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[Global Corruption Report 2007] Corruption Research

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Part three

Corruption research

8 Introduction

Robin Hodess¹

Each year the *Global Corruption Report* includes a selection of recent research on various aspects of corruption. The first part of the research section this year focuses on judicial corruption, complementing the previous two sections of the book by providing an empirical grounding and analysis of this widespread problem. The other contributions to this section present a range of approaches, from new methodologies for measuring corruption to studies that assess the effectiveness of anti-corruption efforts to date. All aim to offer guidance to policy-makers that can help increase the chance of success of anti-corruption efforts.

Corruption and the judicial system

Stefan Voigt's study investigates the possible determinants of judicial corruption by examining various factors thought to influence levels of corruption in the judiciary. The study provides evidence of strong associations between levels of judicial corruption and factors such as the official salary of judges, the level of complexity of the judicial system and the expediency with which the courts process cases.

Next, Ernesto Dal Bó, Pedro Dal Bó and Rafael Di Tella address the role immunity laws play in the fight against corruption. By considering an environment where influence on public officials is carried out not only through bribes but also through threats, they are able to conclude that immunity laws do not hinder the fight against corruption, but rather, in the presence of threats and an ineffective justice system, might actually help.

Åse Grødeland's contribution analyses why judicial reform processes that consider only changes in formal institutions and laws may not be enough to curb corruption. Via interviews and surveys gathered from various transition countries, Grødeland highlights how informal networks and social norms might help foster an environment of corrupt practices. Her findings support the conclusion that any successful judicial reform process must consider factors that lie outside the formal system.

A number of recent studies focus on measuring the effectiveness of the anti-corruption policies already in place in the judicial system. This is important for determining the progress made in the anti-corruption effort, since unless anti-corruption initiatives are properly enforced, they have little real impact on curbing corruption. Eric Frye, Tiernan Mennen and Richard Messick describe the importance of monitoring the enforcement of anti-corruption laws, measuring the

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degree of enforcement in various countries by analysing data from primary government corruption enforcement institutions, such as anti-corruption agencies and prosecution services.

Measuring corruption trends

Researchers continue to seek ways to measure the largely hidden phenomenon of corruption. Daniel Kaufmann, Aart Kraay and Massimo Mastruzzi reflect on several of the main issues perplexing analysts who seek to measure corruption, arguing that perception data are a valid measure of corruption, are actionable, and are crucial to anti-corruption work.

Transparency International's Corruption Perceptions Index (CPI), now in its 12th year, ranks 163 countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. Nearly half of the countries scored below 3 points, indicating rampant perceived corruption. The CPI 2006 shows that corruption and poverty often go hand-in-hand.

Corruption and private businesses

Transparency International's Bribe Payers Index (BPI) 2006 focuses on the supply side of bribery. Results of the BPI 2006 signal an apparent double standard employed by foreign companies when operating abroad: companies are shown to be more likely to resort to bribery when working in poorer countries. Thus the countries least equipped to deal with corruption are often the hardest hit by bribery from abroad, which can often undermine and elude anti-corruption initiatives at home.

The importance of the private sector in the international debate on combating corruption is emphasised in two further research contributions. The first, by John Bray, analyses the contrasting experiences of companies from seven different jurisdictions, showing that corruption remains a major cost to international business. Despite the existence of various anti-bribery laws, many companies have low awareness levels of anti-corruption laws in their countries and are also unconvinced that corruption levels will be reduced in the international business arena in the near future. The second study, by Tina Søreide, looks at the reasons why firms hesitate in speaking out against bribes given by their competitors, and examines the role of competition authorities in the fight against business corruption.

Country case studies

As more innovative empirical methods are developed and employed, increasingly detailed data on corruption emerge and enable more in-depth assessment of corruption's country-specific characteristics. The study by Leon Zurawicki compares specific levels of perceived corruption from various surveys in two emerging world economic giants, Brazil and Russia, across several industries and their dealings with the state. The analysis both highlights the variability of specific indices of corruption and suggests that detailed analysis at country and industry level can help determine the premium for investment in one country.

Other contributions to the *GCR 2007* focus on corruption trends within one country. TI Czech Republic developed a methodology for estimating losses caused by the inefficiency and lack of transparency in the awarding of public contracts at both the central and municipal levels. TI Russia measures differences in the incidence of corruption across Russia. By dividing the country into 40 regions of analysis, authors Phyllis Dininio and Robert Orttung are able to demonstrate extensive variation in corruption trends within the country and can recommend policies at both national and regional levels.

With the increased prevalence of surveys as the method of collecting data on corruption, it is important to develop methods for ascertaining the accuracy and reliability of the survey data collected. Since corruption is a sensitive topic, it might be expected that some survey respondents would be 'reticent' to acknowledge corruption, preferring to give incomplete or non-truthful responses. In a study focused on private sector firms in Romania, Omar Azfar and Peter Murrell explore an innovative randomised response method that could be used to identify reticent respondents, who can then be removed from the sample. Innovations in methodology such as these help to make headway in the collection of more accurate and reliable data, for the analysis of both national and cross-national corruption trends.

Measuring progress and looking ahead

While corruption's prominence on the international agenda has risen significantly over recent years, there have been only limited assessments of anti-corruption campaigns thus far. TI's Global Corruption Barometer 2006 gives an indication of the progress of anti-corruption efforts, with mixed results. The survey highlights the low opinion that the majority of respondents have of their government's anti-corruption efforts, and the extent to which the police are by far the most bribed public sector grouping around the world.

Luís de Sousa and João Triães' study traces the creation and development of anti-corruption agencies, providing a picture of the agencies' far broader mandate at the time of their creation compared to that at present and revealing the time taken for them to act on complaints. Carlos Santiso examines the effectiveness of Autonomous Audit Agencies in strengthening transparency and accountability in public finances in Latin America.

The very existence of anti-corruption campaigns and institutions in so many countries is an encouraging sign that the battle against corruption has become entrenched. If these anti-corruption initiatives are poorly implemented, however, their existence is of little benefit. In continuing the fight against corruption, it is important therefore to continue assessing progress, not just to identify needs for new anti-corruption laws and institutions but to evaluate whether those already in place are being effectively employed to curb corruption.