderate position of an interviewee that shows awareness and knowledge about the risks related to the phenomenon, without having an alarmist perspective. In this case, the respondent is the general manager of a small company active in the sector of information and communication, who has never been offered money, gifts or favours for solving problems but has been asked a gift for the award of a contract from a big corporation. Instead of paying for the present, the interviewee reported the case to the internal controlling system of the corporation, but does not know what consequences followed the report. This direct experience, together with the observation of the market dynamics, led the respondent to regard corruption as a phenomenon which in Germany often distorts competition and that is present in all countries. This is also confirmed by the Flash Eurobarometer 457 carried out in 2017, which reports a German 56% total agreement with the statement "favouritism and corruption hamper business competition". In addition, the interviewee asserts that there is a clear underestimation of the topic in Germany, where companies and people in general behave as if the system was immune to this kind of problems. This is what, according to the interviewee, is most dangerous and facilitates the continuation of these illicit practices. The suggested measures useful to prevent and contrast corruption in the private sector would be more transparency in the decision processes and especially in the documentation that companies have to collect and provide to the controlling agencies. This progress would be facilitated by the improvement of German anti-corruption

laws, which would grant more transparency in the financial flows.

The interviews cover a quite wide range of activities taking into consideration the number of employees of the companies – in these cases are represented the sectors of gastronomy, of energy supply and indirectly also real estate and building companies, as well as the sector of information and consulting. All respondents are owners and managers of their company and they work alone or have a small amount of employee (less than ten). They all represent SME that with their activities are in contact with a multitude of different economic actors, ranging from other SMEs to big corporations, and also with business representatives and delegates. Especially the interviewees working in the field of energy supply and communication and consulting are exposed to a very wide variety of counterparts. We can therefore affirm that the interviewees are sufficiently “exposed” to the phenomenon of corruption and private corruption. In particular, the companies represented are exposed to external corruption – that involves relations with other economic actors – since, due to their small dimension, we would not expect a high risk of corruption within the company structure itself. The decision of interviewing representatives of SMEs can be explained by the structure of the local economy and the sample selected for the project. In fact, 91.6% of the companies’ sample consists of enterprises with less than ten workers. Also, the interviewees cover three out of four of the main economic sectors included in the project (Services, Industry and Gastronomy) that together represent 84% of the general sample.

The outcome of the interviews reproduces the dynamic already described in the literature about corruption and in particular about corruption in the private sector in Germany.

The perception of the problem remains very low – almost absent – as long as the person does not have any direct or indirect experience with the phenomenon. Without any direct or indirect contact, the person does not consider the issue as relevant and does not feel the need of taking any preventive action. The topic of corruption is perceived as very abstract and distant, and there is a general tendency to negate the relevance of the problem. Quite the opposite, if anything directly connected to the person happens, there is the tendency of overstating the problem of corruption, interpreting then the whole system as corrupted, with a certain pessimistic attitude. In these cases, corruption as an economic tool is then described with extremely widespread dimensions, it seems to be widely accepted in the system and even part of the business’ dynamics itself.

3. Problems related to the implementation of the survey (including also the strategies adopted to overcome these problems)

The implementation of the survey in Germany presented a number of difficulties than can be associated to different reasons, both cultural and practical. To the former belongs the traditional blind faith in the German bureaucrats and the trust in country’s good governance capability, also confirmed by the constant good ranking in the World Bank’s Worldwide Governance Indicators. In its latest edition conducted in 2015 Germany ranked 15th out of 200. This project reports aggregate and individual governance indicators taking into account six dimensions of governance, including the control of corruption, in which Germany that year gained 93/100 points.¹² As explanatory cultural reason can also be mentioned the peculiar public awareness trend depicted by Transparency International’s CPI “Corruption Perception Index” which attributes points to countries on a scale from 0 (high level of perceived corruption) to 100 (no perception of corruption). According to CPI, in 2000 Germany’s rank was 20th while in the last Index (CPI 2017), the country ranked 12th with a score of 81/100 points; the year before, with the same score it ranked 10th. Even though it could be noted an improvement from 2012, when Germany ranked 13th, however, also in that year the score was not so different (79).¹³ A high degree of general public awareness was shown also by a recent population survey of about 2,000 citizens carried out by the University of Halle during the research project “Riko”(Trunk and Frevel, 2017). However, it resulted that 40% of the population think that they do not know enough about corruption and 36% evaluate their competence as “neither well not badly”. Furthermore the population has perceived an intensification of corrupted acts in the last three years and, as a consequence, citizens are interested in this topic and want more information

¹² <http://info.worldbank.org/governance/wgi/#reports>

¹³ https://www.transparency.org/news/feature/corruption_perceptions_index_2017

and explanation about the prerequisites for criminal liability as well as about the preventive work done.¹⁴ Anyway, what is relevant to stress is that the CPI Index ranks 180 countries and territories by their perceived levels of public sector corruption according to experts and businesspeople, so that, we can have an overview on the awareness of businesspeople on public corruption, but not the other way round: there is no clear estimate of corruption perception within the private sector.

Already at the beginning of the first decade of the 2000s, the picture of the state of corruption described by a vast overview of German research in different scientific fields denounced a critical situation: although corruption practices were almost structural in the business flows and strong ties between officials and businesspeople existed, the phenomenon remained underestimated. There is a total lack of effective prevention strategies, dark figure estimates and, in general, systematic scientific studies about the extent of corruption.¹⁵ From the previous analysis of the literature, it clearly stood out that there are only few academic studies and texts available on the topic of corruption in the private sector. Despite the growing interest towards corruption issues in general that can be observed in the last fifteen years, and predominantly after the already cited great corruption scandals, private-to-private corruption remains a limited niche in this field, and this probably reflects some of the obstacles that were faced for the implementation of the project.

The first barrier met was the access to the companies' data. Due to the German data protection laws, it was impossible to get the contact information needed directly from a public institution. The request was forwarded to different public agencies but the only option available remained the acquisition of the companies' contacts through a private firm. This might have generated first little bias, as the database from which the data were extracted was the one of the private firm, and not the more complete and updated one of the official companies' register. This issue was anyway mitigated by the sampling technique, which was the same in the four countries and which allowed the extraction of a representative sample.

The main problem encountered in the implementation of the project in Germany was the very low response rate. The companies were contacted first via e-mail, providing the link to the anonymous survey, the presentation of the project and the privacy statement. The response rate was limited. It was then sent a second e-mail with a new invitation to reply to the survey and some extra background information, emphasizing the academic purpose of the research. The results collected were still low, and remained low also after a third round of reminder e-mails. It was then decided to proceed with telephone contact. All the companies were called by phone and most of them were reached but only few accepted to receive a new e-mail with the link to the online survey. The percentage of the companies that agreed to receive the e-mail again and demonstrated some interest about the project lies under 27%. More than 70% of the companies that answered did not want to be contacted via e-mail. The most typical answer was that they had "no interest" or "no time". Some of them declared that for company policies they do not take part to surveys in general, and others stated their lack of interest in relation to the topic. In this cases, the answer ranged from "we have nothing to do with corruption", to "we record everything" and "I do not know anything about this topic".

This can be explained with a variety of reasons; it is difficult at this point to clearly define which factors had the highest impact. Surely one main issue is the choice of developing a victimization's survey in SMEs. Companies with less than ten employees are not used to taking part in research projects and underestimate the importance of their participation to the survey. Most likely they do not have any previous experiences with victimisation surveys, do not understand its concept and are afraid about the consequences that may follow their answers, despite the explanations and the clear privacy protection statement attached to the e-mails. In addition, when the company is run by very few people they often do not have the time and the conditions to answer the survey. This problem emerged clearly from the answers that respondents gave to the phone calls: one typical answer was "we have no time" or "we have to work" or "we are too busy". Depending on the type of business, it is clear that the working day might be too congested to find the time to sit at the computer and fill out a survey. When the time issue sums up to the general ignorance and suspicion about the topic, the barrier becomes bigger. The companies contacted, in fact, showed very little perception of the problem and, in most of the cases, absolutely no interest to discuss it. Sometimes they got very reticent as soon as they heard the topic of the research and behaved as if the research was about their personal involvement in corruption practices, which led to a defensive attitude. This might also be a consequence of the little background knowledge that the respondents have about the topic: they might be worried to risk the good image and reputation

¹⁴ Trunk D., Frevel B., *"Korruptionsprävention in Unternehmen und Kommunen. Eine interdisziplinäre Studie"* (2017), 1 Aufl., Springer VS, pp.19-39.

¹⁵ Bannenberg and Schauensteiner, 2004.

of their company with giving the wrong answers. Considering all these reasons, it is possible to imagine that the main bias in the data collected is that the little amount of companies that decided to fill in the information represents a part of the population already more sensitive to the issue and more available to talk about it. This rather openness could be related to a higher knowledge level, or to a more direct experience with the issue, or even with the will to show that the company has actually nothing to do with corruption practices. In addition, the companies that accepted to take part to the survey are not representative of the whole sample. For example, companies with more than 50 employees and company of the industrial sector almost did not participate.

Recalling the already mentioned good placements of Germany in the TI's CPI as well as the traditional blind faith in the German bureaucrats and, moreover, stressing that this brings to a widespread under-perception of the corruption issue, but also of related problems (like for example organized crime), another complication that might have impacted on the answer rate is the operative field of Mafia? Nein, Danke!. In a country like Germany, where the privacy plays an essential role in the development of the economy, and where also many databases and information are not public, obtaining a sufficient rate of confidence is really hard. However, to mitigate this problem and reach the aim in the most proficient way, the project has been always presented as a European research project, developed by a cooperation of universities and civil society organisations, presenting therefore also the other project partners.

Also, the length of the survey might have been too time-consuming for the respondents, especially when applied to companies with less than 10 employees. An indication for this can be seen in the fact that only one out of four respondents who accessed the online survey completed the 36 answers.

4. Methodology (sample, population, survey technique)

The survey was administered on a population of firms in the Region of Berlin in the period November 2017 – February 2018. The sampling technique used is stratified sampling, which divided the population in non-overlapping groups (called strata), and based on different characteristics. The questions were uploaded in the online survey portal SoSci Survey, a German system designed specifically for scientific surveys. Companies have been categorised in three groups following the number of employees (0-9; 10-49; 50 and more) and the selected sectors have been Industry, Trade, Services and Hotels/Restaurants. The sample of the companies was selected following the indications of the academic partners. Companies have been categorised in three groups following the number of employees (0-9; 10-49; 50 and more) and the selected sectors have been Industry, Commerce, Services and Hotels/Restaurants. Following this categorisation, the population of the companies registered in the Region of Berlin is the following:

Table 1 - Distribution of total companies in the Region of Berlin (according to sector of activity and size)

Sector	0-9	10-49	50 and more
Industry	17,759	2,058	406
Commerce	23,245	1,574	296
Services	95,011	4,875	1,321
Hotels and Restaurants	10,552	1,030	172

The representative sample, consisting of 2,024 companies in order to allow comparisons between countries, has been selected as follow:

Table 2 - Distribution of units of the selected sample in the Region of Berlin (according to sector of activity and size)

Sector	0-9	10-49	50 and more
Industry	225	27	10
Commerce	294	20	10
Services	1.201	62	17
Hotel and Restaurants	134	14	10

The questions were upload in the online survey portal “SoSci Survey”, a German system designed specifically for scientific surveys. The invitation to the survey was sent via e-mail to the selected companies, together with an overview of the project and a detailed data protection statement. After the first e-mail invitation, the collected answers were 7. After the second e-mail invitation other 13 answers were registered, and then only 3 more were collected with a third e-mail reminder. The other answers were collected through telephone contact.

The companies were contacted by phone introducing the speaker as scientific researchers working at a EU-funded project, promoted by a cooperation of European universities and research centres. The choice of avoiding the direct presentation of the association Mafia? Nein, Danke! e.V. was to underline the scientific structure of the project and to reduce the possible lack of trust that might have followed. Nevertheless, the response rate remained very low, as described in the paragraph concerning the challenges. In order to increase the responses, we also offered the companies – especially the ones with more than 50 employees – to send one of our researchers to their workplace for the presentation of the project and the completion of the survey. This offer has been declined from all the companies contacted, for lack of time or interest.

5. Results (results of the survey, frequencies in tabular form)

Q8. A person has offered you money, gifts or favors for helping him/her to make a deal that is not good for your company. What would you do?

I would accept. Everyone does it	0.0%
I would accept only if that person is a relative or a friend	2.1%
I would not accept if the deal would imply the breaking of laws/codes	8.3%
I would not accept, I do not approve similar behaviours	89.6%
I do not know / I prefer not to answer	0.0%

According to the results, none of the respondents would accept money, gifts or favours for helping a person to make a deal that is not good for their company while 2.1% would accept only if that person is a relative/friend. 8.3% of the respondents would not accept if the deal would imply the breaking of laws/codes, and 89.6% does not approve similar behaviors. There is a clear tendency of refusing corruption practices when it is against the company's business. This becomes obvious when, especially in case of very small SMEs, the respondent is also the owner of the company. It is worth noticing the quite relevant percentage of respondents who would be available to accept money, gift or favors if not forbidden by law or codes.

Q9. A person has offered you money, gifts or favors for helping him/her to make a deal that is good for your company. What would you do?

I would accept. Everyone does it	4.2%
I would accept only if that person is a relative or my friend	6.2%
I would not accept if the deal would imply the breaking of laws/codes	33.3%
I would not accept, I do not approve similar behaviours	52.1%
I do not know / I prefer not to answer	4.2%

The table describes the responses to offers of money, gifts or favors in exchange for assistance in making a deal that is good for the respondents' company. 4.2% of the respondents would accept the offers as it is a common practice, while 6.2% would do it only if the offer would come from a relative or friend. 33.3% would not do it if the deal would imply the breaking of laws and codes, and more than the half of the respondents (52.1%) would not accept it in any case. 4.2% preferred not to answer the question. In comparison to the previous answer we can notice a more open attitude towards accepting the offer of money, gifts or favors. The dimension of the company might have a strong influence in this decision, and it is worth noticing the high percentage (33.3%) of respondents who would be available to such practices if not forbidden by law or codes.

Q10. Could you please indicate which of the following behaviours do you reckon as the most common in Germany?

	Very often	Often	Rarely	Never	DK/NA
Politicians make decisions in exchange for money or favors for them or their families/friends	10.4%	14.6%	56.2%	4.2%	14.6%
Civil servants/public employees make decisions in exchange for money or favors for them or their families/friends	6.2%	16.7%	64.6%	4.2%	8.3%
Clientelism: the use of power (public or private) favoring friends and/or members of a political network	31.1%	54.2%	8.4%	2.1%	4.2%
Political and economic elite networks favoring each other through the use of resources or biased regulations	45.8%	43.7%	2.1%	2.1%	6.3%

The respondents were asked how often in Germany, in their opinion, politicians make decisions in exchange for money or favours for them or their families/friends. Based on the results, 10.4% replied very often and 14.6% often, while 56.2% believe that this happens rarely, and 4.2% that it never happens. 14.6% did not express any preference. The second question examines the perception about civil servants/public employees making decisions in exchange for money or favours for them or their families/friends. In this case, 6.2% of the respondents believes that this happens very often, 16.7% often, 64.6% rarely and only 4.2% never. Finally, 8.3% does not know or prefers not to answer. The third question addresses the topic of clientelism, asking how often the use of power (public or private) favours friends and/or members of a political network. 31.1% of the respondents believe this happens very often, 54.2% often, while 8.4% believe it happens rarely and 2.1% never. 4.2% did not express any answer or does not know. With the last point, the respondents were asked how often political and economic elite networks favours each other through the use of resources or biased regulations. The great majority of the answers are positive (45.8% very often; 43.7% often), while only 2.1% of the respondents answered with rarely and with never. Lastly, 6.3% does not know or prefers not to answer.

Q11. Which type of crimes do you feel as most common in the Region of Berlin? (it is possible to indicate more than an answer)

	No	Yes
Fraud	54.2%	45.8%
Counterfeiting	89.6%	10.4%
Corruption	68.7%	31.3%
Drugs and prostitution	29.2%	70.8%
Money Laundering	47.9%	52.1%
Racketeering and extortion	70.8%	29.2%
Non-regular job market	37.5%	62.5%
Intimidations	79.2%	20.8%
Homicides	95.8%	4.2%
Intellectual property theft	81.2%	18.8%
Environmental Crime	72.9%	27.1%
None of the above	100%	0.0%
DK / NA	93.7%	6.3%

Based on the results, the type of crimes that are perceived as most common in Germany are “drug and prostitution” with 70.8% of validations, followed by “Non-regular job market” (62.5%), “Money laundering” (52.1%) and “Fraud” (45.8%). The crime “Corruption” is confirmed by 31.3% of the respondents, similarly to “Racketing and extortion” with 29.2% and “Environmental crime” with 27.1%. Fewer respondents perceive as common “Intellectual property theft” (18.8%) and “Counterfeiting” (10.4%). The least common crime in Germany appear to be “Homicides” with only 4.2% positive answers. Last, 6.3% does not know or prefers not to answer.

It is possible to notice here that the crime “Corruption” is perceived as most common by about a third of the answers and ranks position 5 out of 11 crimes in the list. There is a clear gap of perception between the more “visible” crimes such as prostitution, drugs and black market in comparison to crimes that are typically less exposed to the public attention, such as corruption and money laundering.

Q13. [If Q12 is “YES”] Who was this person? (it is possible to mark more than an answer)

	NA	No	Yes
Friend	100%	0.0%	0.0%
Acquaintance	0.0%	66.7%	33.3%
Colleague	100%	0.0%	0.0%
Relative	0.0%	66.7%	33.3%
Other	0.0%	66.7%	33.3%

This point is related to the positive answers of the previous question, which was asking if, in the last 12 months, the respondents heard about someone who had been offered money, gifts or favours to make a deal for his/her company. Only 12.5% of the respondents answered positively to the question, and when further asked about the identity of the person, a third described them as acquaintance, a third as relative and a third as “other”.

Q14. According to your opinion, regulations in your country act as a limit for the development of the business of your company/company you work for?

	Yes, very much	Yes, much	Yes, but not much	No, not at all	DK/NA
Industry	0.0%	0.0%	0.0%	0.0%	0.0%
Trade	33.3%	33.3%	0%	33.3%	0.0%
Hotels/Restaurants	12.5%	25.0%	25.0%	37.5%	0.0%
Services	11.8%	2.9%	29.4%	47.1%	8.8%

The table represents the respondents’ opinions about regulations in Germany. Two thirds of the firms in the trade sector believe that regulations limit the development of their business very much (33.3%) or much (33.3%). The other third does not believe that regulations are hindering their activities. The sector of Hotels/Restaurant shows also similar responses, with 12.5% very much, 25% much and 25% yes but not much. 37.5% of the Hotels/Restaurants’ respondents do not perceive regulations as influencing their business. In the Services’ sector, according to the results, 11.8% of the respondents think that regulations in Germany limit the development of their business very much, which is confirmed by 25% that feel they are much limited and 25% that answered with yes, but not much. Almost half of the respondents (47.1%) do not agree and 8.8% did not express any preference/do not know.

Q15. How do you assess the risk of private-to-private corruption linked to the business sector of your company/company you work for?

	Very big	Big	Not significant	No risk at all	DK/NA
Industry	0.0%	0.0%	0.0%	0.0%	0.0%
Trade	16.7%	0.0%	50%	16.7%	16.7%
Hotels/Restaurants	0.0%	25%	75%	0.0%	0.0%
Services	0.0%	14.7%	61.8%	8.8%	14.7%

According to the results, the risk of private-to-private corruption linked to the trade sector is perceived as very big by 16.7%, while 50% of the respondents do not find it significant, 16.7% do not perceive any risk at all and other 16.7% did not answer the question/do not know. In the sector of Hotels/Restaurants, one fourth of the respondents perceive private-to-private corruption as a big risk for their business, while the remaining 75% do not find it significant. Lower levels of risks are perceived by the respondents of the Services' sector, with perceptions of big risks in the 14.7% of the cases, of not significant risks in the 61.8% of the cases and not risk at all for 8.8%. The remaining 14.7% does not know or prefers not to answer.

Q16. In the activities of your company/company you work for, how often happens that external stakeholders (e.g. customers, intermediaries etc.) show their availability to offer money, gifts or favours in exchange for a preferential treatment?

	Very often	Often	Rarely	Never	DK/NA
Industry	0.0%	0.0%	0.0%	0.0%	0.0%
Trade	0.0%	0.0%	33.3%	50.0%	16.7%
Hotels/Restaurants	12.5%	12.5%	62.5%	12.5%	0.0%
Services	2.9%	8.8%	32.4%	50.0%	5.9%

The results show that the respondents of the trade sector are the least exposed to the offer of money, gifts or favours from external stakeholders in exchange for a preferential treatment, as 33.3% of the respondents believe that this happens rarely and 50% that it never happens. The remaining 16.7% does not know or prefer not to answer. The risks presented by the Hotels/Restaurants' sector appear to be more relevant, as 25% of the respondents says that it happens very often or often that external stakeholders (e.g. customers, intermediaries etc.) show their availability to offer money, gifts or favours in exchange for a preferential treatment. 62.5% confirm that it happens rarely and 12.5% never. The respondents representing the Services' sector position themselves in the middle, as 11.7% declare that it happens frequently (respectively 2.9% very often and 8.8% often), 32.4% rarely and 50% never. 5.9% of them does not know or prefer not to answer.

Q17. In the internal work relationships of your company/company you work for, how often happens that someone shows his availability to offer money, gifts or favours in exchange for a preferential treatment?

	Very often	Often	Rarely	Never	DK/NA
Industry	0.0%	0.0%	0.0%	0.0%	0.0%
Trade	0.0%	0.0%	16.7%	83.3%	0.0%
Hotels/Restaurants	0.0%	0.0%	50.0%	50.0%	0.0%
Services	0.0%	13.2%	10.5%	76.3%	0.0%

According to the data available, it appears that the Services firms are more exposed to the phenomenon of “inner” corruption. In fact, 13.2% of the respondents declared that in the internal work relationships of the company, it often happens that someone shows his availability to offer money, gifts or favours in exchange for a preferential treatment. None of the other sectors had a positive answer, but it is something that can happen rarely for 50% of the Hotels/Restaurants’ respondents, 16.7% of the Trade’s respondents and 10.5% of the Services’ sector respondents. Most of the respondents declared that in the internal work relationships of their companies it never happens (83.3% for Trade, 76.3% for Services and 50% for Hotels/Restaurants).

Q18. According to your opinion, which is the likelihood that an employee in charge of the following activity would accept /ask money, gifts or favours? [List activities marked in Q7]

	Very likely	Likely	Not much likely	Not likely at all	DK/NA
Procurement	0.0%	36.8%	21.1%	36.8%	5.3%
Retail/Wholesale	0.0%	18.8%	37.5%	18.8%	25.0%
Control or/and monitoring	0.0%	6.7%	26.7%	40.0%	26.7%
Human resources	0.0%	0.0%	46.2%	30.8%	23.1%

The data collected suggests that the employees working in the procurement services are the ones who most likely would accept /ask money, gifts or favours. In fact, 36.8% of the respondents considers it “likely” to happen, 21.1% not much likely and 36.8% not likely at all (5.3% did not answer or does not know). The retail/wholesale employee are in the second position, with 18.8% of the respondents perceiving it as likely, 37.5% not much likely and 18.8% as not likely at all (25% did not answer or does not know). Third position for the employees working in the control/monitoring sector. Only 6.7% of the respondents think that they would likely accept /ask money, gifts or favours, 26.7% think that they it would be not much likely and 40% not likely at all (26.7% did not answer or does not know). The sector that is perceived as the least exposed to this issue is human resources. In this case, 46.2% believe that it would not be much likely and 30.8% not likely at all (23.1% did not answer or does not know).

Q19. In the activities of your company/ company you work for have you heard in the last 12 months of someone suggested for a job position in exchange for money, gifts or favours?

No	Yes
87.5%	12.5%

According to the answers, 12.5% of the respondents have heard, in the last 12 months, of someone suggested for a job position in exchange for money, gifts or favours. This happened in the range of activities conducted by the company.

Q20. In your company/company you work for, how many times have you heard of someone who:

	Very often	Often	Rarely	Never	DK/NA
Directly offered money, gifts or favours in exchange for a favour/service	2.1%	4.2%	27.1%	64.6%	2.1%
Has not directly offered, but shown the availability to give something (e.g.money, gifts or favours) in exchange for a favour/service	0.0%	10.4%	41.7%	45.8%	2.1%

As reported by the data collected, 64.6% of the respondents never heard of someone who directly offered money, gifts or favours in exchange for a favour/service in their company. 21.1% claim that they have heard it rarely, while 4.2% and 2.1% have heard it respectively often and very often. There is therefore a difference between direct and indirect offers. When talking about indirect offers, that is showing the availability to give something (e.g. money, gifts or favours) in exchange for a favour/service, the number of respondents who never heard that decreases to 45.8%. 41.7% asserted that it happened rarely and 10.4% often.

Q21. In the last case, the offer/availability to give something came from the person itself or through intermediaries?

NA	Directly	Through intermediaries
0.0%	59.3%	40.7%

In line with the previous question, the respondents who have heard of someone who has not directly offered, but shown the availability to give something (e.g. money, gifts or favours) in exchange for a favour/service in their companies, declared that 59.3% of the people did it directly, while 40.7% preferred to do it through intermediaries.

Q22. In the activities of your company/ company you work for, have you heard of someone which has been offered money, gifts or favour in exchange for his political vote?

Yes	No
2.08%	97.92%

According to the results, 2.08% of the respondents had heard of someone which has been offered money, gifts or favour in exchange for his political vote.

Q23. [If Q22 is “YES”] Who was this person? (it is possible to mark more than an answer)

	Friend	Acquaintance	Colleague	Relative	Other
Procurement	0.0%	50.0%	50.0%	0.0%	0.0%
Retail/Wholesale	0.0%	0.0%	0.0%	0.0%	0.0%
Control or/and monitoring	0.0%	0.0%	0.0%	0.0%	0.0%
Human resources	0.0%	0.0%	0.0%	0.0%	0.0%

Conforming to the responses collected for question 22, it seems that the problem of offering money, gifts or favour in exchange for political votes is not a common practice in the Region of Berlin. In fact, only one respondent confirmed this happening, and when asked about the identity of the person, he answered that it was both a colleague and an acquaintance.

Q24. According to your experience, how often in the market of your company/company you work for happens that:

	Very often	Often	Rarely	Never	DK/NA
an employee responsible for procurements or purchases receives cash or goods in return for an order?	0.0%	6.3%	22.9%	62.5%	8.3%
a mediating company instead of recommending the best and cheapest offer, suggests another firm that in turn kicks part of the sales back to the mediating company?	0.0%	18.8%	35.4%	37.5%	8.3%
an employee responsible for procurements or purchasing goods and services hands over the order to a close friend or relative?	0.0%	20.8%	39.6%	33.3%	6.3%
an employee responsible for inventory management makes false account entries and instead of storing the goods, resells them?	0.0%	6.3%	22.9%	62.5%	8.3%
a company offers money, favours or gifts to a buyer of a customer company in order to obtain favours in future?	0.0%	6.3%	35.4%	54.2%	4.2%
a company offers money, favours or gifts to the employees of a financial institute in order to obtain favourable conditions for loans of financial facilitations?	0.0%	2.1%	10.4%	68.8%	18.8%
a company offers money, favours or gifts to the employees of a competitor in order to obtain strategic or commercial information (e.g. new products, customers list, terms offered by competitors for a tender, future investments)	0.0%	4.2%	14.6%	62.5%	18.8%
a company offers money, favours or gifts to independent professionals with specific roles of control (e.g. consultants, auditors) to convince them to make an act in contrast with their duties	0.0%	2.1%	16.7%	64.6%	16.7%
who asks/gives a bribe is actually discovered	0.0%	0.0%	35.4%	35.4%	29.2%
who asks/gives a bribe is actually sanctioned	2.1%	2.1%	22.9%	47.9%	25.0%
a company is subjected to a financial loss in case of involvement in corruption cases	0.0%	6.3%	29.2%	39.6%	25.0%
a company is subjected to a reputational loss in case of involvement in corruption cases	0.0%	8.3%	31.3%	37.5%	22.9%
giving/receiving a bribe have a negative impact on an employee's career	0.0%	12.5%	29.2%	31.3%	27.1%

According to the data, only 6.3% of the respondents believe that an employee responsible for procurements or purchases receives often cash or goods in return for an order. The issue does not appear to be very common, as 22.9% of the respondents define it as rare, and 62.5% as never happening.

On the other hand, it seems that kick back dynamics are quite common in the mediating companies who, instead of recommending the best and cheapest offer, suggest another firm that in turn kicks part of the sales back. As reported by the survey, this would often happen for 18.8% of the respondents, rarely for 35.4% and never for 37.5%. 8.3% did not answer or do not know.

Based on the data, it is also quite frequent that an employee responsible for procurements or purchasing goods and services hands over the order to a close friend or relative. This happens often for the 20.8% of the respondents, rarely for the 39.6% and never for 33.3%. 6.3% did not know or did not answer the question. If the handing over to friends and relatives seems to be a current issue, the responses change clearly when asking how often happens that an employee responsible for inventory management makes false account entries and instead of storing the goods, resells

them. In this case, indeed, only 6.3% of the respondents say that it often happens, while 22.9% think that it happens rarely and 62.5% never. 8.3% did not answer or does not know.

Concerning companies' behaviour, only 6.3% of the answers states that often a company offers money, favours or gifts to a buyer of a customer company in order to obtain favours in future. The majority of the respondents, however, think that this happens rarely (35.4%) or never (54.2%). 4.2% did not answer or does not know.

Even lower is the perception that a company offers money, favours or gifts to the employees of a financial institute in order to obtain favourable conditions for loans or financial facilitations. This is supported only by the 2.1% of the answers (often), and 10.4% as a rare phenomenon, while the large majority (68.8%) of the respondents believe it never happens. There is also a high rate of respondents who did not know or preferred not to answer (18.8%).

Similarly sporadic are also the phenomena of a company that offers money, favours or gifts to the employees of a competitor in order to obtain strategic or commercial information or to independent professionals with specific roles of control (e.g. consultants, auditors) to convince them to make an act in contrast with their duties. Respectively, only 4.2% and 2.1% of the respondents think that this may happen often, while 14.6% and 16.7% think it can happen but rarely, and 62.5% and 64.6% believe it never happens. Still remain a quite high quota of respondents who did not know or did not to answer (18.8% and 16.7%).

It is very interesting to observe the data concerning the risks related to asking and giving bribes, and the possibilities to be actually discovered and sanctioned. According to the data, 35.4% of the respondents think that only rarely bribes are discovered, and the same percentage of respondents think that they are never discovered. Moving towards the sanctions, only 4.2% of the respondents in total believe that who asks/gives bribes get sanctioned (very often and often), while 22.9% think that sanctions are only rarely implemented. Almost half of the interviewee (47.9%) think that who asks/gives a bribe is never actually sanctioned. 25% does not know or did not answer.

The information collected about the consequences faced by companies involved in corruption cases show that only 6.3% of the respondents believe that often there is a financial loss. 29.2% think this happens rarely, and 39.5% never. 25% does not know or did not answer. Concerning the reputational loss, 8.3% asserts that it often results in case of involvement in corruption cases, while the majority believes it happens rarely (31.7%) or never (37.5%). 22.9% does not know or did not answer. Also an employee's career is not always negatively impacted by giving or receiving a bribe: for 31.3% of the respondents there is never a negative consequence, for 29.2% rarely, and for 12.5% often. 27.1% does not know or did not answer.

Q25. Which of the following factors do you consider a major obstacle to firm's entry/development in the market? (max 2 answers)

	0-9 employees	10-49 employees	50 employees or more
Anti-competitive practices	12.3%	10.5%	0.0%
Infrastructure	7.0%	10.5%	0.0%
Taxes and regulations	33.3%	42.1%	50.0%
Functioning of the Judiciary	7.0%	5.3%	50.0%
Access to finance	17.5%	5.3%	0.0%
Organized Crime/Mafia	0.0%	5.3%	0.0%
Political instability/Uncertainty	8.8%	0.0%	0.0%
Street Crime/Theft/Disorder	0.0%	0.0%	0.0%
Exchange Rate	0.0%	0.0%	0.0%
Inflation	1.8%	0.0%	0.0%
Corruption	7.0%	10.5%	0.0%
None of the above	5.3%	10.5%	0.0%

In line with the data collected, it seems that the factors that small companies (0-9 employee) consider to be a major obstacle to firm's entry/development in the market are especially taxes and regulations (33.3%) and access to finance (17.5%). A smaller role is played by anti-competitive practices (12.3%) and political instability/uncertainty (8.8%). Corruption has 7% of the preferences, together with the functioning of the judiciary and the infrastructures. A small percentage of the respondents individuated also inflation as a possible obstacle (1.8%). 5.3% believe that none of the listed factors are major obstacles for the companies. Concerning medium-sized companies (19-49 employee), it appears that the most relevant obstacle is represented by taxes and regulations (42.1%). Other common impediments are corruption, infrastructures and anti-competitive practices (10.5%). A smaller role is played also by the functioning of the judiciary, the access to finance and organized crime/mafia organizations (5.3%). The small amount of companies with more than fifty employees that answer the question states that the most relevant obstacles are represented by taxes and regulations and the functioning of the judiciary.

Q26. Do you think that private-to-private corruption, in particular situations, can be useful to speed up the business of your company/the company you work for?

	Very useful	Useful	Not especially useful	Not useful at all	DK/NA
Industry	0.0%	0.0%	0.0%	0.0%	0.0%
Trade	50.0%	50.0%	0.0%	0.0%	0.0%
Hotels/Restaurants	37.5%	37.5%	25.0%	0.0%	0.0%
Services	55.9%	23.5%	8.8%	0.0%	11.8%

The data collected show a clear inclination of trade firms towards the possibility of using private-to-private corruption to speed up their deals; indeed, summing up the answers (50% "very useful" and 50% "useful") there's no contrary tendency within this business. A higher percentage of "very useful" responses has been shown by services firms too, which also registered a low response denying corruption's usefulness (8.8% find private-to-private corruption not especially useful, and none of the respondents identified it as not useful at all). Hotels and restaurants, instead, have pointed out the highest amount of "not especially useful" response, showing, only apparently, the most unfavorable tendency. Actually, in total 75% of respondents belonging to this business field have revealed that they might consider corruption a useful speed and none of the respondents, in all sectors, find private-to-private corruption not useful at all.

Q27. Would you feel less guilty if a conduct which is contrary to the duties of your company/company you work for is requested by a superior?

Very guilty	Guilty	Not especially guilty	Not guilty at all	DK/NA/I do not have superiors
25.0%	18.8%	6.2%	2.1%	47.9%

When speaking about guilt, almost the half of respondents (25% and 18.8%) would feel very guilty or guilty if asked by a superior for a conduct which contrast his/her company's duties. Only 2.1% would not feel guilty at all and 6.2% would not feel so especially guilty. Anyway, it's relevant to stress that half of the respondents do not have a superior or do not know/preferred not to answer.

Q28. Do you think that a behavior which is contrary to the duties of your company/company you work for would be more acceptable if common among its employees?

Fully acceptable	Acceptable	Not especially acceptable	Not acceptable at all	DK/NA
0.0%	12.5%	16.7%	37.5%	33.3%

Referring to a generalized behavior into the company, 12.5% of the respondents would consider acceptable to have a behavior contrasting company's duties if that one is common among other employees. Instead, 16.7% would consider such a conduct "not especially acceptable" and 37.5% "not acceptable at all". Lastly, none of the respondents would find totally acceptable a behavior that is contrary to the companies' duties, not even if common among the employees.

Q29. Which of the following acts do you consider effective against corruption? (max 3 answers)

	NA	No	Yes
Reduction of the employee's degree of discretion	0.0%	89.6%	10.4%
Development of an internal control system	0.0%	54.2%	45.8%
Punishing wrongdoers by terminating employment contracts	0.0%	58.3%	41.7%
Punishing wrongdoers by decreasing salary, demotion etc.	0.0%	83.3%	16.7%
General ethics training to all employees	0.0%	77.1%	22.9%
Declaration of (financial) interests	0.0%	58.3%	41.7%
Control of access (intermediaries, suppliers)	0.0%	91.7%	8.3%
Adoption of code of ethics and/or instructions	0.0%	77.1%	22.9%
Standard system of monitoring and evaluation of the activities	0.0%	68.7%	31.3%
Setting up of an anonymous hotline	0.0%	77.1%	22.9%
None of the Above	0.0%	97.9%	2.1%

According to the data, the three acts considered to be the most effective against corruption within companies would be: the development of an internal control system (45.8%), the termination of working contracts (41.7) and imposing a declaration of financial interests (41.7%). These three are followed by the standardization of a monitoring system and evaluation of the activities (31.3%).

Other measures have been evaluated as helpful but not completely effective: general ethics training to all employees (22.9%), adoption of code of ethics and/or instructions (22.9%), setting up of an anonymous hotline (22.9%).

Only 2.1% of the respondents consider all the suggested proposals as not effective at all. Control of access (8.3%), as well as punishing wrongdoers by reducing the employees' degree of discretion or by decreasing their salary or demotions (16.7%) have been suggested as not suitable solutions.

Q30. Does your company/company you work for feature a code of conduct which applies to all its employees (and intermediaries)?

	NA	No	Yes
0-9 employees	0.0%	64.7%	35.3%
10-49 employees	0.0%	69.2%	30.8%
50 employees or more	0.0%	100.0%	0.0%

When asked about the application of a code of conduct the trend becomes definite: the little responses collected by firms with more than 50 employees suggest that they do not have one; small and medium companies, instead, revealed a higher sensitivity. 35.3% of the firms with less than 10 employees affirm to have a code of conduct and 30.8% of the firms with a number of employees between 10 and 49 too. However, none of them even reached 50% of positive answers.

Q31. [If Q30 is “YES”] Do you think that this code is observed by all the employees of your company?

	NA	No	Yes
0-9 employees	0.0%	8.3%	91.7%
10-49 employees	0.0%	50.0%	50.0%
50 employees or more	0.0%	0.0%	0.0%

In line with the previous question, 91.7% of the respondents belonging to smaller-sized firms, argue that the code of conduct applied by their companies is observed by all the employees. Medium-sized firms, instead, describe a lower attendance level: 50% of them sustain that codes are followed, the other half the exact contrary.

Q32. Does your company/ company you work for have an anti-corruption training programme for its employees?

	NA	No	Yes
0-9 employees	0.0%	97.1%	2.9%
10-49 employees	0.0%	100%	0.0%
50 employees or more	0.0%	100%	0.0%

The data collected show that the amount of anti-corruption programs existing among the interviewed companies is really low: only 2.9% of the respondents confirm the existence of such a tool for employees, and what's more worth to stress is that they all belong to small-sized firms. Surprisingly, none of the respondents of the middle-sized firms provide such a tool, nor the one with a minimum of 50 employees.

Q33. Does your company/ company you work for have a system of protection for the “whistleblower”?

	NA	No	Yes
0-9 employees	0.0%	94.1%	5.9%
10-49 employees	0.0%	92.3%	7.7%
50 employees or more	0.0%	100%	0.0%

In line with the previous question, also the number of firms confirming the existence of a protection system for “whistleblower” is not so encouraging: a very low percentage of the companies taking part to the survey confirmed the existence of this kind of prevention measure. Among them the 5.9% of firms with a maximum of 9 employees and 7.7% of middle-sized companies. None of the respondents from biggest firms has such a provision.

Q34. How much the annual income of your company would variate in absence of private-to-private corruption? [If Q5 is “YES”]

	Would decrease a lot	Would decrease a bit	Would be the same	Would increase a bit	Would increase a lot
0-9 employees	0.0%	0.0%	84.6%	7.7%	7.7%
10-49 employees	0.0%	0.0%	71.4%	14.3%	14.3%
50 employees or more	0.0%	0.0%	0.0%	0.0%	0.0%

Confirming what already stressed, corruption is not seen as the biggest problem while doing business, and, in line with this, it is not considered a main cause for the variation of annual incomes. Less than 20% of the firms believe that their annual income would increase in absence of private-to-private corruption; among them 7.7% belongs to small-sized firms, and 14.3% to middle-sized ones. The percentage of firms answering “the annual income would increase a bit” reaffirms the trend just described. A general agreement is reached with the answer “the income would be the same”, which has been asserted by 84.6% of the respondents belonging to little-sized firms and by 71.4% of the respondents belonging to middle-sized companies.

Q35. According to your experience, how frequently happens that the companies of your sector agree on the specific goal of not being competitors? [If Q5 is “YES”]

	Very often	Often	Not especially often	Never	DK/NA
Industry	0.0%	0.0%	0.0%	0.0%	0.0%
Trade	0.0%	16.7%	66.6%	16.7%	0.0%
Hotels/Restaurants	0.0%	0.0%	80.0%	20.0%	0.0%
Services	0.0%	29.2%	33.3%	29.2%	8.3%

Conforming to the responses collected, not so often companies agree on the specific goal of not being competitors: more than the half of respondents within all the analyzed sectors reveal that this usage is not so recurring. Among them, the highest percentage is shown by hotels and restaurants (80.0%), followed by trade firms (66.6%) and services firms (33.3%). Services firms also reported the highest amount of convinced “never” (29.2%). However, in this sector the answer “often” was the most frequent (29.2%), and is the only one in which it has been recorded the highest rate of abstention: 8.3%.

Q36. According to your experience, how much conflict of interest affects the activities of your company/company you work for?

	Affects very much	Affects much	Does not affect especially (much)	Does not affect at all	DK/NA
Industry	0.0%	0.0%	0.0%	0.0%	0.0%
Trade	0.0%	0.0%	50.0%	16.7%	33.3%
Hotels/Restaurants	12.5%	12.5%	37.5%	37.5%	0.0%
Services	0.0%	8.8%	35.3%	47.1%	8.8%

The last question concerned the impact that conflict of interest has on companies’ activities and, according to the data collected, just hotels, restaurants and services firms have admitted that this can have a relevant influence. Notably, only hotels and restaurants revealed that conflict of interest could “affect very much” the business (12.5%), and could “affect much” (12.5%); 8.8% of the responding services firms affirm that it could “affect much”. Nonetheless, services firms have also shown the highest rate denying at all the possibility of this influence (47.1%), followed by hotels and restaurants (37.5%); also 16.7% of the responding trade firms shared the same opinion. Concerning trade firms, the half of the respondents pointed out that conflict of interest “does not affect especially” and 33.3% do not even give an answer to this question.

Annex C

Research results in Italy

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1. Introduction

Private-to-private corruption is a phenomenon that has for long been under-addressed, especially in comparison with corruption in the public sector. Despite the relevance given to corruption involving public officials in past decades, private-to-private corruption has only recently gained attention from media and policy makers.

The “Clean Hands” investigation of 1992 opened a breach in Italian politics by uncovering a system of corruption without precedent in the history of Western democracies (Della Porta, 1999). For this reason, the effort of the Italian legislator focused mainly on the fight against public corruption, which was reaching the highest levels of the public administration, affecting at the same time most areas of the country.

Private-to-private corruption is a phenomenon difficult to define, due to its structural complexity and the particular setting in which it occurs. This study analyses private-to-private corruption according to Argandoña’s definition (2005:252): “Private-to-private corruption consists of giving, facilitating or receiving payments or effects, violating a formal or implicit rule to avoid a disadvantage (as reducing a cost) or to gain an advantage (as obtaining profits). It is done to the benefit of the person who pays or a third party, it can be individualised or systemic, based on coercion or collusion, centralised and organised or decentralised and unorganised and, it tends to be done in secret”.

Moreover, private-to-private corruption “may adopt a variety of forms such as bribery (when it is the person who pays who takes the initiative of the action); extortion or solicitation (when it is the person who receives the payment who takes the initiative); dubious commissions, gifts and favors; facilitation payments; nepotism and favoritism or an illegitimate use of trading of the information” (Argandoña; 2003: 255).

The analysis of private-to-private corruption is a complex task, for three main reasons. First, it is a hidden agreement with no direct victims (unless we adopt broader concepts such as “the State” or “the free market”) involved (Costantino, 2018). Second, private-to-private corruption is a phenomenon that still needs better regulation in Italy: hence, the new standards introduced by the 2017 reform have not resolved all of the problems connected to the effectiveness of the punishment of private-to-private corruption¹ (Laureti, 2017). Third, the sole regulations at national/international level are not sufficient to prevent and sanction private-to-private corruption. Thus, companies need to devise *ad-hoc* policies to prevent and sanction private-to-private corruption, ensuring at the same time the substantial compliance of managers and employees.

Despite these difficulties, studies on private-to-private corruption in Italy have focused mainly on a legal/regulatory approach to the phenomenon. Thus, the majority of studies in Italy have addressed PTPC from a legal point of view, as

¹ Although Legislative Decree 38/2017 brought the Italian legislation closer to the concerns arising from the considerations made at supranational level, no changes have been made to the element that has often prevented the applicability of the provision under Article 2635 of the Italian Civil Code: that is, the admissibility of prosecution on complaint “unless the fact gives rise to distortion of competition in the acquisition of goods and services” (such a derogation is instead not contemplated with regard to the offence of instigation to private bribery under Article 2635-bis of the Italian Civil Code, given its nature as a dangerous offence). Moreover, regarding the amendments introduced by Article 25-ter of legislative decree 231/2001, the establishment of administrative liability of entities remains only for the case of active bribery and active instigation.

a consequence of EU recommendations on corruption of 2003 (Foffani, 2003; Militello, 2003; Spena, 2007).² These works have focused on the legal issues related to the incrimination of PTPC within the Italian Civil Code, addressing also criminal sanctions in this field.³ Other studies have analysed the effectiveness of anti-corruption policies as part of the ethical standards and corporate responsibility of companies (Russo and Tencati, 2009).

The empirical data available on private-to-private corruption - both on perception and incidence - is still scant, however. One study on the perception of ethical behavior among managers of companies from nine EU countries and the US carried out by Jeurissen and van Luijk (1998) included Italy in the sample. The outcomes placed Italy as the country with the highest perception of paying bribes in business. In this sense, the study also focused on the importance of media coverage in shaping the perception of corruption, and on its ability to enlarge or reduce it. This latter aspect seemed to be crucial for the emergence of corruption cases in the country.

More recently, the Italian institute of statistics (ISTAT, 2018) included a module on corruption in its 2015-2016 *Survey on Safety of Citizens*. This in-depth analysis for the first time provided an estimate of the number of households involved in corruption dynamics during their lifetime. This module covered also corruption in the private sector, in line with the 2012 Law on corruption, which introduced corruption in exchanges between private parties. According to the results of the survey, 13.1 percent of citizens directly know someone (among relatives, friends, colleagues or neighbours) who has been asked for money, favours or gifts to obtain facilitation in various areas and sectors. Moreover, 25.4 percent of the population knows someone who has “greased the wheel” in order to obtain privileges. Finally, 3.7 percent of residents aged between 18 and 80 years old (over 1.7 million) have received offers of money, favours or gifts in exchange for a vote in the administrative, political or European elections.

This report describes the implementation of the PCB pilot in the province of Trento, and in particular:

1. how the case of Trentino contributed to the fine-tuning of the PCB;
2. the results of the PCB pilot in the Province of Trento.

The first part of this report reviewed the extant national literature on private-to-private corruption in Italy, including the most proper definition of the concept, explaining at the same time the importance of the approach to the phenomenon and providing evidence on what has been collected to date. The second section analyses the preliminary interviews conducted with three key business actors to fine-tune the type of questions to be included in the Private Corruption Barometer. In the third section, the problems related to the implementation of the survey in Italy are analysed, including the strategies adopted to overcome these problems. The fourth section of the report explains the methodology, including sample, population and the survey technique. The fifth and final section highlights the results of the research, including the results of the survey in Italy and frequencies in tabular form.

2. Preliminary interviews with key actors

The initial approach to the perception of Italian companies regarding corruption in the private sector was conducted by means of preliminary interviews with key business actors, both employees and managers. These interviews were intended to collect empirical information on aspects of methodological importance for study of the phenomenon, exploring at the same time the knowledge of managers and employees on private-to-private corruption, for a final tune-up of the Private Corruption Barometer.

At the same time, the purpose of the preliminary interviews was to identify the concepts, vocabulary and meanings employed by the respondents when referring to private-to-private corruption. Consideration of these issues was essential to define the most appropriate work strategy for the development of the survey. The interviews were semi-structured, although they included an open-ended answer to allow respondents to speak more freely about the topics. A

² With Legislative Decree no. 38 of March 15, 2017 (“Legislative Decree No. 38/2017”) the Italian legislator aimed at reinforcing the fight against corruption in the private sector in line with decision no. 2003/568 of July 22, 2003 of the European Council. As regards corruption in the private sector, the Italian legal system defined it as a criminal offence in 2002 with the new art. 2635 of the Civil Code (c.c.). This provision was amended twice by the Italian legislator, in 2012 and 2017, in order to move closer to the European recommendations.

³ Law 231 of 2001 included criminal liability for enterprises involved in PTPC cases in regard to the crimes of (a) improper induction to give or promise money or any benefit and of (b) private corruption.

total number of three interviews were conducted in this preliminary stage. The key actors interviewed were selected considering also their position within the companies operating in the commerce and services sectors.

The main aspects explored by the preliminary interviews were the attitude to private-to-private corruption of the companies in their business sector; experiences with private-to-private corruption cases; and the measures implemented by the interviewees' companies to prevent, detect, and sanction private-to-private corruption.

A first difference in the responses concerned the size of the companies, where the two respondents of the smaller (0-9 employees) companies seemed not to consider private-to-private corruption as a significant cost for their business, and the respondent of a medium-sized company was aware of the dangers of private-to-private corruption for the reputation and the revenues of his company. In particular, one respondent had knowledge of numerous cases in which colleagues had been approached by someone offering money, gifts or favours.

The respondents also stressed the importance of business-level measures to prevent and sanction private-to-private corruption, such as the publication of codes of conduct, the implementation of systems of control and sanction, and the establishment of clear rules in respect to gifts receipt or invitations to clients or suppliers and external audits.

3. Methodology

The research was conducted by using a survey on the population of firms in the Province of Trento in the period October – December 2017. The questions were uploaded to the online survey portal *Limesurvey*, designed specifically for scientific surveys. The sampling technique used was stratified sampling, which divided the population into non-overlapping groups (called strata) based on different characteristics. In this case, a multivariate stratification was performed by using two stratification criteria of the companies, i.e. the number of employees (divided into three groups: 0 to 9; 10 to 49; 50 and more) and the sector of activity (divided into four groups: industry; services; commerce; hotels and restaurants). The distribution of units among the twelve resulting strata is shown in the table below.

Table 1 - Distribution of total companies in the Province of Trento (according to firms' sectors of activity and size)

	Industry	Services	Commerce	Hotels/Restaurants	Total
0 to 9	8,933	15,109	7,924	4,215	36,181
10 to 49	768	364	335	343	1,810
50 and more	124	100	42	6	272
Total	9,825	15,573	8,301	4,564	38,263

From the presented population, a representative sample of 2,026 firms was selected. The sample size was determined on the basis of both statistical and non-statistical considerations. Given that a sampling error cannot be determined in advance, it was not possible to determine an optimal sample size. This situation occurs when data about the phenomenon under investigation are not available, as in this study which is a first quantitative analysis of private-to-private corruption. For these reasons, the sample size was set to 2,026 units.

The designed sample was selected with proportional allocation within strata. The minimum size for each stratum was $n_h = 10$ and the maximum size was $n_h = N_h$. This means that when the stratum size was less than 10 units, the allocation was forced to $n_h = 10$; otherwise, when $n_h = 10$ the stratum was census. The inclusion probability for stratum h was $\pi_h = \frac{n_h}{N_h}$.

For each stratum, units were selected by means of simple random sampling, respecting the principle of randomization and consequently ensuring the representativeness of the selected sample. The following table shows the sample composition.

Table 2 - Distribution of units of the selected sample in the Province of Trento (according to firms' sector of activity and size)

	Industry	Services	Commerce	Hotels/Restaurants	Total
0 to 9	467	790	415	221	1,893
10 to 49	41	20	18	18	97
50 and more	10	10	10	6	36
Total	518	820	443	245	2,026

Data were gathered in a first step by means of computer-assisted web interviews (CAWI) and, in a second step, by means of computer-assisted telephone interviews, in order to ensure a higher response rate. However, as happens in all surveys, partial and total non-responses occurred. Due to the composition of the questionnaire and to the nature of the survey, only total non-responses – i.e. refusals to participate in the survey – occurred. The response rate for the Province of Trento was 14.75 percent, which is a value in line with those of similar surveys on firms and reasonable for sensitive phenomena like corruption.

4. Problems related to the implementation of the survey

Implementation of the survey did not encounter major difficulties, either with the CAWI and CATI methodologies. The non-response rate was rather high, but homogeneously spread among the sectors of activity and proportional to the size of the strata. Clearly, strata with a low number of units in the population showed more difficulties to be reached. The sector of hotels and restaurants recorded the most non-responses.

The respondents showed an initial skepticism (very common in corruption surveys). Consequently, to overcome this problem while increasing the response rate, two rounds of phone calls making direct contact with the sampled enterprises were made. A final consideration regards the real number of companies contacted during the survey. Even though the total number of firms included in the sample amounted to 2,026, only 1,836 units were contacted, due to the lack of contact information (e-mail and/or telephone number) in the available business registers.

5. Review of the results of the questionnaire

This section presents the results most relevant to development of the PCB methodology. In this regard, the presentation of the results has been adapted in order to highlight their relevance to fine-tuning of the PCB methodology.

Q8. A person has offered you money, gifts or favors to help him/her make a deal that is not good for your company. What would you do?

I would accept. Everyone does it	0.37%
I would accept only if that person is a relative or a friend	0.37%
I would not accept if the deal implied the breaking of laws/codes	12.18%
I would not accept. I do not approve of such behaviour	84.87%
I do not know / I prefer not to answer	2.21%

According to the results, respondents generally rejected the possibility of accepting money, gifts or favors from someone to make a deal that was not good for their company. Thus, 0.37 percent of the respondents would accept money, gifts, or favours to make a bad deal, while damaging their company. The same percentage of respondents would do so if it was a family member or friend. However, the main results go in the direction of rejecting any fraudulent practices that would cause damage to the company. Hence, 12.18 percent of the respondents would not accept the deal if it would imply the breaking of laws/codes, while 84.87 percent would not accept/and not approve of such behaviour. Finally, around 12 percent of the respondents considered the possibility of engaging in private-to-private corruption if it did not infringe the existing laws/codes.

Q9. A person has offered you money, gifts or favors to help him/her make a deal that is good for your company. What would you do?

I would accept. Everyone does it	1.48%
I would accept only if that person is a relative or a friend of mine	0.74%
I would not accept if the deal involved the breach of laws/codes	29.15%
I would not accept, I do not approve of such behaviour	65.31%
I do not know / I prefer not to answer	3.32%

The results show that only 1.48 percent of the respondents would accept money, gifts or favors to help someone make a deal that was good for their company, and 0.74 percent would accept only if that person was a relative or friend. These results show that only around 2 percent of respondents would accept corruption, even if was beneficial for their company. On the other hand, 65.31 percent of the respondents would not accept money, gifts or favors to help a person make a deal that was good for their company, while 29.15 would not accept if the deal involved the breach of laws/codes. Finally, around 29 percent of the respondents considered the possibility of perpetrating private-to-private corruption if it did not infringe the existing laws/codes.

Q10. Could you please indicate which of the following behaviours you reckon to be the most common in Italy?

	Very often	Often	Rarely	Never	DK/NA
Politicians make decisions in exchange for money or favours for them or their families/friends	35.06%	36.53%	8.12%	4.43%	15.87%
Civil servants/public employees make decisions in exchange for money or favours for them or their families/friends	18.08%	33.58%	19.93%	6.64%	21.77%
Clientelism: the use of power (public or private) favoring friends and/or members of a political network	36.16%	38.75%	8.12%	3.69%	13.28%
Political and economic elite networks favoring each other through the use of resources or biased regulations	32.84%	36.90%	8.86%	4.06%	17.34%

According to the respondents, it was very common for politicians to make decisions in exchange for money or favours for them or their families/friends (35.06 percent “very often” and 36.53 “often”). Similarly, clientelism (36.16 percent “very often” and 38.75 “often”) and the political and economic elite networks favoring each other through the use of resources or biased regulations (32.84 percent “very often” and 36.90 “often”) were reckoned to be prevalent by the respondents. Finally, civil servants/public employees were perceived as less vulnerable to corruption (18.8 percent “very often” and 33.58 “often”).

Q11. What types of crime do you think are most common in the Province of Trento? (it is possible to indicate more than one answer)

Fraud	11.07%
Counterfeiting	1.48%
Corruption	22.14%
Drugs and prostitution	31.73%
Money Laundering	5.17%
Racketeering and extortion	1.11%
Non-regular employment?	30.63%
Intimidation	3.32%
Homicides	0.74%
Intellectual property theft	1.48%
Environmental Crime	14.02%
None of the above	7.38%

According to the respondents, the most common crimes in the Province of Trento were related to drugs and prostitution (31.73 percent), non-regular employment? (30.63 percent), and corruption (22.14 percent). However, environmental crime (14.02 percent), fraud (11.07 percent), money laundering (5.17 percent) and intimidation (3.32 percent) were also cited. Finally, respondents considered counterfeiting (1.48 percent), racketeering and extortion (1.11 percent) and intellectual property theft (1.48 percent), and homicides (0.74 percent) to be less common crimes.

Q12. In the past 12 months, have you heard about someone who has been offered money, gifts or favours to make a deal for his/her company?

Yes	No
2.31%	84.16%

The results show that 2.31 percent of the respondents had heard in the past 12 months about someone who had been offered money, gifts or favours to make a deal for his/her company.

Q13. If yes, who was this person? (it is possible to mark more than one answer)

Friend	25.00%
Acquaintance	37.50%
Colleague	37.50%
Relative	0.00%
Other	37.50%

According to the results, 37.5 percent of the respondents had heard of acquaintances to whom someone had offered money, gifts or favours to make a deal for his/her company. Furthermore, 37.5 percent of the respondents had heard about other people who had had similar experiences. Friends and relatives seem to be less involved in this case (25 and 0 percent respectively).

Q14. In your opinion, do regulations in your country restrict development of the business of the company for which you work?

	Yes, very much	Yes, much	Yes, but not much	No, not at all	DK/NA
Industry	15.38%	51.92%	19.23%	7.69%	5.77%
Trade	27.69%	43.08%	16.92%	4.62%	7.69%
Hotels/Restaurants	16.67%	44.44%	5.56%	33.33%	0.00%
Services	22.79%	41.91%	21.32%	5.88%	8.09%

In the opinion of the respondents, regulations restricted the development of their business in the industry (15.38 percent “very much” and 51.92 “much”), trade (27.69 “very much” and 43.08 “much”), hotels/restaurants (16.67 percent “very much” and 44.44 “much”), and service sectors (22.79 “very much” and 41.91 “much”).

Q15. How do you assess the risk of private-to-private corruption linked to the business sector of your company/the company for which you work?

	Very big	Big	Not significant	No risk at all	DK/NA
Industry	1.54%	3.08%	58.46%	24.62%	12.31%
Trade	5.77%	7.69%	57.69%	11.54%	17.31%
Hotels/Restaurants	0.00%	5.56%	61.11%	27.78%	5.56%
Services	1.47%	7.35%	49.26%	27.21%	14.71%

According to the respondents, the trade sector featured the highest level of risk of private-to-private corruption linked to the business sector of their company/the company for which they worked (5.77 percent as “very big” and 7.69 percent as “big”), while industry (1.54 percent “very big” and 3.08 “big”) and services (1.43 percent “very big” and 7.35 “big”) featured less risk. The hotels/restaurant sector feature the lower level of risk linked to the business sector of their company/company they work for (0 percent “very big” and 5.56 “big”).

Q16. In the activities of your company/the company for which you work, how often does it happen that external stakeholders (e.g. customers, intermediaries etc.) express their willingness to offer money, gifts or favours in exchange for preferential treatment?

	Very often	Often	Rarely	Never	DK/NA
Industry	1.54%	1.54%	26.15%	66.15%	4.62%
Trade	1.92%	1.92%	21.15%	73.08%	1.92%
Hotels/Restaurants	0.00%	0.00%	38.89%	55.56%	5.56%
Services	1.47%	2.21%	27.21%	61.76%	7.35%

The results show that respondents from trade (1.92 percent “very often”, 1.92 “often”, and 26.15 “rarely”) and industry (1.54 percent “very often”, 1.54 “often”, and 26.15 “rarely”) did not often encounter external stakeholders offering money, gifts or favours in exchange for preferential treatment. Individuals from the services (1.47 percent “very often”, 2.21 “often”, and 27.21 “rarely”) and hotels and restaurants sectors (no answers for “very often” and “often” and 38.89 for “rarely”) showed similar percentages.

Q17. In the internal work relationships of your company/the company for which you work, how often does it happen that someone offers money, gifts or favours in exchange for a preferential treatment?

	Very often	Often	Rarely	Never	DK/NA
Industry	0.00%	7.69%	87.69%	4.62%	0.00%
Trade	1.92%	9.62%	86.54%	1.92%	1.92%
Hotels/Restaurants	0.00%	27.78%	72.22%	0.00%	0.00%
Services	0.74%	8.82%	83.82%	6.62%	0.74%

According to the results, around 7.5 percent of the respondents from the industry sector (0 percent “very often” and 7.69 “often”) stated that in the work relationships within their company someone often offered money, gifts or favours in exchange for a preferential treatment, while around 9 percent of respondents from the trade sector (1.92 “very often” and 9.62 “often”) and services sector (0.74 “very often” and 8.82 “often”) reported a similar trend. Finally, around 28 percent of the respondents from the hotels/restaurants sector (0 percent “very often” and 27.78 “often”) saw this behavior as prevalent.

Q18. In your opinion, how likely is it that an employee in charge of the following activity? would accept /ask for money, gifts or favours?

	Very likely	Likely	Not very likely	Not at all likely	DK/NA
Procurement	0.37%	5.17%	9.96%	2.95%	2.21%
Retail/Wholesale	1.48%	9.59%	25.46%	13.65%	7.01%
Control or/and monitoring	0.37%	0.00%	1.48%	2.21%	0.37%
Human resources	0.37%	1.11%	1.11%	1.85%	0.37%

According to the results, the respondents observed a low likelihood of employees in charge of procurement (0.37 percent “very likely” and 5.17 “likely”), control or/and monitoring (0.37 percent “very likely” and 0 “likely”) and human resources (0.37 percent “very likely” and 1.11 “likely”) to accept/ask for money, gifts or favours during their activities. However, the retail/wholesale sector recorded the highest percentage of likelihood (1.48 percent “very likely” and 9.19 “likely”).

Q19. In the activities of your company/the company for which you work have you heard in the past 12 months of someone being recommended for a job on in exchange for money, gifts or favours?

No	Yes
95.57%	4.43%

According to the results, although almost all the respondents (95.57 percent) had not heard in the past 12 months of someone being recommended for a job in exchange for money, gifts or favours in the activities of their company/company for which they worked. However, 4.43 percent of respondents acknowledged this problem within the same period.

Q20. In your company/the company for which you work, how often have you heard of someone who:

	Very often	Often	Rarely	Never	DK/NA
Directly offered money, gifts or favours in exchange for a favour/service	1.11%	0.37%	11.07%	78.97%	8.49%
Did not directly offer, but expressed willingness to give something (e.g. money, gifts or favours) in exchange for a favour/service	1.11%	0.74%	16.97%	72.32%	8.86%

Only a few respondents had heard of someone who had directly offered money, gifts or favours in exchange for a favour/service (1.11 percent “very often” and 0.37 “often”) not even someone who had not directly offered but expressed willingness to give something (e.g. money, gifts or favours) in exchange for a favour/service (1.11 percent “very often” and 0.74 “often”). However, the results show that the offer of money, gifts or favours (both direct -11.07 percent- and indirect, 16.97) is a situation that occurs, although it does so rarely.

Q21. In the last case, the offer/availability to give something came from the person itself or through intermediaries?

NA	Directly	Through intermediaries
79.70%	15.87%	4.43%

According to the results, 15.87 percent of the respondents who had heard of someone directly or indirectly offering money, gifts or favours in exchange for a favour/service stated that the offer/willingness to give something (e.g. money, gifts or favours) came directly from the person him/herself, in contrast to the 4.43 percent of respondents who noted that the offer/willingness was expressed through intermediaries.

Q22. In the activities of your company/ company you work for, have you heard of someone which has been offered money, gifts or favour in exchange for his political vote?

Yes	No
2.95%	97.05%

According to the results, 2.95 percent of the respondents had heard of someone which has been offered money, gifts or favour in exchange for his political vote.

Q23. [If Q22 is “YES”] Who was this person? (it is possible to mark more than an answer)

	Friend	Acquaintance	Colleague	Relative	Other
Procurement	0.00%	33.33%	66.67%	0.00%	0.00%
Retail/Wholesale	0.00%	0.00%	66.67%	0.00%	33.33%
Control or/and monitoring	0.00%	75.00%	0.00%	0.00%	25.00%
Human resources	0.00%	33.33%	33.33%	0.00%	33.33%
Other	0.00%	33.33%	66.67%	0.00%	0.00%

According to the respondents who (in the past 12 months) had heard of someone who had been offered money, gifts or favours in exchange for his/her political vote, this person was often a colleague (66.67 percent) in the case of employees in charge of procurement or retail/wholesale, and acquaintances (75 percent of the respondents) for employees in charge for control/monitoring activities.

Q24. According to your experience, how often in the market of your company/the company for which you work does it happen that:

	Very often	Often	Rarely	Never	DK/NA
an employee responsible for procurements or purchases receives cash or goods in return for an order?	2.21%	7.38%	24.72%	44.65%	21.03%
a mediating company instead of recommending the best and cheapest offer, suggests another firm that in turn kicks part of the sales back to the mediating company?	1.48%	7.38%	23.25%	46.13%	21.77%
an employee responsible for procurements or purchasing goods and services hands over the order to a close friend or relative?	2.58%	9.96%	31.00%	34.32%	22.14%
an employee responsible for inventory management makes false account entries and instead of storing the goods, resells them?	1.11%	0.37%	14.02%	58.67%	25.83%
a company offers money, favours or gifts to the buyer of a customer company in order to obtain favours in future?	2.58%	7.38%	16.24%	49.08%	24.72%
a company offers money, favours or gifts to the employees of a financial institute in order to obtain favourable conditions for loans of financial facilitations?	1.11%	2.21%	13.28%	52.03%	31.37%
a company offers money, favours or gifts to the employees of a competitor in order to obtain strategic or commercial information (e.g. new products, customers list, terms offered by competitors for a tender, future investments)	1.11%	1.11%	13.65%	54.61%	29.52%
a company offers money, favours or gifts to independent professionals with specific roles of control (e.g. consultants, auditors) to induce them to act in contrast with their duties	1.48%	1.48%	12.18%	56.46%	28.41%
someone who asks for/gives a bribe is discovered	1.11%	4.43%	27.31%	32.10%	35.06%
someone who asks for/gives a bribe is sanctioned	1.11%	5.17%	24.72%	32.84%	36.16%
a company incurs a financial loss in the case of involvement in corruption	4.43%	12.18%	22.88%	25.83%	34.69%
a company is subjected to a reputational loss in case of involvement in corruption	9.23%	14.76%	19.93%	25.09%	31.00%
giving/receiving a bribe has a negative impact on an employee's career	8.49%	15.50%	18.08%	25.46%	32.47%

According to the results, around 10 percent of the respondents (2.21 percent “very often” and 7.38 “often”) believed that an employee responsible for procurements or purchases often received cash or goods in return for an order. Moreover, around 8 percent of the respondents (1.48 percent “very often” and 7.38 “often”) believed that mediating companies, instead of recommending the best and cheapest offer, often suggested another firm that in turn kicked part of the sales back to the mediating company. Around 12 percent of the respondents (2.58 “very often” and 9.96 “often”) believed that employees responsible for procurements or purchasing goods and services often handed the orders over to close friends or relatives, while almost 10 percent of the respondents (2.58 percent “very often” and 7.38 “often”) believed that a company often offered money, favours or gifts to a buyer from a customer company in order to obtain favours in the future. In regard to the consequences of corruption, almost 60 percent of the respondents believed that those who gave/received bribes were discovered (27.31 percent “rarely” and 32.10 “never”) or sanctioned (24.72 percent “rarely” and 32.84 “never”). Furthermore, the financial (22.88 percent “rarely” and 25.83 “never”) or reputational (19.93 percent “rarely” and 25.09 “never”) losses for the companies in the case of involvement in corruption cases were considered rare by the respondents.

Q25. Which of the following factors do you consider a major obstacle to firm's entry/development in the market? (max 2 answers)

	0-9 employees	10-49 employees	50 employees or more
Anti-competitive practices	91.67%	0.00%	8.33%
Infrastructure	69.23%	23.08%	7.69%
Taxes and regulations	85.71%	9.09%	5.19%
Functioning of the judiciary	78.72%	12.77%	8.51%
Access to finance	82.41%	11.11%	6.48%
Organized Crime/Mafia	50.00%	50.00%	0.00%
Political instability/Uncertainty	71.43%	10.71%	17.86%
Street Crime/Theft/Disorder	100.00%	0.00%	0.00%
Exchange Rate	0.00%	0.00%	0.00%
Inflation	100.00%	0.00%	0.00%
Corruption	100.00%	0.00%	0.00%
None of the above	90.00%	10.00%	0.00%

According to the respondents, inflation and corruption (100 percent) are perceived by companies with 0-9 employees as the major obstacle for the firm's development. On the other hand, organized crime is perceived as the most important obstacle for half of the companies with 10-49 employees (50 percent), while political instability is perceived as the major obstacle for companies with 50 employees or more (17.87 percent).

Q26. Do you think that private-to-private corruption, in particular situations, can be useful to enhance/accelerate? the business of your company/the company for which you work?

	Very useful	Useful	Not especially useful	Not useful at all	DK/NA
Industry	3.08%	3.08%	12.31%	60.00%	21.54%
Trade	1.92%	1.92%	19.23%	61.54%	15.38%
Hotels/Restaurants	0.00%	5.56%	16.67%	61.11%	16.67%
Services	0.74%	0.74%	8.82%	69.12%	20.59%

According to the results, respondents from the four sectors did not consider private-to-private corruption as a means useful to enhance/accelerate? the business of their company/the company for which they worked. Thus, the companies surveyed? seemed to reject the idea of private-to-private corruption as useful, with similar results in all sectors: industry (60.00 percent), trade (61.54 percent), hotels/restaurants (61.11 percent) and services (69.12 percent).

Q27. Would you feel less guilty if a conduct which is contrary to the duties of your company/ company for which you work was requested by a superior?

Very guilty	Guilty	Not especially guilty	Not guilty at all	DK/NA/I do not have superiors
34.69%	8.12%	3.32%	3.32%	50.55%

The results show that around 34 percent of the respondents would feel very guilty if a conduct contrary to the duties of their company/company for which they worked was requested by a superior. Only 3.32 percent of the respondents stated that they would not feel guilty at all, or not especially guilty.

Q28. Do you think that a behavior contrary to the duties of the company/the company for which you work would be more acceptable if common among its employees?

Fully acceptable	Acceptable	Not especially acceptable	Not acceptable at all	DK/NA
0.37%	0.74%	8.49%	72.69%	17.71%

According to the results, a significant proportion of respondents did not accept a behavior which was contrary to the duties of their company/company for which they worked (8.49 percent “not especially acceptable”, and 72.69 “not acceptable at all”) even if common among its employees. Furthermore, it should be highlighted that, conversely, only 0.37 percent of the interviewees thought that this behavior would be fully acceptable and 0.74 percent believed that it would be acceptable.

Q29. Which of the following acts do you consider effective against corruption? (max 3 answers)

Reduction of the employee's degree of discretion	8.12%
Development of an internal control system	28.41%
Punishing wrongdoers by terminating employment contracts	55.72%
Punishing wrongdoers by decreasing salary, demotion etc.	15.50%
General ethics training to all employees	35.06%
Declaration of (financial) interests	1.11%
Control of access (intermediaries, suppliers)	9.59%
Adoption of code of ethics and/or instructions	24.35%
Standard system of monitoring and evaluation of the activities	17.71%
Creation of an anonymous hotline	19.19%
None of the Above	6.64%

According to the respondents, the following acts were the most effective against corruption: punishing wrongdoers by terminating employment contracts (55.72 percent), general ethics training to all employees (35.06 percent), development of an internal control system (28.41 percent), adoption of codes of ethics and/or instructions (24.35 percent). By contrast, the interviewees noted that the least effective acts against corruption on the list were: punishing wrongdoers by decreasing salary, demotion etc. (15.50 percent), control of access (intermediaries, suppliers) (9.59 percent), reduction of the employee's degree of discretion (8.12 percent), declaration of (financial) interests (1.11 percent).

Q30. Does your company/the company for which you work have a code of conduct which applies to all its employees (and intermediaries)?

	No	Yes
0-9 employees	75.33%	21.59%
10-49 employees	50.00%	50.00%
50 employees or more	37.50%	62.50%

The results show that larger companies more often have a code of conduct (62.5 percent of those with 50 employees or more and 50 percent of those with 10-49 employees) compared with smaller companies (21.59 percent for those with 0-9 employees) which often lack this anticorruption measure.

Q31. [If Q30 is “YES”] Do you think that this code is observed by all the employees of your company?

	NA	No	Yes
0-9 employees	78.41%	2.64%	18.94%
10-49 employees	50.00%	7.14%	42.86%
50 employees or more	37.50%	18.75%	43.75%

According to the results, among the companies featuring a code of conduct, it is observed by all the employees for 18.94 percent of companies with 0-9 employees , 42.86 of those with 10-49 employees, and 43.75 of those with 50 or more employees.

Q32. Does your company/ the company for which you work have an anti-corruption training programme for its employees?

	NA	No	Yes
0-9 employees	3.08%	93.83%	3.08%
10-49 employees	0.00%	89.29%	10.71%
50 employees or more	0.00%	81.25%	18.75%

According to the results, the respondents from the two larger sizes of companies stated that their company/company for which they worked did not have an anti-corruption training programme for its employees. In the case of companies with 0-9 employees, only 3.08% had such a programme, while 10.71 percent of companies with 10-49 employees and 18.75 percent with 50 employees or more.

Q33. Does your company/ company for which you work have a system to protect “whistleblowers”?

	NA	No	Yes
0-9 employees	3.08%	94.71%	2.20%
10-49 employees	0.00%	96.43%	3.57%
50 employees or more	0.00%	93.75%	6.25%

The results show a general lack of systems to protect whistleblowers in Italian companies. Only 2.20 percent of companies with 0-9 employees, 3.57 percent of those with 10-49 employees, and 6.25 percent of those with 50 or more employees have a system to protect “whistleblowers”.

Q34. To what extent would the annual income of your company change in the absence of private-to-private corruption?

	Would decrease a lot	Would decrease a little	Would be the same	Would increase a little	Would increase a lot
0-9 employees	0%	1.32%	54.63%	13.22%	3.52%
10-49 employees	0%	0.00%	25.00%	3.57%	0.00%
50 employees or more	0%	0.00%	6.25%	6.25%	0.00%

According to the results, the owners/CEOs of companies with 10-49 employees (25 percent “would increase a little” and 3.57 “would increase a lot”) and 50 or more employees (6.25 percent “would increase a little” and 6.25 “would increase a lot”) believed that the income of their business would increase in the absence of private-to-private corruption. Moreover, around 17 percent of the owners/CEOs of companies with 0-9 employees believed that the income of their company would increase without private-to-private corruption (13.22 percent “would increase a little” and 3.52 “would increase a lot”).

Q35. According to your experience, how frequently does it happen that companies in your sector agree on the specific goal of not being competitors?

	Very often	Often	Not especially often	Never	DK/NA
Industry	3.85%	9.62%	34.62%	11.54%	40.38%
Trade	3.08%	10.77%	32.31%	21.54%	32.31%
Hotels/Restaurants	0.00%	11.11%	38.89%	27.78%	22.22%
Services	1.47%	10.29%	28.68%	22.79%	36.76%

The results show that it is not common for companies to agree on the specific goal of not being competitors. In this regard, 34.62 percent of the respondents in the industry sector, 32.31 of those in trade, 38.89 of those in hotels and restaurants, and 28.68 of the interviewees in the services sector noted that this happens, but not often. On the other hand, the sectors that exhibited the higher frequency of agreements on specific goals of not being competitors by answering “very often” or “often” were industry with 3.85 percent (very often) and 9.62 (often) and trade with 3.08 (very often) and 10.77 (often).

Q36. According to your experience, to what extent does conflict of interest affect the activities of your company/the company for which you work?

	Affects very much	Affects significantly?	Does not affect especially (much)	Does not affect at all	DK/NA
Industry	7.69%	11.54%	30.77%	21.15%	5.77%
Trade	6.15%	13.85%	30.77%	26.15%	23.08%
Hotels/Restaurants	11.11%	22.22%	33.33%	22.22%	11.11%
Services	2.94%	23.53%	29.41%	25.74%	18.38%

Around one third of respondents in all sectors believed that conflict of interest did not very much affect the activities of their companies. This opinion was somewhat higher among the respondents in the hotels/restaurants sector (33.33 percent). However, some respondents in the same sector (11.11 percent) observed that conflict of interest greatly affected their activities.

Annex D

Research results in Spain

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1. Introduction

Private to private corruption is a phenomenon that affects developing and developed countries. However, PTPC has been for a long time under-addressed, especially when compared to public corruption, and gained the attention of academy only recently.

There is no a universal definition of private to private corruption due to the complexity and significance of the phenomenon. In this study, we opted for using Argandoña's definition (2005: 252) because it explains the concept in its broadest sense: "Private corruption consists of giving, facilitating or receiving payments or effects, violating a formal or implicit rule to avoid a disadvantage (as reducing a cost) or to gain an advantage (as obtaining profits). It is done to the benefit of the person who pays or a third party, it can be individualised or systemic, based on coercion or collusion, centralised and organised or decentralised and unorganised and it tends to be done in secret".

Moreover, "private to private corruption may adopt a variety of forms such as bribery (when it is the person who pays who takes the initiative of the action); extortion or solicitation (when it is the person who receives the payment who takes the initiative); dubious commissions, gifts and favors; facilitation payments; nepotism and favoritism or an illegitimate use of trading of the information" (Argandoña, 2003: 255). Fighting private to private corruption is a complex task. In this sense, the fact that an organization has preventive and corrective policies and tools against the different forms of corruption does not guarantee that the company will be free of this kind of corruption.

The study of private corruption in Spain has been characterised by a large formal and regulatory approach of the phenomenon. Taking for granted the existence of corruption in the Spanish private sector, the majority of studies have addressed the issue from two perspectives: ethical and legal. From the point of view of ethics, analyses have been oriented to enunciate the importance that companies have their managers and senior managers to follow a code of ethics to manage any moral problems that may arise in the development of their activities (Fernández, 1994; Méle, 1994). From the legal point of view, efforts have been devoted to the analysis of legal assumptions incurring in the emergence of this kind of crimes between individuals (Faraldo, 2002; Rosas, 2009) and to the study of Spanish legislation evolution addressing criminal sanctions in this field (Queralt, 2012; Bolea, 2013; Encinar, 2016).

Regarding the empirical dimension studies about the perception of entrepreneurs of private corruption in Spain, there are very few studies in this field. The first surveys on perception of entrepreneurs about private corruption in this country are from two decades ago. One of these surveys was carried out in 1996 by the University of Navarra. The objective of this study was to measure the degree of ethics in procurement processes from a sample of Spanish companies (IIDEA, 1996). The results of this survey indicated that a forty-one percent of companies admitted the existence of unethical practices in their sales activities, as the payment of commissions and the realization of gifts. Also, more than fifty percent of the interviewed considered that these payments of commissions and the realization of gifts were very common practices in their companies. Forty-nine per cent of the total respondents acknowledged that they had adopted practices involving a cost for their companies, although they were not clearly immoral (Argandoña, 1999).

The other study was a survey at the European level on the perception of ethical behavior among managers of companies from nine EU countries and the USA, carried out by Jeurissen and van Luijk (1998) and in which Spain was included within the sample. The outcomes placed Spain as the second country, after Italy, as highest perception of

paying bribes in business. The study also highlighted such negative perception to be associated directly with the experience of the interviewed persons in terms of business relations with Spain, that could be due in part to the international media coverage of some corruption scandals happening in the country at the time that the interviews were conducted.

The initial surveys on private corruption, although original, were also extremely subjective in terms of their results and very partial in their design studies. Through some representative samples, such surveys focused on measuring the perception of the respondents on what they considered not ethical behavior in business. In addition, the first of these survey's observation was limited to the companies purchase activities, while in the second ones the analysis was focused on the image that the respondents had about private corruption in other countries and not so much on the perception of unethical practices in their own countries. Due to the just mentioned limitations, these studies only showed signs of the real dimensions of private corruption in Spain.

After these first surveys, the unique empirical analyses that currently exist in Spain about the phenomenon of private corruption are the opinion studies carried out worldwide by the consulting enterprise PricewaterhouseCooper (PWC) on economic crimes and corporate fraud. These studies, carried out in the country since 2009, have emphasised that bribery within private sector is the second most suffered crime by the Spanish companies (PWC, 2016) after the appropriation of assets. This seems to be a tendency to consolidate if we analyse the results obtained recently by PWC survey, in which more than one third of those interviewed placed bribery and corruption as the main offence that their company had suffered in the last two years (PWC, 2018).

In spite of the fact that private corruption is indeed difficult to research due to the illegality of its actions and because of the moral stigmatization it involves (Johannsen, Hilmer, Vadi, Reino, Sööt, 2016), the strength of private to private corruption's harmful effects on the business and investment climate and on the society in general is significant enough to go in depth with the understanding and repercussions of the phenomenon.

Following the idea of the private to private corruption effects on organizations, it should be outlined that this kind of illegal activities can cause dysfunctionalities in companies due to the allocation of inefficient resources can generate costs or lower incomes to the enterprises, affecting to the sustainable growth of the firm, increasing the risk of their performances and reducing their competitive advantages (Luo, 2002). Furthermore, bribery creates a culture of individual self-interest in contrast to the enterprises' interests, affecting the efficient decision making and damaging the working environment and the reputation of the firm (Gopinath, 2008).

The lack of existing research on private to private corruption makes necessary the development of instruments and indicators to improve the knowledge in the field. The Private Corruption Barometer - Drafting and piloting a model for a comparative business victimization survey on private corruption in the EU develops at the national and supranational level a tool to gather comparative information via experiences and perceptions to go beyond the limits of official crime statistics, to produce more reliable instruments and indicators to measure corruption in the private sector that damages business and to compare data on this topic across different countries in the EU. The adoption of policies based on research and data could help to avoid corruption in the private sector.

According to the structure of the report, the first part of the study reviews the existing national literature on private to private corruption, including the best definition of the concept, explains the relevance of the approach to the phenomenon, the project objective and offers scientific evidence on what has been collected to date. The second section of the report analyses preliminary interviews with key actors. In the third section, the problems related to the implementation of the survey are analysed, including the strategies adopted to overcome these obstacles. The fourth section of the study explains the methodology, including sample, population and survey technique. The fifth and final section highlights the results of the research, containing the results of the survey and frequencies in tabular form.

2. Preliminary interviews to key actors

The initial approach to the Spanish companies perception about corruption in the private sector was carried out through the development of preliminary interviews to business managers. The purpose of these interviews was mainly to collect empirical information on methodologically relevant aspects for the study of the phenomenon. One of these aspects had to do with testing the receptivity level of the managers of companies to respond to questions about private corruption. Another key goal of these preliminary interviews was to identify concepts, vocabulary and meanings that the respondents employed when referring to private corruption. The consideration of these issues was essential to define the most appropriate work strategy to apply to the survey.

The interviews were semi-structured, although they were also open-ended to allow respondents to have more freedom to speak about the topics. A total of three interviews were conducted in this preliminary stage and they were carried out in person in Madrid. The interviewed key actors were selected considering their manager position in their companies. The kind of key actors's companies activity are: auditing-consulting, lobbying-communication and banking.

The preliminary interviews with key actors drew attention to some significant topics on private to private corruption, such as the respondents' perception about the existence of the phenomenon in their business sectors and in the country in general as an important problem, their own experiences with private to private corruption cases and measures to prevent and combat private corruption.

According to the results of the interviews, it should be noted that the respondents considered shared views and differences of opinion on the interview questions.

While private to private corruption was considered by the representatives from auditing-consulting and lobbying-communication sectors as an important and widespread problem in Spain with harmful consequences for the companies and the economy, the interviewed banking representative noted that he had never known private to private corruption, not even relating to the concession and maintenance of credits.

The answers showed individual experiences on private to private cases. In this sense the respondents from auditing-consulting and lobbying-communication sectors mentioned that in the exercise of their professional activity, they have had knowledge about lot of cases related to approaches to colleagues by someone offering money, gifts or favours and also to themselves. One answer pointed out that the interviewed had been approached by people who were in the decision-making procurement process of big companies.

With regards to the most important measures to prevent and combat corruption in their companies at the internal level, the respondents underlined the significance of some tools and policies developed by their organizations, such as education and formation in values, the publication of codes of conduct, the protection of whistleblowers, clearly established rules in respect of the gifts receipt or invitations to clients or suppliers and external audits.

Concerning to the most relevant external political and normative measures to prevent and combat this phenomenon in general, the interviewed people agreed on the idea of the lack of controls, compliance and tools to fulfill rules and regulations. Accordingly, the respondents noted some key points to prevent and combat private to private corruption, such as the need of judicial, police and other institutions reinforcement investing mainly in human resources and tools to improve controls and compliance. In this way, an interviewed highlighted that it would be very helpful in Spain to have an Anti-corruption Agency controlling compliance as the one existing in France. Furthermore, it was underlined the need of having a register of lobbyist and transparency policies in the lobbying-communication field.

Another major consideration about corruption in the private sector was the difficulty of unraveling the legal commissions from the bribes.

3. Methodology

The questionnaire has been administered in the Region of Madrid in the period January – February 2018.

The research has been conducted through the use of quantitative methodology, in particular through telephone interviews to a stratified and representative sample of companies with 10 or more employees, with the next methodological characteristic:

Distribution of companies (according to sector and size)

	Industry		Construction		Trading		Catering		Services		Total
	10-49	More than 50	10-49	More than 50	10-49	More than 50	10-49	More than 50	10-49	More than 50	
Region of Madrid	2,298	613	2,237	313	3,261	814	1,631	291	10,355	3,668	25,481

The sample of the research was set for 300 interviews, distributed among each of the five activity sectors with the aim to grasp with a reasonable reliability the possible differences and perspectives prevailing in each of them.

Distribution of the obtained sample (according to sector and size)

	Industry		Construction		Trading		Catering		Services		Total
	10-49	More than 50	10-49	More than 50	10-49	More than 50	10-49	More than 50	10-49	More than 50	
Region of Madrid	28	8	34	5	46	11	28	5	67	55	287

For the joint analysis of all the obtained data, the research process has proceeded to restore to each interviewed business sector their real proportional significance over the total of the Spanish business community in order to avoid possible over or infra-representation of their opinions on the total.

Related to the sampling error, it should be outlined that for a statistical confidence level of 95% (that is the typically adopted) and assuming the principles of simple random sampling, in the most unfavorable hypothesis of maximum indeterminacy ($p=q=50\%$) is of ± 4.1 points.

The data recovery method consisted on telephone interviewing assisted by computer (CATI) through structured and pre-coded questionnaire, with a random selection of the interviewed person. The interviews have been performed by the telephone field interviewer team of Metroscopia. The processing of the data has been fully conducted in Metroscopia through the TESI Barbwin system.

4. Problems related to the implementation of the survey

The questionnaire dynamic did not present important difficulties and no doubt signals were registered for the understanding of the answers statements. The duration of the interview (16.71 minutes) that was one of the main obstacles at the moment of obtaining the collaboration of professionals with major positions at the companies, due to the existing difficulties of get enough free time, does not seem to have excessively contributed to increase the reject rate. In this sense, once the respondents accessed to collaborate in the research, normally it was concluded without excessive difficulty. In fact, the study reject rate has reached the 10.7%, under the usual interval of negative answer (that used to be between the 12% and the 15% for studies on companies).

From the experience of Metroscopia on this kind of research, the lack of file phone registers updated by the database providers companies (the economic crisis has caused changes on the Spanish companies' structure, cessation of business, changes of activity and size, etc. that have not yet been able to be registered), makes it necessary the incorporation of a bigger number of contacts to achieve the collaboration of the Spanish companies on this kind of research projects.

5. Review of the results of the questionnaire

Q8. A person has offered you money, gifts or favors for helping him/her to make a deal that is not good for your company. What would you do?

I would accept. Everyone does it	-
I would accept only if that person is a relative or a friend	-
I would not accept if the deal would imply the breaking of laws/codes	13.9%
I would not accept, I do not approve similar behaviours	86.1%
I do not know / I prefer not to answer	-

The idea of accepting money, gifts or favors from any person to make a deal that is not good for their company is rejected by all respondents. None of the interviewed responded that they would accept gifts. They would not do so in the case that it was a family member or friend. The main results go in the direction of rejecting any fraudulent practices that would damage to the company. According to the results, 13.9% of the respondents would not accept if the deal would imply the breaking of laws/codes while 86.1% would not accept/ and not approve similar behaviours.

Q9. A person has offered you money, gifts or favors for helping him/her to make a deal that is good for your company. What would you do?

I would accept. Everyone does it	4.7%
I would accept only if that person is a relative or my friend	1.5%
I would not accept if the deal would imply the breaking of laws/codes	26.0%
I would not accept, I do not approve similar behaviours	66.6%
I do not know / I prefer not to answer	1.2%

According to the results, 66.6% of the respondents would not accept money, gifts or favors for helping a person to make a deal that is good for their company while 26.0% would not accept if the deal would imply the breaking of laws/codes. Only 4.7% of the respondents would accept money, gifts or favors, and 1.5% would accept only if that person is a relative or my friend. From these results, it is observed that it is very low the number of businesspersons who would be willing to make to use of private corruption to obtain treatment that benefit your company.

Q10. Could you please indicate which of the following behaviours do you reckon as the most common in Spain?

	Very often	Often	Rarely	Never	DK/NA
Politicians make decisions in exchange for money or favours for them or their families/friends	43.3%	42.0%	11.7%	1.0%	2.1%
Civil servants/public employees make decisions in exchange for money or favours for them or their families/friends	22.9%	38.2%	27.9%	3.7%	7.3%
Clientelism: the use of power (public or private) favoring friends and/or members of a political network	45.3%	42.5%	9.0%	0.6%	2.5%
Political and economic elite networks favoring each other through the use of resources or biased regulations	46.9%	39.7%	8.0%	2.0%	0.7%

According to the results, respondents reckon as very common in Spain the decisions made by politicians in exchange for money or favours for them or their families/friends, clientelism (as the use of public or private power favoring friends and/or members of a political network) and the political and economic elite networks favoring each other through the use of resources or biased regulations. In the meantime, civil servants/public employees are significantly less believed to make decisions in exchange for the same factors.

Q11. Which type of crimes do you feel as most common in the Region of Madrid? (it is possible to indicate more than an answer)

	No	Yes	DK / NA
Fraud	11.6%	86.8%	1.6%
Counterfeiting	37.1%	53.4%	9.5%
Corruption	10.8%	87.9%	1.3%
Drugs and prostitution	18.6%	75.7%	5.7%
Money Laundering	17.8%	75.9%	6.3%
Racketeering and extortion	48.3%	40.7%	11.0%
Non-regular job market	20.4%	76.7%	2.8%
Intimidations	53.4%	35.8%	10.8%
Homicides	66.1%	21.7%	11.8%
Intellectual property theft	31.0%	57.2%	11.8%
Environmental Crime	18.2%	77.3%	4.4%
None of the above	-	-	-

According to the results, the most common crimes felt in Spain by the respondents are especially fraud (86.8%) and corruption (87.9%), while drugs and prostitution (75.7%), money laundering (75.9%), non-regular job market (76.7%), environmental crime (77.3%) and intellectual property theft (57.2%) are also considered as significant. In contrast, respondents feel homicides (66.1%) as the less common crime in Spain, but highlighting intimidations (53.4%), racketeering and extortion (48.3%) and counterfeiting (37.1%).

Q13. [If Q12 is "YES"] Who was this person? (it is possible to mark more than an answer)

Friend	11.5%
Acquaintance	52.4%
Colleague	20.3%
Relative	6.9%
Other	22.8%

According to the results, 52.4% of the respondents reckon that they have heard of acquaintances to whom someone has offered money, gifts or favors to do something that could hurt the company in which they work. Besides, it appears that 22.8% of the respondents said that they have heard about other unknown people who also have had similar experiences. On the other hand, the values decrease when referring to friends or family of respondents, with 11.5% and 6.9% respectively.

Q14. According to your opinion, regulations in your country act as a limit for the development of the business of your company/company you work for?

	Yes, very much	Yes, much	Yes, but not much	No, not at all	DK/NA
Industry	-	53.0%	38.6%	8.4%	-
Construction	-	56.4%	38.3%	2.5%	2.7%
Trade	-	52.6%	43.9%	3.5%	-
Hotels/Restaurants	-	42.4%	54.2%	3.4%	-
Services	-	57.4%	27.9%	12.5%	2.2%

According to the results, more than 50% of respondents of all activities sectors said that regulation in Spain acts as a limit for the business development. This opinion is higher in trade and hotel/restaurants sectors, with 96.5% and 96.6% respectively, while it is only a bit lower than in service sector, with 85.3%, among the respondents that said very much and not much. In fact, this same opinion has high values of 91.6% and 94.7% in industry and construction sectors.

Q15. How do you assess the risk of private-to-private corruption linked to the business sector of your company/company you work for?

	Very big	Big	Not significant	No risk at all	DK/NA
Industry	14.1%	25.2%	49.7%	8.3%	2.8%
Construction	20.7%	51.0%	25.6%	2.7%	-
Trade	8.8%	12.3%	61.3%	15.8%	1.8%
Hotels/Restaurants	6.4%	35.5%	38.9%	19.2%	-
Services	14.1%	27.0%	48.6%	8.1%	2.2%

According to the data percentage, respondents from construction sector assess the highest level of risk of private-to-private corruption linked to their business sector of their company/the company they work for (71.7%) but related to the absolute values, interviewed from services sector highlight in a prominent way the referred risk. In contrast, it should be also outlined that regarding to the data percentages respondents from trade sector assess the lower level of risk linked to their field but respondents from services state the lower level of risk considering the absolute values.

Q16. In the activities of your company/company you work for, how often happens that external stakeholders (e.g. customers, intermediaries etc.) show their availability to offer money, gifts or favours in exchange for a preferential treatment?

	Very often	Often	Rarely	Never	DK/NA
Industry	-	8.4%	49.8%	41.7%	-
Construction	-	25.4%	51.5%	23.1%	-
Trade	1.8%	13.9%	43.7%	40.6%	-
Hotels/Restaurants	-	38.9%	27.6%	33.5%	-
Services	4.4%	12.6%	44.7%	38.3%	-

According to the results, respondents from hotels/restaurants (38.9%) and construction sector (25.4%) noted the highest availability on percentage data of external stakeholders to offer money, gifts or favours in exchange for a preferential treatment. However, individuals from services sector highlighted on absolute values the availability of external

stakeholders to offer this kind of goods. On the other hand, interviewed from industry, construction sector and trade showed a similar strong tendency of low availability of external stakeholders to show their disposal to offer money, gifts of favours in exchange for a preferential treatment, but the respondents from services sector showed the lower availability on absolute values of external stakeholders in this sense.

Q17. In the internal work relationships of your company/company you work for, how often happens that someone shows his availability to offer money, gifts or favours in exchange for a preferential treatment?

	Very often	Often	Rarely	Never	DK/NA
Industry	-	-	25.3%	74.7%	-
Construction	-	5.1%	30.8%	64.1%	-
Trade	-	-	29.8%	66.7%	3.6%
Hotels/Restaurants	3%	11.8%	27.1%	58.1%	-
Services	-	1.1%	28.7%	70.2%	-

According to the results, it should be highlighted that the five analysed business sectors showed the almost total absence of people showing their availability to offer money, gifts or favours in exchange for a preferential treatment at the level of the internal work relationships of their company/company they work for. Only results from construction sector (5.1%), hotels/restaurants (14.8%) and services (1.1%) noted a low rates of subject matter.

Q18. According to your opinion, which is the likelihood that an employee in charge of the following activity would accept /ask money, gifts or favours? [List activities marked in Q7]

	Very likely	Likely	Not much likely	Not likely at all	DK/NA
Procurement	2.0%	8.5%	33.1%	55.8%	0.7%
Retail/Wholesale	2.1%	4.5%	35.4%	56.3%	1.7%
Control or/and monitoring	1.0%	4.2%	35.1%	58.1%	1.6%
Human resources	0.6%	0.8%	24.5%	73.3%	0.8%

According to the results, the respondents noted a strong tendency of low likelihood of employees in charge of procurement, retail/wholesale, control or/and monitoring and human resources to accept/ask money, gifts or favours. It should be highlighted that interviewed showed the highest percentage of likelihood of employees from procurement field (10.5%) making use of private-to-private corruption.

Q19. In the activities of your company/ company you work for have you heard in the last 12 months of someone suggested for a job position in exchange for money, gifts or favours?

No	Yes
98.1%	1.5%

According to the results, almost the practical entirety of the interviewed (98.1%) showed that they had not heard in the last 12 months of someone suggested for a job position in exchange for money, gifts of favours in the activities of their company/company they work for.

Q20. In your company/company you work for, how many times have you heard of someone who:

	Very often	Often	Rarely	Never	DK/NA
Directly offered money, gifts or favours in exchange for a favour/service	0.4%	2.4%	12.3%	84.2%	0.7%
Has not directly offered, but shown the availability to give something (e.g.money, gifts or favours) in exchange for a favour/service	0.9%	3.0%	15.5%	80.3%	0.3%

According to the results, the respondents noted that they had not practically heard of someone who directly offered money, gifts or favours in exchange for a favour/service (96.5%) not even about someone who had not directly offered but showed the availability to give something (eg. money, gifts or favours) in exchange for a favour/service (95.6%).

Q21. In the last case, the offer/availability to give something came from the person itself or through intermediaries?

NA	Directly	Through intermediaries
1.4%	60.8%	19.7%

According to the results, regarding question 20, from an absolute value of 66 respondents, the 60.8% of them answered that the offer/availability to give something (eg. money, gifts or favours) came directly from the person itself unlike 19.7% of the interviewed that noted that the offer/availability came through intermediaries.

Q22. In the activities of your company/ company you work for, have you heard of someone which has been offered money, gifts or favour in exchange for his political vote?

Yes	No
1.5%	98.5%

According to the results, 1.5 percent of the respondents had heard of someone which has been offered money, gifts or favour in exchange for his political vote.

Q23. [If Q22 is “YES”] Who was this person? (it is possible to mark more than an answer)

	Friend	Acquaintance	Colleague	Relative	Other
Procurement	-	-	-	-	-
Retail/Wholesale	-	-	-	-	-
Control or/and monitoring	-	-	-	-	-
Human resources	-	-	-	-	-
Other	-	-	57.2	-	42.8

According to the results and regarding question 22 (In the activities of the company, have you heard about someone who was offered money, gifts or favours in exchange of favouring economically to a political party), from an absolute value of 4 answers, two respondents noted that the person was a colleague and another two stated that the person had been “other”.

Q24. According to your experience, how often in the market of your company/company you work for happens that:

	Very often	Often	Rarely	Never	DK/NA
an employee responsible for procurements or purchases receives cash or goods in return for an order?	6.1%	13.3%	37.2%	38%	5.4%
a mediating company instead of recommending the best and cheapest offer, suggests another firm that in turn kicks part of the sales back to the mediating company?	7.9%	21.4%	33.9%	30.8%	6.0%
an employee responsible for procurements or purchasing goods and services hands over the order to a close friend or relative?	7.0%	23.1%	34.4%	33.1%	2.4%
an employee responsible for inventory management makes false account entries and instead of storing the goods, resells them?	3.0%	7.8%	33%	50.3%	5.9%
a company offers money, favours or gifts to a buyer of a customer company in order to obtain favours in future?	6.5%	16.9%	35.6%	38.2%	2.8%
a company offers money, favours or gifts to the employees of a financial institute in order to obtain favourable conditions for loans of financial facilitations?	1.8%	7.4%	30.7%	52.6%	7.6%
a company offers money, favours or gifts to the employees of a competitor in order to obtain strategic or commercial information (e.g. new products, customers list, terms offered by competitors for a tender, future investments)	2.5%	3.9%	33.6%	53.1%	6.8%
a company offers money, favours or gifts to independent professionals with specific roles of control (e.g. consultants, auditors) to convince them to make an act in contrast with their duties	1.1%	6.3%	33.9%	53.2%	5.5%
who asks/gives a bribe is actually discovered	6.4%	14.7%	44.1%	24.1%	10.7%
who asks/gives a bribe is actually sanctioned	12.8%	7.7%	40.3%	26.2%	13.1%
a company is subjected to a financial loss in case of involvement in corruption cases	8.7%	14.2%	38.4%	23.9%	14.8%
a company is subjected to a reputational loss in case of involvement in corruption cases	24.7%	25%	28.2%	16.6%	5.6%
giving/receiving a bribe have a negative impact on an employee's career	34.5%	21.8%	20.3%	16.7%	6.7%

According to the results, the respondents noted significantly that in the market of their company/company they work for, who ask/gives a bribe is not actually discovered (68.2%), just as the case of people who ask/give a bribe, who are not mostly sanctioned (66.5%). The interviewed also indicated that according to their experience, giving/receiving a bribe has a negative impact on an employee's career (56.3%). Moreover, the respondents believe that is not common that employees responsible for inventory management makes false account entries, reselling the goods instead of storing them (83.3%); they believe that companies do not offer money, favours or gifts to the employees of a competitor in order to obtain strategic or commercial information (86.7%) and finally, the interviewed do not believe mostly that the companies offer money, favours or gifts to independent professionals with specific roles (e.g. consultants, auditors) of control to convince them to make an act in contrast of their duties (87.1%).

Q25. Which of the following factors do you consider a major obstacle to firm's entry/development in the market? (max 2 answers)

	0-9 employees	10-49 employees	50 employees or more
Anti-competitive practices	-	55.1%	62.3%
Infrastructure	-	59.6%	54.0%
Taxes and regulations	-	80.1%	69.6%
Functioning of the Judiciary	-	36.4%	34.3%
Access to finance	-	64.6%	61.2%
Organized Crime/Mafia	-	11.8%	12.6%
Political instability/Uncertainty	-	72.9%	65.4%
Street Crime/Theft/Disorder	-	28.1%	21.4%
Exchange Rate	-	29.9%	30.4%
Inflation	-	62.8%	50.4%
Corruption	-	48.6%	41.9%
None of the above	-	-	-

According to the results, 80.1% of the respondents from companies with 10-49 employees consider tax and regulations as the major obstacle to firm's entry/development in the market. The same opinion is noted by the 69.6% of respondents of firms with 50 employees or more. The second place is for political instability, with 72.9% and 65% respectively, and the third one for access to finance, with 64.6% and 61.2%. Other problems as inflation and anti-competitive practices were also reckoned as major obstacles by respondents of both size companies. In contrast, factors as corruption, functioning of the judiciary and organized crime were mentioned by less of the fifty percent of the interviewed. In the case of corruption, only 41.9% of a sample of twenty-six businesspersons reckoned it as a major obstacle.

Q26. Do you think that private-to-private corruption, in particular situations, can be useful to speed up the business of your company/the company you work for?

	Very useful	Useful	Not especially useful	Not useful at all	DK/NA
Industry	2.8%	13.9%	16.6%	66.7%	-
Construction	2.5%	10.2%	23.1%	61.5%	2.7%
Trade	3.5%	3.5%	24.6%	66.6%	1.8%
Hotels/Restaurants	5.9%	3.0%	14.8%	76.3%	-
Services	3.2%	5.5%	24.8%	63.2%	1.1%

According to the results, the respondents from the five sectors highlighted notoriously their thought about that private-to-private corruption is not useful to speed up the business of their company/the company they work for. In this sense, the percentage of the answers referring to the idea of private-to-private corruption as a not useful at all factor to speed up the business of their company/the company they work for were significantly high for the five sectors: Industry (66.7%), construction sector (61.5%), trade (66.6%), hotels/restaurants (76.3%) and services (63.2%).

Q27. Would you feel less guilty if a conduct which is contrary to the duties of your company/ company you work for is requested by a superior?

Very guilty	Guilty	Not especially guilty	Not guilty at all	DK/NA/I do not have superiors
99.8%	-	0.2%	-	-

According to the results, the respondents noted with a percentage of 99.8% from an absolute value of 286 interviewed (the sample was 287) that they would feel guilty if a conduct which is contrary to the duties of their company/ company they work is requested by a superior. Only one respondent (0.2%) noted that he would not feel guilty in this situation.

Q28. Do you think that a behavior which is contrary to the duties of your company/company you work for would be more acceptable if common among its employees?

Fully acceptable	Acceptable	Not especially acceptable	Not acceptable at all	DK/NA
9.9%	12.1%	6.1%	71.1%	0.8%

According to the results, a significant majority of the respondents (71.1%) noted that it is not acceptable at all a behavior which is contrary to the duties of their company/company they work for if it is common among its employees. Furthermore, it should be highlighted that, in the opposite sense, 9.9% of the interviewed think that this behavior would be fully acceptable and 12.1% believe that it would be acceptable.

Q29. Which of the following acts do you consider effective against corruption? (max 3 answers)

	NA	No	Yes
Reduction of the employee's degree of discretion	4.8%	20.5%	74.7%
Development of an internal control system	1.3%	10.3%	88.4%
Punishing wrongdoers by terminating employment contracts	0.4%	7.1%	92.5%
Punishing wrongdoers by decreasing salary, demotion etc.	0.6%	34.1%	65.3%
General ethics training to all employees	1.6%	16.2%	82.2%
Declaration of (financial) interests	8.6%	23.2%	68.2%
Control of access (intermediaries, suppliers)	2.6%	13.6%	83.8%
Adoption of code of ethics and/or instructions	2.1%	15%	82.9%
Standard system of monitoring and evaluation of the activities	3.7%	9.1%	87.2%
Setting up of an anonymous hotline	1.9%	16.8%	81.3%
None of the Above	-	-	-

According to the results, the respondents considered the next acts as the most effective ones against corruption: Punishing wrongdoers by terminating employment contracts (92.5%), the development of an internal control system (88.4%), standard systems of monitoring and evaluation of the activities (87.2%), control of access (intermediaries, suppliers) (83.8%), the adoption of codes of ethics and/or instructions (82.9%), the general ethics training to all employees (82.2%) and the setting up of an anonymous hotline (81.3%). In the opposite sense, the interviewed noted that the least effective acts from the list against corruption were: Punishing wrongdoers by decreasing salary, demotion, etc. (34.1%), the declarations of (financial) interests (23.2%) and the reduction of the employee's degree of discretion (20.5%).

Q30. Does your company/company you work for feature a code of conduct which applies to all its employees (and intermediaries)? [FILTER WITH Q31]

	NA	No	Yes
0-9 employees	-	-	-
10-49 employees	3.3%	38.6%	58.1%
50 employees or more	1.1%	23.5%	75.5%

According to the results, the respondents from both size of companies showed that the number of companies featuring a code of conduct which applies to all its employees (and intermediaries) is significantly higher than the ones that do not count on this kind of tool. In this sense, it should be highlighted that referring to companies with 10-49 employees, the number of interviewed that answered their company/company they work for to have a code of conduct which applies to all its employees (and intermediaries) is the 58.1% and the respondents from companies with 50 employees or more answered to have this kind of code of conducted were the 75.5%.

Q31. [If Q30 is “YES”] Do you think that this code is observed by all the employees of your company?

	NA	No	Yes
0-9 employees	-	-	-
10-49 employees	-	17.3%	82.7%
50 employees or more	-	17.3%	82.7%

According to the results, the respondents from both size of companies noted that the code is observed in a significantly high percentage of cases. More specifically, the interviewed people from companies with 10-49 employees show this view in the 82.7% of cases and the ones from companies with 50 or more employees, also in the 82.7% of cases.

Q32. Does your company/ company you work for have an anti-corruption training programme for its employees?

	NA	No	Yes
0-9 employees	-	-	-
10-49 employees	3.2%	83.6%	13.2%
50 employees or more	2.1%	58.2%	39.7%

According to the results, the respondents from both size of companies showed that their company/company they work for does not have in a significantly high percentage of cases an anti-corruption training programme for its employees. In the case of companies with 10-49 employees, the interviewed showed this view in the 83.6% of cases and referring to the ones with 50 employees or more, this opinion was noted in 58.2% of cases.

Q33. Does your company/ company you work for have a system of protection for the “whistleblower”?

	NA	No	Yes
0-9 employees	-	-	-
10-49 employees	5.3%	71.1%	23.6%
50 employees or more	5.3%	41.6%	53.1%

According to the results, the respondents showed a different tendency depending of the size of their company/company they work for when referring to which ones have a system of protection for the “whistleblower”. The interviewed from companies with 10-49 employees noted that they do not have a system of protection for the “whistleblower” in 71.1% and in the meantime the referred to the companies with 50 employees or more, answered in the same vein in 41.6% of cases. In contrast, the respondents from companies with 50 employees or more stated that they have a system of protection for the “whistleblower” in 53.1% of cases.

In this sense, it should be highlighted that the companies with 50 employees or more are more concerned than the ones with less employees about the necessity of counting with systems of protection for the “whistleblower”.

Q34. How much the annual income of your company would variate in absence of private-to-private corruption? [If Q5 is “YES”]

	Would decrease a lot	Would decrease a bit	Would be the same	Would increase a bit	Would increase a lot
0-9 employees	-	-	-	-	-
10-49 employees	0.8%	2.8%	39.4%	35.7%	13.0%
50 employees or more	1.4%	-	40.6%	36.7%	4.3%

According to the results, the respondents categorized by owner/CEO both from companies with 10-49 employees (75.1%, 160 in absolute values) and the ones from companies with 50 or more employees (77.3%, 48 in absolute values) showed a strong tendency to think that the annual income of their business would be the same or increase a bit in absence of private-to-private corruption. Furthermore, 13% (29 in absolute values) of the respondents from companies with 10-49 employees noted that it would increase a lot and a percentage of 4.3% of interviewees from companies with more than 50 employees answered in the same vein.

Only a total of 3.6% of respondents from companies with 10-49 employees noted that the annual income of their company would decrease and in the case of the companies with 50 or more employees, 1.4% (1 in absolute values) expressed his view in this regard.

Q35. According to your experience, how frequently happens that the companies of your sector agree on the specific goal of not being competitors? [If Q5 is “YES”]

	Very often	Often	Not especially often	Never	DK/NA
Industry	2.8%	5.6%	50.2%	33.1%	8.3%
Construction	7.6%	25.6%	48.8%	12.7%	2.5%
Trade	1.8%	10.5%	63.2%	22.8%	1.8%
Hotels/Restaurants	5.9%	30.1%	24.1%	36.9%	3.0%
Services	3.6%	11.4%	39.7%	32.5%	12.8%

According to the results, the companies from the 5 sectors tend to not to especially often or never agree on the specific goal of not being competitors. In this sense, respondents from industry showed this view in 83.3% (28 in absolute values), the related to construction sector in 61.5%, the ones from trade in 86% (41 in absolute values), the referred to hotels/restaurants in 61% and finally, the ones from services in 72.2%. On the other hand, the sectors that highlighted the higher frequency of agreements on specific goals of not being competitors answering “very often” or “often” were: Hotels/restaurants with 36%, construction sector with 33.2% and services with 16%.

Q36. According to your experience, how much conflict of interest affects the activities of your company/company you work for?

	Affects very much	Affects much	Does not affect especially (much)	Does not affect at all	DK/NA
Industry	14.1	13.9	39.1	33.0	-
Construction	2.5	38.5	41.0	15.4	2.5
Trade	8.8	26.3	40.3	22.9	1.7
Hotels/Restaurants	18.7	32.5	39.4	9.4	-
Services	11.2	23.4	38.9	22.7	3.8

According to the results, more than a half of the respondents from all activity sectors reckoned that conflict of interest does not affect very much the activities of their companies. This opinion is a bit higher among the respondents of services sector if taken into account the absolute values about the number of interviewees. However, some respondents of construction sector (38.5%) noted that conflict of interest affects the activities in this sector.

Annex E

Web survey (online questionnaire)

Thank you for accepting to fill this online questionnaire. In this page you can find the answer to the most frequently asked questions.

Who made this questionnaire?

The eCrime research group at the Faculty of Law of the University of Trento (Italy), with the collaboration of Center for the Study of Democracy (Bulgaria), Mafia? Nein, Danke! (Germany) and the Universidad Rey Juan Carlos (Spain).

Which is the goal of the questionnaire?

Understanding the problems caused by private-to-private corruption to the companies. Private-to-private corruption takes place entirely outside the public sector, and occurs when a manager or employee exercises a certain power or influence over the performance of a function, task, or responsibility within a private organisation or corporation, that is contrary to the duties and responsibilities of his position in a way that harms the company or organisation in question and for his own benefit or the benefit of another person or organisation. This questionnaire will always refer to private-to-private corruption.

Which topics are covered by the questionnaire?

The risk of private-to-private corruption, its impact on the market, and the prevention measures adopted by the companies to counter the phenomenon.

Why my company has been chosen?

Your company is part of a sample extracted from the total number of companies of the [area].

Who should fill the questionnaire?

The questionnaire must be filled by alternatively the responsible of the company, its owner, the Chief Executive Officer, or the person in charge for the management (or delegated).

How much time will take the fill of the questionnaire?

Between 10 and 15 minutes.

Can I fill the questionnaire in different moments?

Yes, it is possible to save the answers and going back to the webpage in a second moment. In case of errors while compiling the questionnaire, you can correct the answers by clicking the button “BACK”. The questionnaire will be completed once the option “SEND” will be selected.

How the collected information will be processed?

The info collected will be processed in accordance with law on privacy and will be collected in aggregate form to ensure the complete anonymity.

Who can I contact for further information?

[Name of the responsible, telephone, email].

Questionnaire

Q1. Sector of activity

- ☐ Industry
- ☐ Trade
- ☐ Hotels/Restaurants
- ☐ Services

Q2. Number of employees

- ☐ 0-9
- ☐ 10-49
- ☐ 50 or more

Q3. You are:

- ☐ Man
- ☐ Woman

Q4. Age

___ Years

Q5. Which is your position with your company?

[FILTER WITH Q34,Q35]

- ☐ Owner/CEO
- ☐ Employee
- ☐ Other (specify)

Q6. How many years of experience do you have within the company?

- ☐ Less than 6 months
- ☐ 6 months – 1 year
- ☐ 1-2 years
- ☐ 2 – 3 years
- ☐ 3 – 4 years
- ☐ 4 -5 years
- ☐ 5 – 10 years
- ☐ 10 – 15 years
- ☐ 15 – 20 years
- ☐ More than 20 years

Q7. Which of the following activities are carried out by your company / the company you work for? (it is possible to mark more than an answer)

[FILTER WITH Q18]

- ☐ Procurement
- ☐ Retail/Wholesale
- ☐ Control or/and monitoring
- ☐ Human resources
- ☐ None of the above

Q8. A person has offered you money, gifts or favors for helping him/her to make a deal that is not good for your company. What would you do?

- ☐ I would accept. Everyone does it.
- ☐ I would accept only if that person is a relative or a friend
- ☐ I would not accept if the deal would imply the breaking of laws/codes
- ☐ I would not accept, I do not approve similar behaviours
- ☐ I do not know / I prefer not to answer

Q9. A person has offered you money, gifts or favors for helping him/her to make a deal that is good for your company. What would you do?

- ☐ I would accept. Everyone does it.
- ☐ I would accept only if that person is a relative or my friend
- ☐ I would not accept if the deal would imply the breaking of laws/codes
- ☐ I would not accept, I do not approve similar behaviours
- ☐ I do not know / I prefer not to answer

Q10. Could you please indicate which of the following behaviours do you reckon as the most common in [country]?

1. Politicians make decisions in exchange for money or favours for them or their families/friends

- ☐ Very often
- ☐ Often
- ☐ Rarely
- ☐ Never
- ☐ DK/NA

2. *Civil servants/public employees make decisions in exchange of money or favours for them or their families/friends*

- ☐ Very often
- ☐ Often
- ☐ Rarely
- ☐ Never
- ☐ DK/NA

3. *Clientelism: the use of power (public or private) favoring friends and/or members of a political network*

- ☐ Very often
- ☐ Often
- ☐ Rarely
- ☐ Never
- ☐ DK/NA

4. *Political and economic elite networks favoring each other through the use of resources or biased regulations*

- ☐ Very often
- ☐ Often
- ☐ Rarely
- ☐ Never
- ☐ DK/NA

**Q11. Which type of crimes do you feel as most common in [region]?
(it is possible to indicate more than an answer)**

- ☐ Fraud
- ☐ Counterfeiting
- ☐ Corruption
- ☐ Drugs and prostitution
- ☐ Money Laundering
- ☐ Racketeering and extortion
- ☐ Non-regular job market
- ☐ Intimidations
- ☐ Homicides
- ☐ Intellectual property theft
- ☐ Environmental Crime
- ☐ None of the above
- ☐ DK / NA

Q12. In the last 12 months, have you heard about someone who has been offered money, gifts or favours to make a deal for his/her company?

[FILTER WITH Q13]

- ☐ Yes
- ☐ No

**Q13. [If Q12 is "YES"] Who was this person?
(it is possible to mark more than an answer)**

- ☐ Friend
- ☐ Acquaintance
- ☐ Colleague
- ☐ Relative
- ☐ Other

Q14. According to your opinion, regulations in your country act as a limit for the development of the business of your company/company you work for?

- ☐ Yes, very much
- ☐ Yes, much
- ☐ Yes, but not much
- ☐ No, not at all
- ☐ DK/NA

Q15. How do you assess the risk of private-to-private¹ corruption linked to the business sector of your company/company you work for?

- ☐ Very big
- ☐ Big
- ☐ Not significant
- ☐ No risk at all
- ☐ DK/NA

¹ Private-to-private corruption refers to corrupt practices within and between legal entities outside the public sector. It occurs when a manager or employee exercises a certain power or influence over the performance of a function, task, or responsibility within a private organisation or corporation, that is contrary to the duties and responsibilities of his position in a way that harms the company or organisation in question and for his own benefit or the benefit of another person or organisation.

Q16. In the activities of your company/company you work for, how often happens that external stakeholders (e.g. customers, intermediaries etc.) show their availability to offer money, gifts or favours in exchange for a preferential treatment?

- ☐ Very often
- ☐ Often
- ☐ Rarely
- ☐ Never
- ☐ DK/NA

Q17. In the internal work relationships of your company/company you work for, how often happens that someone shows his availability to offer money, gifts or favours in exchange for a preferential treatment?

- ☐ Very often
- ☐ Often
- ☐ Rarely
- ☐ Never
- ☐ DK/NA

Q18. According to your opinion, which is the likelihood that an employee in charge of the following activity would accept /ask money, gifts or favours? [List activities marked in Q7]

- ☐ Very likely
- ☐ Likely
- ☐ Not much likely
- ☐ Not likely at all
- ☐ DK/NA

Q19. In the activities of your company/ company you work for have you heard in the last 12 months of someone suggested for a job position in exchange for money, gifts or favours?

- ☐ Yes
- ☐ No

Q20. In your company/company you work for, how many times have you heard of someone who:

[FILTER WITH Q21]

1. Directly offered money, gifts or favours in exchange for a favour/service:

- ☐ Very often
- ☐ Often
- ☐ Rarely
- ☐ Never
- ☐ DK/NA

2. Has not directly offered, but shown the availability to give something (e.g. money, gifts or favours) in exchange for a favour/service:

- ☐ Very often
- ☐ Often
- ☐ Rarely
- ☐ Never
- ☐ DK/NA

Q21. [If in Q20 is “Very often”, “Often” or “Rarely”] In the last case, the offer/availability to give something came from the person itself or through intermediaries?

- ☐ Directly
- ☐ Through intermediaries

Q22. In the activities of your company/ company you work for, have you heard of someone which has been offered money, gifts or favour in exchange for his political vote?

[FILTER WITH Q23]

- ☐ Yes
- ☐ No

Q23. [If Q22 is “YES”] Who was this person? (it is possible to mark more than an answer)

- ☐ Friend
- ☐ Acquaintance
- ☐ Colleague
- ☐ Relative
- ☐ Other

Q24. According to your experience, how often in the market of your company/company you work for happens that:

	Very often	Often	Rarely	Never	DK/NA
an employee responsible for procurements or purchases receives cash or goods in return for an order?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
a mediating company instead of recommending the best and cheapest offer, suggests another firm that in turn kicks part of the sales back to the mediating company?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
an employee responsible for procurements or purchasing goods and services hands over the order to a close friend or relative?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
an employee responsible for inventory management makes false account entries and instead of storing the goods, resells them?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
a company offers money, favours or gifts to a buyer of a customer company in order to obtain favours in future?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
a company offers money, favours or gifts to the employees of a financial institute in order to obtain favourable conditions for loans of financial facilities?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
a company offers money, favours or gifts to the employees of a competitor in order to obtain strategic or commercial information (e.g. new products, customers list, terms offered by competitors for a tender, future investments)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
a company offers money, favours or gifts to independent professionals with specific roles of control (e.g. consultants, auditors) to convince them to make an act in contrast with their duties	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
who asks/gives a bribe is actually discovered	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
who asks/gives a bribe is actually sanctioned	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
a company is subjected to a financial loss in case of involvement in corruption cases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
a company is subjected to a reputational loss in case of involvement in corruption cases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
giving/receiving a bribe have a negative impact on an employee's career	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q25. Which of the following factors do you consider a major obstacle to firm's entry/development in the market? (max 2 answers)

- ☐ Anti-competitive practices
- ☐ Infrastructure
- ☐ Taxes and regulations
- ☐ Functioning of the Judiciary
- ☐ Access to finance
- ☐ Organized Crime/Mafia
- ☐ Political instability/Uncertainty
- ☐ Street Crime/Theft/Disorder
- ☐ Exchange Rate
- ☐ Inflation
- ☐ Corruption
- ☐ None of the above

Q26. Do you think that private-to-private corruption², in particular situations, can be useful to speed up the business of your company/the company you work for?

- ☐ Very useful
- ☐ Useful
- ☐ Not especially useful
- ☐ Not useful at all
- ☐ DK/NA

Q27. Would you feel less guilty if a conduct which is contrary to the duties of your company/company you work for is requested by a superior?

- ☐ Very guilty
- ☐ Guilty
- ☐ Not especially guilty
- ☐ Not guilty at all
- ☐ DK/NA/I do not have superiors

Q28. Do you think that a behavior which is contrary to the duties of your company/company you work for would be more acceptable if common among its employees?

- ☐ Fully acceptable
- ☐ Acceptable
- ☐ Not especially acceptable
- ☐ Not acceptable at all
- ☐ DK/NA

Q29. Which of the following acts do you consider effective against corruption? (max 3 answers)

- ☐ Reduction of the employee's degree of discretion
- ☐ Development of an internal control system
- ☐ Punishing wrongdoers by terminating employment contracts
- ☐ Punishing wrongdoers by decreasing salary, demotion etc.
- ☐ General ethics training to all employees
- ☐ Declaration of (financial) interests
- ☐ Control of access (intermediaries, suppliers)
- ☐ Adoption of code of ethics and/or instructions
- ☐ Standard system of monitoring and evaluation of the activities
- ☐ Setting up of an anonymous hotline
- ☐ None of the Above

Q30. Does your company/company you work for feature a code of conduct which applies to all its employees (and intermediaries)?

[FILTER WITH Q31]

- ☐ Yes
- ☐ No

Q31. [If Q30 is "YES"] Do you think that this code is observed by all the employees of your company?

- ☐ Yes
- ☐ No

Q32. Does your company/ company you work for have an anti-corruption training programme for its employees?

- ☐ Yes
- ☐ No

² Private-to-private corruption refers to corrupt practices within and between legal entities outside the public sector. It occurs when a manager or employee exercises a certain power or influence over the performance of a function, task, or responsibility within a private organisation or corporation, that is contrary to the duties and responsibilities of his position in a way that harms the company or organisation in question and for his own benefit or the benefit of another person or organisation.

Q33. Does your company/ company you work for have a system of protection for the “whistleblower”³?

- ☐ Yes
- ☐ No

Q34. How much the annual income of your company would variate in absence of private-to-private corruption⁴?

[If Q5 is “YES”]

- ☐ Would decrease a lot
- ☐ Would decrease a bit
- ☐ Would be the same
- ☐ Would increase a bit
- ☐ Would increase a lot

Q35. According to your experience, how frequently happens that the companies of your sector agree on the specific goal of not being competitors?

[If Q5 is “YES”]

- ☐ Very often
- ☐ Often
- ☐ Not especially often
- ☐ Never
- ☐ DK/NA

Q36. According to your experience, how much conflict of interest⁵ affects the activities of your company/company you work for?

- ☐ Affects very much
- ☐ Affects much
- ☐ Does not affect especially (much)
- ☐ Does not affect at all
- ☐ DK/NA

³ A person who discloses improper or criminal activity within an organization.

⁴ Private-to-private corruption refers to corrupt practices within and between legal entities outside the public sector. It occurs when a manager or employee exercises a certain power or influence over the performance of a function, task, or responsibility within a private organisation or corporation, that is contrary to the duties and responsibilities of his position in a way that harms the company or organisation in question and for his own benefit or the benefit of another person or organisation.

⁵ A situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person's self-interest and professional interest.



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