

**2008 Survey of Enterprises on Corruption:
Anti-corruption sincerity ratings improved
for only 8 out of 30 agencies**

Social Weather Stations

The 2008 SWS Survey of Enterprises on Corruption found improvements in ratings of sincerity in fighting corruption for the City/Municipal government, the Department of Health, the Commission on Audit, the Armed Forces of the Philippines, the Senate, the Department of Justice, the Philippine National Police, and the Comelec, compared to a similar SWS survey in 2007.

The 2008 survey is based on face-to-face interviews, over September 9 to October 10, 2008, with managers of 402 enterprises in Metro Manila, Metro Cebu, and Metro Davao, of whom 282 companies had also been represented in 2007. It is the eighth SWS business survey on corruption since 2000.

Respondents of the 2008 survey separately rated 30 government agencies in terms of sincerity in fighting corruption. They also rated Filipino business associations in general. This gave rise to a ranking of institutions in terms of *Net Sincerity* -- the difference between the percentage rating an agency as *Very/Somewhat Sincere* and the percentage rating it as *Very/Somewhat Insincere*.

In the 2008 list, the highest ranked in sincerity is Filipino Business Associations (72% Sincere minus 8% Insincere = +64 Net Sincere) while the lowest ranked is the Bureau of Customs (Sincere 6% minus Insincere 79% = Net Sincere -72, correctly rounded).

SWS classifies net sincerity scores over +50 as *Very Good*. The only institution in this category in the 2008 survey is Filipino Business Associations (*Chart 1*).

Net sincerity scores of +31 to +50, considered as *Good*, were achieved by the Social Security System (+46), the Department of Trade and Industry (+42), the Supreme Court (+37), and the City/Municipal government (+35).

Net scores of +11 to +30, termed *Moderate*, were obtained by the Department of Health (+30), the Commission on Audit (+23), and the Department of Finance (+15), which was covered for the first time in the 2008 survey.

Seven agencies have net scores of -10 to +10, classified as *Mediocre* since statistically indistinguishable from zero. These are the Department of Education (+7), Armed Forces of the Philippines (+6), the Sandiganbayan (+5), the Office of the Ombudsman (+4), Trial Courts (-5), the Senate (-6), and the Department of Budget and Management (-7) (*Chart 2*).

Net scores of -11 to -30, which are clearly negative, are classified as *Poor*. The Government Service Insurance System (-12), the Department of Agriculture (-17), Department of Justice (-17), Philippine National Police (-18), Department of Interior and Local Government (-23), Presidential Anti-Graft Commission (-23), the Department of Environment and Natural Resources (-25), Commission on Election (-27), Department of Transportation and Communication (-27), and the Office of the President (-27) have been rated as such (*Chart 3*).

Net scores of -31 to -50, labeled as *Bad*, were obtained by the Land Transportation Office (-32), the Philippine Commission on Good Government (-32), and the House of Representatives (-41) (*Chart 4*).

Agencies with net scores worse than -50, termed *Very Bad*, include the Bureau of Internal Revenue (-56), the Department of Public Works and Highways (-63), and the Bureau of Customs (-72).

Thus, 7 government agencies scored as *Moderate* or better, 7 scored as *Mediocre*, and 16 of them scored as *Poor* or worse.

Of 30 institutions rated in both 2008 and 2007, only the following 8 improved: City/Municipal government (from +27 in 2007 to +35 in 2008), the Department of Health (from +29 to +30), the Commission on Audit (from +21 to +23), the Armed Forces of the Philippines (from -10 to +6), the Senate (from -7 to -6), the Department of Justice (from -21 to -17), the Philippine National Police (-25 to -18), and the Comelec (from -36 to -27).

Other general findings of the 2008 SWS Enterprises Survey are as follows:

1. The perception of corruption in the public sector did not improve, with three out of five seeing “a lot” of corruption in the public sector.
2. Feelings that the government can be run without corruption are weakening.
3. Seven out of ten companies were asked for a bribe in an index-transaction – a record-high since 2005. Most bribe-solicitation trends are up; previous downtrends in Metro Manila in getting local government permits and income tax transactions were reversed. Reporting of bribe-attempts rose slightly, but is still low.
4. Less than 10% see “a lot” of private sector corruption. The usual allotment for a bribe in a private deal is still 10%, vs. 20% in a public deal.
5. Managers’ feelings of efficacy in fighting corruption have declined a bit.
6. At most one out of two see business becoming more honest in taxpaying and importing.
7. Financial contributions to private anti-corruption programs are going up.
8. At most one out of two punish their corrupt executives. Trends in using four honest business practices – paying taxes honestly, issuing receipts for all revenues, keeping only one set of books, and demanding receipts for all payments for expenses – are mixed.
9. Satisfaction with national government promotion of a good business climate dropped in 2008. Satisfaction with local government promotion of a good business climate is higher, and stable. Business expectations are now only *fair*, compared to *good* in 2005-2007.

Survey Background

The SWS Surveys of Enterprises on Corruption have been undertaken within the Transparent Accountable Governance (TAG) project, which aims to promote transparency and accountability in government and to help build a counter-corruption culture. The TAG surveys were instrumental in the organization of the private sector *Coalition Against Corruption* in 2004.

The TAG surveys have been sponsored by The Asia Foundation (TAF). Findings described in this release do not necessarily reflect the views of TAF.

From Metro Manila in the first three rounds during 2000-2003, the TAG surveys added Metro Cebu and Metro Davao starting 2004, and Cavite-Laguna-Batangas and Cagayan de Oro-Iligan starting 2005. SWS has worked with local business associations in obtaining sampling frames, updating the survey agenda through focus groups, and disseminating the survey findings.

In each area, sampling is stratified into one-third large (total 135 companies in 2008) and two-thirds small/medium (267 companies in 2006), which are combined without weighting. The previous year's sample of companies is approached again, with those unable to respond replaced by random drawings from the cumulative list of companies interviewed in earlier years.

The TAG surveys report the views of Filipino managers, unlike the surveys of foreign consulting firms used to derive international corruption indexes, which use the views of typically-expatriate managers of multinational firms.

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Chart 1.

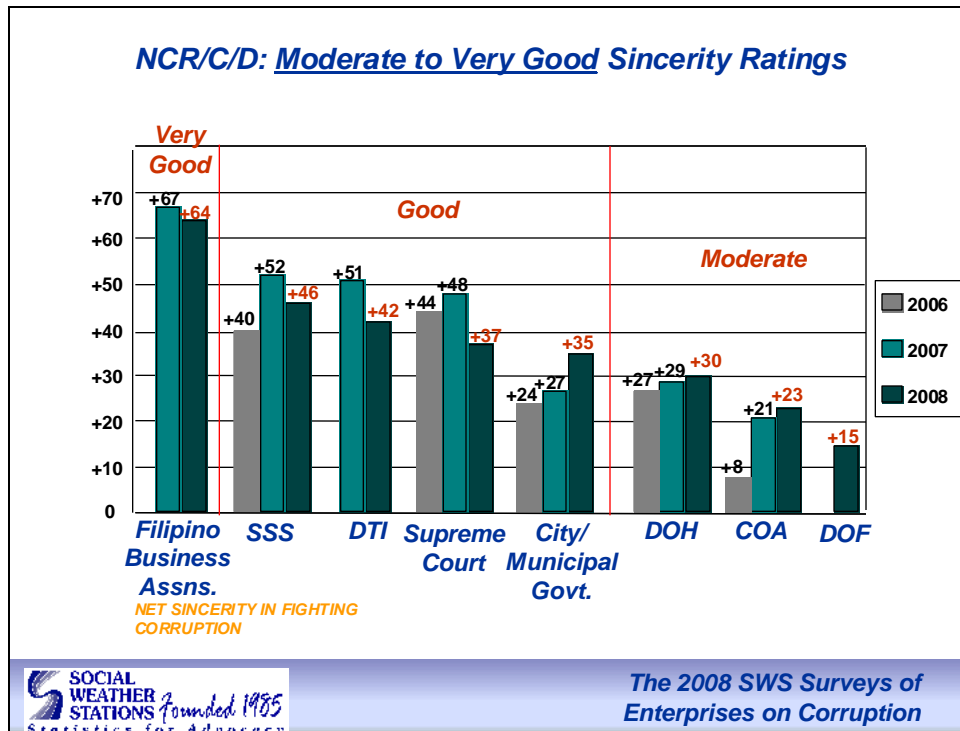


Chart 2.

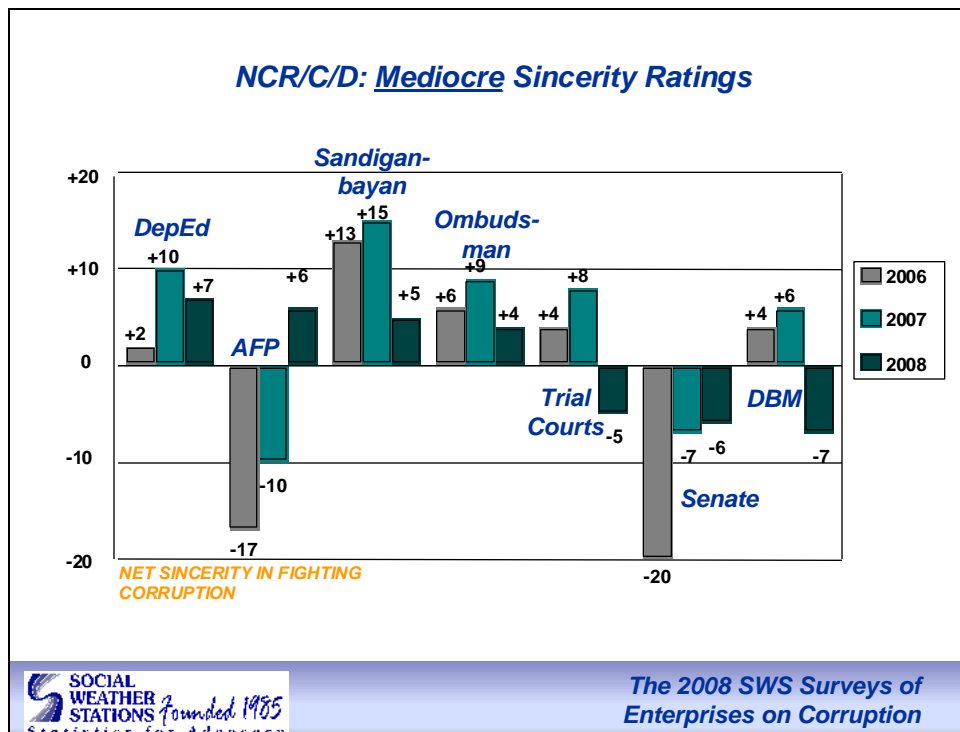


Chart 3.

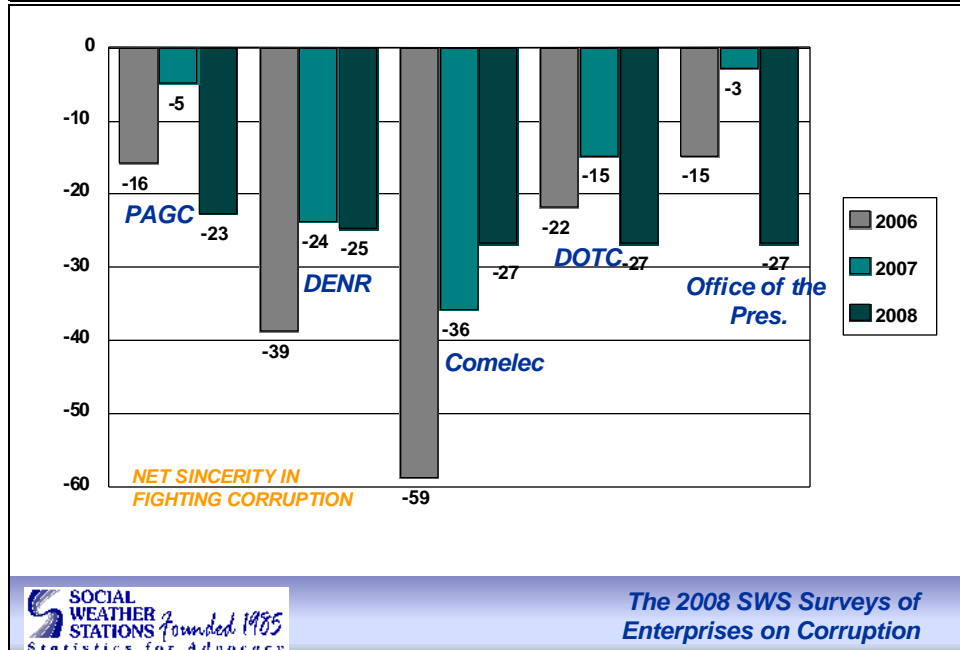
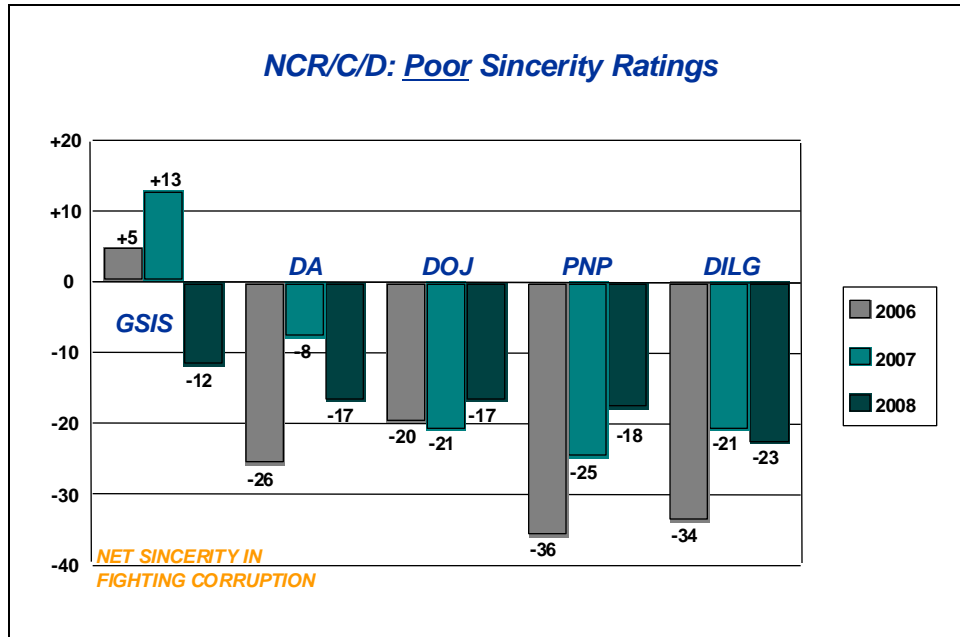


Chart 4.

