



SWS Surveys of Enterprises on Corruption, 2000-2002/03

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and presented in cooperation with the
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Within the Transparent Accountable Governance (TAG) project, supported by The Asia Foundation, SWS has surveyed enterprise managers, since 2000, for views on corruption.

These SWS enterprise surveys, unlike those by foreign consulting firms, show the views of **Filipino managers, not expats.**

Their views can be compared with those of **Filipinos as a whole**, from the national SWS surveys.

The new enterprises survey deals with:

- * Engagements with government***
- * Attitudes towards corruption,***
- * Ratings of government agencies' sincerity in fighting corruption,***
- * Identification of corrupt/incorrupt, and improving/worsening agencies, . . .***

The new enterprises survey deals with (p.2)...

- * Identification of agencies entrusted to receive complaints,*
- * Cost to business of both public and private sector corruption,*
- * Prevalence of dishonest business practices,*
- * Bribe-solicitation, and reporting of it, . . .*

The new enterprises survey deals with (p.3)...

- * Recommended punishments and rewards,*
- * Expected gains to business from reduced corruption, and*
- * Willingness to contribute to an Anti-Corruption Fund.*

In each year, some 500 managers from (a) Top 1500 Corporations and (b) Small & Medium enterprises, in the National Capital Region, were sampled.

SWS SURVEYS OF ENTERPRISES ON CORRUPTION, 2000-2002/03

Location: National Capital Region

Respondents: Top / middle management

<i>Sample sizes:</i>	<i>Aug 14 - Oct 6, 2000</i>	<i>Sep 24 - Dec 4, 2001</i>	<i>Oct 25 '02- Feb 25 '03</i>
<i>Large* firms</i>	<i>204</i>	<i>200</i>	<i>214</i>
<i>Small & medium</i>	<i><u>400</u></i>	<i><u>305</u></i>	<i><u>286</u></i>
<i>TOTAL</i>	<i>604</i>	<i>505</i>	<i>500</i>
<i>Error margin</i>	<i>± 4.0%</i>	<i>± 4.4%</i>	<i><u>± 4.4%</u></i>

**** From 1500 Largest Corps.***

The enterprise survey samples have a stable composition by sector, company size, access to government incentives, and business expectations.

ENTERPRISES 2001 & 2002/03: SECTORS IN THE SAMPLE

	<u>2001</u>	<u>2002/03</u>
Manufacturing	26%	27%
Other private services	23	21
Trade	23	17
Finance	8	10
Transport., Comm. & Storage	8	8
Construction	9	7
Agriculture and Fishery	4	4
Real Estate	4	4
Mining & Quarrying	2	1.6
Electricity, Gas & Water	3	1
Forestry	1	0.2

ENTERPRISES 2001 & 2002/03: MEDIAN EMPLOYEES, NET WORTH, AND TAXES

	EMPLOYEES mid of previous <u>year</u>	NET WORTH (P million) end of <u>previous year</u>	TAXES PAID (P million) previous <u>year</u>
2001 sample	100	40	2
Large	240	210	20
Small & medium	65	15	1.5
2002/03 sample	102	65	2.5
Large	300	300	20
Small & medium	50	17	1.0

ENTERPRISES 2001 & 2002/03: AVAILMENT OF GOVERNMENT INCENTIVES

	BOI INCENTIVES		Non-BOI INCENTIVES	
	<u>2001</u>	<u>2002/03</u>	<u>2001</u>	<u>2002/03</u>
	Total sample	35%	33%	17%
Large firms	41	42	24	20
Small & medium	30	27	12	20

ENTERPRISES 2000-2002/03: BUSINESS EXPECTATIONS IN THE NEXT 2 YEARS

	<u><i>2000</i></u>	<u><i>2001</i></u>	<u><i>2002/03</i></u>
Excellent	1%	1%	3%
Good	16	30	26
Fair	36	44	42
Poor	34	21	23
Very poor	13	3	6

Engagements with government of firms surveyed in 2002/03:

- * 1/3 had debts to the public sector;***
- * 3/4 derived income from the public sector;***
- * 1/2 had government projects, vs. 1/3 in the 2001 survey;***
 - * those with such projects got median 5% of net income from them,***
 - * senior management's median time dealing with government was 10%, vs. 5% in 2001.***

ENTERPRISES 2001 & 2002/03: LIABILITIES (end of previous year) OWED TO PUBLIC SECTOR

BASE: THOSE WITH BUSINESSES OR PROJECTS WITH GOVERNMENT

	<u>2001</u>	<u>2002/03</u>
None	72%	65%
up to 5%	9	8
6-10	5	7
11-20	9	5
21-30	2	4
31-50	0.6	2
over 50%	2	2
Don't know etc.	0.6	7
Mean	4.9%	6.0%
Median	0	0

ENTERPRISES 2002/03: NET INCOME (previous year) FROM BUSINESS WITH THE PUBLIC SECTOR

	<u>2001</u>	<u>2002/03</u>
None	20%	23%
0.001-1%	4	9
2-5	20	18
6-10	22	11
11-20	12	11
21-30	6	8
31-50	7	5
over 50%	9	9
Don't know etc.	1	7
Mean	17.9%	16.2%
Median	10%	5%

ENTERPRISES 2001 & 2002/03: EXTENT OF BUSINESS WITH GOVERNMENT

	<u>2001</u>	<u>2002/03</u>
Having business or projects with govt	32%	49%
If so: median share of previous year's Net Income due to govt business	10%	5%

ENTERPRISES 2001 & 2002/03: AMOUNT OF SENIOR MANAGEMENT TIME SPENT DEALING WITH GOVERNMENT

	<u><i>2001</i></u>	<u><i>2002/03</i></u>
Median	5%	10%
Mean	9.7%	12.5%

A good sign: Managers cite more agencies for **transactions becoming simpler** than for transactions becoming **more complicated**.

ENTERPRISES 2002/03: AGENCIES WITH MORE SIMPLE / LESS SIMPLE TRANSACTIONS NOW

	<i>MORE</i>	<i>LESS</i>	<i>NET</i>
LTO	22%	6%	+16
SSS	8	2	+6
SEC	5	1	+4
Local taxes	5	1	+4
NSO	4	1	+3
NBI	3	0	+3
DFA	3	1	+2
PAG-IBIG	2	0.2	+2
National permits	4	3	+1
Local permits	10	9	+1
DTI	2	2	0
BIR	15	15	0
BOC	6	8	-2
DENR	1	4	-3
Others	11	16	-5
<i>NONE</i>	<i>24</i>	<i>33</i>	<i>+11</i>
Don't know	7	10	

A slight majority of managers believe that corruption is wrong because it hurts the country, rather than because it is immoral.

ENTERPRISES 2000-2002/03: REASON WHY CORRUPTION IS WRONG

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
It hurts national devt.	47%	32%	55%
It is immoral	41	49	45
Both (volunteered)	11	19	0.6

Almost half of managers say that corruption is part of the way government works, rather than that the government can be run without it.

***ENTERPRISES 2000-2002/3: WHETHER
CORRUPTION IS PART OF THE WAY GOV'T
WORKS or GOV'T CAN BE RUN WITHOUT IT***

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
Govt. can be run without corruption	55%	57%	56%
Part of the way it works	43	42	44
Both (volunteered)	--	1	

***2/3 blame tax collectors for
tempting citizens to cheat,
rather than blame citizens for
tempting the tax collectors.***

ENTERPRISES 2001 & 2002/03: WHETHER THE CITIZENS OR THE TAX COLECTORS INITIATE CORRUPTION

	<u>2001</u>	<u>2002/03</u>
Corrupt collectors tempt the citizens to cheat.	62%	71%
Corrupt citizens bribe the tax collectors.	23	27
Both (volunteered)	15	0.6

*Managers see public-sector
corruption as much worse than
private-sector corruption.*

ENTERPRISES 2000-2002/03: EXTENT OF CORRUPTION IN THE PUBLIC SECTOR

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
A lot	63%	77 %	60%
Some	25	19	29
A little	10	4	10
None	2	0	1

ENTERPRISES 2000-2002/03: EXTENT OF CORRUPTION IN THE PRIVATE SECTOR

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
A lot	14%	9 %	13%
Some	39	44	43
A little	43	44	41
None	4	3	3

The SINCERITY RATING-SCALE
of the bilingual questionnaire:

VERY SINCERE = *TALAGANG TAPAT*
SOMEWHAT SINCERE = *MEDYO TAPAT*

UNDECIDED IF SINCERE OR NOT =
DI-TIYAK KUNG TAPAT O HINDI

SOMEWHAT INSINCERE = *MEDYO HINDI TAPAT*
VERY INSINCERE = *TALAGANG HINDI TAPAT*

GROSS SINCERITY = VERY SINCERE + SOMEWHAT SINCERE

GROSS INSINCERITY = VERY INSINCERE + SOMEWHAT
INSINCERE

NET SINCERITY = GROSS SINCERITY - GROSS INSINCERITY

ENTERPRISES' 2002/03 RATINGS OF NET SINCERITY IN FIGHTING CORRUPTION, p 1:

VERY GOOD (over+50): Supreme Court, SEC, DOH, DBM

GOOD (+31 to +50): DepEd, Barangay govt, Office of the President, Sandiganbayan

MODERATE (+11 to +30): Ombudsman, COA, DOJ, City/municipal govt

***ENTERPRISES' 2002/03 RATINGS OF NET
SINCERITY IN FIGHTING CORRUPTION, p 2:***

***MEDIOCRE (-10 to +10): PCGG, PAGC, Trial
Courts, DILG,***

Senate

POOR (-11 to -30): LTO, House, DENR

BAD (-31 to -50): PNP

VERY BAD (below -50): BIR, DPWH, Customs

ENTERPRISES 2002/03: GROSS SINCERITY OF AGENCIES IN FIGHTING CORRUPTION (p1)

	<i><u>Gross Sincere</u></i>	<i><u>Und.</u></i>	<i><u>Gross Insincere</u></i>	<i><u>NET</u></i>
Supreme Court	75	14	10	+65
SEC	73	18	8	+65
DOH	69	22	8	+61
DBM	64	22	14	+51
DepEd	61	22	17	+43
Barangay gov't	57	24	18	+40
Office of the Pres.	60	20	20	+39
Sandiganbayan	50	32	17	+33
Ombudsman	45	31	24	+21
COA	43	34	23	+20
City/municipal gov't	50	19	30	+20
DOJ	45	26	29	+16

ENTERPRISES 2002/03: GROSS SINCERITY OF AGENCIES IN FIGHTING CORRUPTION (p2)

	<i><u>Gross Sincere</u></i>	<i><u>Und.</u></i>	<i><u>Gross Insincere</u></i>	<i><u>NET</u></i>
PCGG	33	33	33	+1
PAGC	30	41	29	+1
Trial Courts	35	26	39	-4
DILG	32	27	41	-8
Senate	31	27	41	-10
LTO	27	21	51	-23
House	25	27	48	-23
DENR	19	32	49	-30
PNP	21	23	56	-36
BIR	16	15	68	-52
DPWH	10	21	69	-59
Bureau of Customs	10	15	75	-65

GENERAL PUBLIC NOV '02: GROSS SINCERITY OF AGENCIES IN FIGHTING CORRUPTION

	<i><u>Gross Sincere</u></i>	<i><u>Und.</u></i>	<i><u>Gross Insincere</u></i>	<i><u>NET</u></i>
Barangay govt	60%	26%	13%	+47
City/municipal govt	56	25	17	+39
Supreme Court	48	29	20	+27
Sandiganbayan	41	34	21	+20
Office of the Pres.	39	33	26	+14
DOJ	39	31	27	+13
Ombudsman	35	34	24	+11
PNP	37	29	32	+5
PCGG	29	32	27	+2
PAGC	27	32	29	-2
DPWH	23	30	44	-20

ENTERPRISES 2002/03 VS GENERAL PUBLIC

2002: NET SINCERITY OF AGENCIES IN FIGHTING CORRUPTION

	<i><u>General Public</u></i>	<i><u>Enterprises</u></i>
Barangay gov't	+47	+40
City/municipal gov't	+39	+20
Supreme Court	+27	+65
Sandiganbayan	+20	+33
Office of the President	+14	+39
DOJ	+13	+16
Ombudsman	+11	+22
PNP	+5	-36
PCGG	+2	+1
PAGC	-2	+1
DPWH	-20	-59

INCREASES IN ENTERPRISES' RATINGS
OF NET SINCERITY IN FIGHTING
CORRUPTION, FROM 2001 TO 2002:

**BETTER (higher positives): Supreme Court,
SEC, DOH, DBM, Sandiganbayan,
Ombudsman, COA**

**NOT AS BAD (lower negatives): PNP, BIR,
DPWH, Customs**

DECREASES IN ENTERPRISES' RATINGS
OF NET SINCERITY IN FIGHTING
CORRUPTION, FROM 2001 TO 2002:

**NOT AS GOOD (lower positives): DepEd,
Office of the President**

**WORSE (lower negatives): Senate,
House of Reps, DENR**

ENTERPRISES 2000-2002/03: NET SINCERITY ***OF AGENCIES IN FIGHTING CORRUPTION (p1)***

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
Supreme Court	+39	+50	+65
SEC		+51	+65
DOH	+17	+58	+61
DBM			+51
DepEd	-9	+65	+43
Barangay gov't			+40
Office of the Pres.	-34	+53	+39
Sandiganbayan	+16	+21	+33
Ombudsman	-5	+7	+21
COA	+5	+16	+20
City/municipal gov't			+20
DOJ		+32	+16

ENTERPRISES 2000-2002/03: NET SINCERITY OF AGENCIES IN FIGHTING CORRUPTION (p2)

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
PCGG			+1
PAGC			+1
Trial Courts	-19	0	-4
DILG			-8
Senate	-3	-4	-10
LTO			-23
House of Reps	-29	-15	-23
DENR		-24	-30
PNP	-24	-51	-35
BIR	-74	-55	-51
DPWH	-68	-45	-59
Bureau of Customs	-83	-71	-65

22% say there is no agency trustworthy enough to complain to. Relatively the most trusted are: Ombudsman (16%), Office of the President (12%), and Dept of Justice (12%).

ENTERPRISES 2002/03: GOVT AGENCIES WHICH CAN BE TRUSTED TO COMPLAIN TO

Cannot trust any	22%	Supreme Court	5%
Ombudsman	16	Sandiganbayan	5
Office of the President	12	Trial courts	4
DOJ	12	PNP	4
NBI	7	BIR	2
DTI	6	Senate	2
SEC	6	House	2
Municipality/city govt	6	DOF	2
PAGC	5	BSP	2
DILG	5	Do not know/not aware	3

Topping managers' incorrupt list are the **Supreme Court (13%), SEC (12%), and Dept of Health (11%).**

Topping their corrupt list are **BIR (68%), Customs (66%), and DPWH (49%).**

ENTERPRISES 2000-2002/03: GOVERNMENT AGENCIES NAMED AS INCORRUPT (p1)

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
None are incorrupt	41%	44%	25%
Supreme Court	4	9	13
SEC	2	4	12
DOH	3	9	11
DTI	9	5	9
DBM		0.4	8
BSP	7	4	7
DSWD	12	2	5
BOI	3	3	4
DepEd	2	15	4
Office of the President	0.5	7	4

ENTERPRISES 2000-2002/03: GOVERNMENT AGENCIES NAMED AS INCORRUPT (p2)

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
DOF	1%	1%	4%
MMDA			4
SSS	5	2	4
Municipal/city govt		1	4
Ombudsman			2
DOT	1	0.4	2
COA	1	1	2
DBP	2	2	2
DOJ		2	2
NEDA	4	1	2

ENTERPRISES 2000-2002/03: GOVERNMENT AGENCIES NAMED AS INCORRUPT (p3)

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
PAG-IBIG	1%	0.8%	2%
DOE	1	0.4	2
PAGC			2
DILG	2		2
PEZA	2	0.8	2
Landbank	1	0.8	2
PCGG		0.2	2
PNOC		0.2	2
Senate	0.5	2	1
Sandiganbayan	1	1	1
Don't know etc.	8	5	3

ENTERPRISES 2000-2002/03: GOVERNMENT AGENCIES NAMED AS CORRUPT (p1)

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
BIR	72%	67%	68%
Bureau of Customs	74	65	66
DPWH	57	38	49
PNP	16	32	29
LTO	4	5	20
DENR	5	10	14
Municipal/city govt	5	3	9
DepEd	22	7	8
House of Reps	7	3	7
Trial Courts	7	4	7
DOJ	1	6	7
Senate	4	4	4
DILG	3	1	4
DOH	10	3	4

ENTERPRISES 2000-2002/03: GOVERNMENT AGENCIES NAMED AS CORRUPT (p2)

	<u>2000</u>	<u>2001</u>	
2002/03 Office of the President	13%	2%	3%
Ombudsman	1	2	3
Local government units	5	1	3
PCGG			3
DOTC	3	2	2
NAPOCOR	3	1	2
Supreme Court	2	3	2
Public Estates Authority			2
Commission on Audit	2	2	2
AFP	2	4	2
GSIS	1	3	2
Don't know etc.	1	1	0.6
None are corrupt	1	1	0.6

Capacity to discern corruption:

The ability to cite specific agencies as corrupt or incorrupt is much more pronounced among managers than among Filipinos as a whole.

ENTERPRISES 2002/03 & GENERAL PUBLIC

2002: AGENCIES NAMED AS INCORRUPT (p1)

	<i><u>General Public</u></i>	<i><u>Enterprises</u></i>
None are incorrupt	75%	25%
Supreme Court	0.2	13
SEC		12
DOH	2	11
DTI		9
DBM	0.2	8
BSP		7
DSWD	1	5
DepEd	2	4
BOI		4
Office of the President	0.05	4

ENTERPRISES 2002/03 & GENERAL PUBLIC

2002: AGENCIES NAMED AS INCORRUPT (p2)

	<i><u>General Public</u></i>	<i><u>Enterprises</u></i>
DOF		4%
SSS	0.6	4
MMDA	0.3	4
Municipal/city govt	0.2	4
Ombudsman		2
DOT	0.7	2
COA	0.1	2
DBP		2
DOJ	0.2	2
NEDA	0.2	2
Others	5	51
Don't know / Refused	13	3

ENTERPRISES 2002/03 & GENERAL PUBLIC

2002: AGENCIES NAMED AS CORRUPT (p1)

	<i><u>General Public</u></i>	<i><u>Enterprises</u></i>
BIR	17%	68%
Bureau of Customs	7	66
DPWH	16	49
PNP	4	29
LTO	5	20
DENR	2	14
Municipal/city govt	0.3	9
DepEd	6	8
House of Reps	0.5	7
Trial Courts	0	7
DOJ	3	7
Senate	0.4	4
DILG	0.5	4
DOH	2	4

ENTERPRISES 2002/03 & GENERAL PUBLIC

2002: AGENCIES NAMED AS CORRUPT (p2)

	<i><u>General</u></i> <i><u>Public</u></i>	<i><u>Enterprises</u></i>
Office of the President	0.1%	3%
Ombudsman	0.1	3
Local government units	0.1	3
PCGG	0.1	3
DOTC	0.5	2
NAPOCOR	0	2
Supreme Court	0	2
Public Estates Authority	0.6	2
Commission on Audit	0	2
AFP	0.6	2
GSIS	2	2
Don't know etc.	25	0.6
None are corrupt	32	0.6

Favorable trends in managers' views:

Only 25% say there is no incorrupt agency (vs. 44% in 2001, 41% in 2000);

Only 17% say that no agency improved (down from 25% in 2001, 37% in 2000).

Percentages saying Customs, BIR, and DPWH got worse are down from 2000.

***ENTERPRISES 2000-2002/03: AGENCIES
NAMED LESS CORRUPT NOW THAN 5 YEARS
AGO (p1)***

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
None are <u>less</u> corrupt	37%	25%	17%
DepEd	8	30	18
DOH	8	12	15
LTO	3	4	11
BIR	5	7	10
Supreme Court	4	6	8
Office of the President	0.3	8	8
SEC	1	3	7
Bureau of Customs	4	4	7
DBM		0.4	6
DENR	1	3	5
DILG	2	0.4	5
PNP	17	3	5

***ENTERPRISES 2000-2002/03: AGENCIES
NAMED LESS CORRUPT NOW THAN 5 YEARS
AGO (p2)***

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
DTI	3%	3%	5 %
DOJ	0.3	5	3
Municipal/city govt.		0.6	4
SSS	2	1	3
MMDA			3
DOF		0.8	2
DPWH	2	3	2
COA	2	2	2
Ombudsman	1	0.2	2
PCGG			2
BSP	1	0.8	2
Don't know / Refused	9	6	4

***ENTERPRISES 2000-2002/03: AGENCIES
NAMED AS MORE CORRUPT NOW THAN 5
YEARS AGO (p1)***

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
None are <u>more</u> corrupt	9%	15%	11%
BOC	45	36	33
BIR	42	34	32
DPWH	30	18	23
PNP	9	24	16
LTO / Land Transpo. Comm.	3	2	9
DENR	2	6	7
House of Representatives	4	1	6
DOJ	1	4	5

***ENTERPRISES 2000-2002/03: AGENCIES
NAMED AS MORE CORRUPT NOW THAN 5
YEARS AGO (p2)***

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
DepEd	14%	2%	5%
Senate	2	1	5
Trial Courts	3	3	5
Municipal/city govt.	2	1	5
PEA			3
Local Government / LGU	3	1	3
DILG	1	0.8	2
Office of the President	22	2	2
Don't know/Refused	9	7	7

***The Makati Business Club is
the private organization most
cited for fighting against
corruption.***

ENTERPRISES 2000-2002/03: PRAISEWORTHY PRIVATE ORGS. AGAINST CORRUPTION (p1)

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
None are praiseworthy	18%	20%	17%
Makati Business Club	15	9	15
Media – print & broadcast	5	3	7
Volunteers Against Crime & Corruption	9	19	7
Phil Chamber of Commerce & Industry	5	2	6
National Movement for Free Elections	2	0.8	3
Bayan Muna		5	3
Rotary Club	4	3	3
Catholic Church/Religious sectors	8	6	3
Bayan	2	0.8	2
Crusade Against Violence		0.8	2

ENTERPRISES 2000-2002/03: PRAISEWORTHY PRIVATE ORGS. AGAINST CORRUPTION (p2)

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
NGO (unspecified) / business NGOs	1%	5%	2%
Fil-Chinese Federation (Kaisa)	1	0.6	2
Gabriela	4	1	2
Phil Center for Investigative Journalism	5	2	2
Kilusang Mayo Uno	2	2	2
Catholic Bishops Conference of Phils	6	0.8	2
Integrated Bar of the Philippines	3	0.6	1
Kompil		2	0.4
Anak-bayan	0.5	2	1
Civil society		1	0.2
Don't know / Refused	22	13	18

ENTERPRISES 2002/03 : PRIVATE ORGS. WHICH HINDER FIGHT AGAINST CORRUPTION

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
KMU	1%	4%	3%
			COPA
			2 Don't
know/Not aware	30	20	32
None who obstruct	54	59	41

*Managers are quite
knowledgeable about
public sector corruption in
their sector of business.*

ENTERPRISES 2000-2002/03: PERSONAL KNOWLEDGE OF PUBLIC SECTOR CORRUPTION IN THEIR SECTOR OF BUSINESS

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
Extensive	29%	27%	32%
Moderate	44	48	46
Slight	22	19	19
None	5	6	4

Solicitation of bribes is widespread, but not being reported:

**** 72% were asked for a bribe connected to taxes or licenses.***

**** 35% were asked for a bribe connected to a transaction with govt.***

**** For both categories, only 5% reported the incident — the most common excuse being that nothing would be done anyway.***

ENTERPRISES 2000-2002/03: ASKED FOR A BRIBE IN RELATION TO TAXES & LICENSES

	<i><u>2000</u></i>	<i><u>2001</u></i>	<i><u>2002/03</u></i>
Local government permits or licenses	55%	54%	50%
Payment of income taxes	52	50	43
Nat'l government permits or licenses	42	34	37
None of the above	21	20	26

ENTERPRISES 2000-2002/03: ASKED FOR A BRIBE IN RELATION TO A TRANSACTION WITH GOVT

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
Supplying gov't with goods/services	15%	14%	18%
Compliance with import regulations	17	10	18
Collecting receivables from gov't	9	8	13
Availment of government incentives	6	4	10
None of the above		9	12
No transaction with government	59	68	51

ENTERPRISES 2002/03 : REASONS FOR NOT REPORTING BEING ASKED FOR A BRIBE IN RELATION TO TAXES & LICENSES

Nothing would be done anyway	38%
Cannot prove anything	36
Afraid of reprisal	34
It is standard practice anyway not to report the incident	33
It is too small to bother	24
Do not know how or whom to report	16
Will spend much	13
Do not want to betray anyone	7
It is embarrassing	4

ENTERPRISES 2002/03 : REASONS FOR NOT REPORTING BEING ASKED FOR A BRIBE RELATED TO A TRANSACTION WITH GOVT

Nothing would be done anyway	43%
Afraid of reprisal	37
Cannot prove anything	36
It is standard practice anyway not to report the incident	34
It is too small to bother	22
Do not know how or whom to report	14
Will spend much	11
Do not want to betray anyone	7
It is embarrassing	6

For managers and ordinary Filipinos alike, the most common reason for not reporting a bribe attempt is the **SENSE OF FUTILITY.**

GENERAL PUBLIC Nov 2002: REASONS FOR NOT REPORTING BEING ASKED FOR A BRIBE

Nothing would be done anyway	32%
It is too small to bother	26
Do not know how or whom to report	12
Will spend much	9
Cannot prove anything	9
Afraid of reprisal	8
Do not want to betray anyone	5
It is standard practice anyway not to report the incident	3
It is embarrassing	3

***Regardless of size, companies
are equally solicited for bribes,
and are equally reluctant to
report them.***

***ENTERPRISES 2002/03: ASKED FOR A BRIBE
IN RELATION TO A TRANSACTION WITH
GOVT, by size of enterprise***

	<i><u>All Firms</u></i>	<i><u>Large Firms</u></i>	<i><u>Small & Medium</u></i>
Supplying gov't with goods/services	18%	19%	18%
Compliance with import regulations	18	19	18
Collecting receivables from gov't	13	14	12
Availment of government incentives	10	10	9
None of the above	12	9	14
No transaction with gov't	51	49	52

***ENTERPRISES 2002/03: ASKED FOR A BRIBE
IN RELATION TO TAXES & LICENSES, by size
of enterprise***

	<i><u>All Firms</u></i>	<i><u>Large Firms</u></i>	<i><u>Small & Medium</u></i>
Local government permits or licenses	50%	55%	46%
Payment of income taxes	43	41	44
Nat'l government permits or licenses	37	36	38
None of the above	26	25	27

ENTERPRISES 2002/03: REPORTING OF BRIBERY INCIDENTS, by size of enterprise

	<u>BUSINESS TRANSACTIONS</u>	<u>TAXES & LICENSES</u>
All Firms	5%	5%
Large Firms	7	5
Small & Medium Firms	3	5

Companies' practice of bribery:

57% report that most or almost-all companies in their sector use bribes to get **public sector contracts**.

30% report that most or almost-all companies in their sector use bribes to get **private sector contracts**.

ENTERPRISES 2000-2002/03: IN YOUR LINE OF BUSINESS, HOW MANY COMPANIES BRIBE TO ACQUIRE PUBLIC SECTOR CONTRACTS?

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
Almost all companies	23%	15%	22%
Most companies	32	41	35
Few companies	24	25	23
Hardly any companies	8	8	7
None of the companies	11	10	12

ENTERPRISES 2000-2002/03: IN YOUR LINE OF BUSINESS, HOW MANY COMPANIES BRIBE TO ACQUIRE PRIVATE SECTOR CONTRACTS?

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
Almost all companies	6%	5%	5%
Most companies	18	23	25
Few companies	47	48	46
Hardly any companies	20	17	16
None of the companies	9	7	7

The median allotment for bribery has been unchanged over 2000-2002 --

*For **public sector** contracts: **20%***

*For **private sector** contracts: **10%***

ENTERPRISES 2000-2002/03: % OF CONTRACT ALLOTTED AS BRIBE FOR A GOVT CONTRACT

Base: Total who see corruption in the public sector and know of same-sector companies giving bribes

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
0-10%	32%	41%	34%
11-20	24	28	23
21-30	16	16	16
31-40	6	5	6
41-50	4	3	7
over 50%	4	2	7
Don't know / No idea	14	6	8
Mean	21.6%	18.9%	23.9%
Median	20%	15%	20%

ENTERPRISES 2000-2002/03: % OF CONTRACT ALLOTTED AS BRIBE FOR A PRIVATE SECTOR CONTRACT

Base: Total who see corruption in the private sector and are aware of same-sector companies giving bribes

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
0- 5%	28%	31%	30%
6-10	33	35	28
11-20	14	19	17
21-30	7	6	7
31-50	3	1	6
over 50%	2	1	4
Don't know / Refused	13	6	8
Mean	13.3%	11.7%	15.5%
Median	10%	10%	10%

Enterprises' gifts to govt people:

88% give Christmas and other gifts to govt agencies; 23% give at least P100,000-worth per year.

54% donate to politicians for elections; 24% give at least P100,000-worth.

ENTERPRISES 2002/03: GIFTS MADE BY A TYPICAL COMPANY TO GOV'T PEOPLE

<i>GOV'T</i>	<i>IN ELECTION AGENCIES</i>	<i>POLITICIANS</i>
		<u><i>YEAR</i></u>
Nothing	11%	42%
Less than P50,000	50	18
P50,000-90,000 worth	16	12
P100,000-400,000 worth	15	11
P500,000-900,000 worth	3	5
More than P1,000,000 worth	5	8
Don't know/Refused	1	4

Lack of transparency:

66% call it Difficult for an outsider to estimate their Taxable Income;

54% call it Difficult for an outsider to estimate their Sales;

44% call it Difficult for an outsider to estimate their Imports.

ENTERPRISES 2002/03: HOW DIFFICULT OR EASY IS IT FOR AN OUTSIDER TO ESTIMATE YOUR TAXABLE INCOME, SALES, IMPORTS?

	<u>TAXABLE INCOME</u>	<u>SALES</u>	<u>IMPORTS</u>
Very difficult	18%	12%	9%
Somewhat difficult	48	42	35
Somewhat easy	23	30	23
Very easy	9	11	8
Not applicable	1	5	25
Don't know/Refused	0.8	0.8	1

Lack of honesty in business practice:

Only 35% say that all companies in their sector *Issue Receipts*;

Only 18% say that all companies in their sector *Keep 1 set of books*;

Only 11% say that all companies in their sector *Pay taxes honestly*.

ENTERPRISES 2002/03: HOW MANY IN YOUR SECTOR ALWAYS ISSUE RECEIPTS, KEEP ONLY ONE SET OF ACCOUNTS/BOOKS, AND PAY TAXES HONESTLY?

	<i><u>ALWAYS ISSUE RECEIPTS</u></i>	<i><u>KEEP 1 SET OF ACCOUNTS</u></i>	<i><u>PAY TAXES HONESTLY</u></i>
Almost all companies	35%	18%	11%
Most companies	49	42	43
Few companies	13	28	39
Hardly any companies	2	8	5
None of the companies	0.6	2	2
Don't know	0.2	2	0

Only 3/4 of large firms and 1/2 of small/medium firms have a written **Code of Ethics.**

ENTERPRISES 2002/03: COMPANIES WITH A WRITTEN CODE OF ETHICS OR WRITTEN RULES ABOUT PUNISHMENTS FOR CORRUPTION

All Firms:	60%
Large Firms:	74%
Small & Medium Firms:	50%

ENTERPRISES 2000-2002/03: RECOMMENDED GOVT PUNISHMENT FOR THEIR CORRUPT PEOPLE

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
Imprisonment	52%	52%	52%
Follow due process, implement law	32	15	27
Removal from office	27	17	22
Death penalty	16	20	11
Expose them/media publicity	8	3	9
Ban / Blacklist them	10	4	8
Restitution of assets	10	11	7
Extra-legal action	5	1	4
Financial penalties, benefit forfeiture	9	5	4
Revocation of licenses and privileges	3	2	4
Others			2

ENTERPRISES 2000-2002/03: RECOMMENDED BUSINESS SECTOR PUNISHMENT FOR THEIR CORRUPT PEOPLE

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
Removal from office	27%	30%	31%
Imprisonment	32	36	29
Ban / Blacklist them	24	16	22
Follow due process, implement law	28	13	19
Expose them/media publicity	13	3	7
Revocation of licenses and privileges	9	9	7
Financial penalties, benefit forfeiture	8	3	5
Death penalty	6	8	3
Restitution of assets	5	6	3
Extra-legal action	2	0.2	2
Don't know etc	3	2	3
None	1	2	1

ENTERPRISES 2000-2002/03: SUGGESTED GOVT REWARDS FOR FIGHTING CORRUPTION

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
Material rewards	76%	74%	60%
<i>Financial incentives</i>	49	45	44
<i>Jobs / business opportunities</i>	27	29	16
Non-material rewards	74	60	57
<i>Honors</i>	40	34	28
<i>Good publicity</i>	12	7	14
<i>Protection</i>	6	3	6
<i>Involve them more</i>	5	2	6
<i>Non-financial rewards</i>	10	14	3
No rewards	11	8	12
Don't know / Refused	1	0.4	4

ENTERPRISES 2000-2002/03: SUGGESTED BUSINESS SECTOR REWARDS FOR FIGHTING CORRUPTION

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
Material rewards	68%	66%	57%
<i>Financial incentives</i>	44	34	37
<i>Jobs / business opportunities</i>	24	32	20
Non-material rewards	73	64	58
<i>Honors</i>	43	42	36
<i>Good publicity</i>	12	7	9
<i>Non-financial rewards</i>	12	15	5
<i>Support their anti-corruption campaigns</i>	4	3	5
<i>Protection</i>	2	1	3
No rewards	11	6	10
Don't know / Refused	3	1	4

As to ways of dealing with corruption, managers are much more concerned than ordinary Filipinos about Following Due Process and about Giving Non-Material Rewards.

ENTERPRISES 2002/03 VS. GENERAL PUBLIC

2002: RECOMMENDED GOVT PUNISHMENT FOR THEIR CORRUPT PEOPLE

	<i>General Public</i>	<i>Enterprises</i>
Imprisonment	47%	52%
Follow due process, implement law	6	27
Removal from office	22	22
Death penalty	12	11
Expose them/media publicity		9
Ban / Blacklist them	0.14	8
Restitution of assets	2	7
Extra-legal action	0.7	4
Penalize them financially	5	4
Revocation of licenses & privileges	0.27	4
Others	0.4	2
Don't know/Refused	20	1

ENTERPRISES 2002/03 VS. GENERAL PUBLIC 2002: RECOMMENDED GOVT REWARDS FOR FIGHTING CORRUPTION

	<u>General Public</u>	<u>Enterprises</u>
Material rewards	51%	60%
<i>Financial incentives</i>	18	44
<i>Jobs / business opportunities</i>	31	16
Non-material rewards	17	57
<i>Honors</i>	13	28
<i>Good publicity</i>		14
<i>Protection</i>	0.2	6
<i>Involve them more</i>		6
<i>Non-financial rewards</i>	2	3
No rewards	2	12
Don't know / Refused	36	4

If government corruption could be reduced to the level of Singapore:

**** 60% expect greater Net Income (54% in 2001), with median expected increase of 20% (same as in 2001).***

**** The median expected increase in Net Income for All Firms, including those not benefited, is 10% (same as in 2001).***

ENTERPRISES 2001 & 2002/03: EXPECTED CHANGE IN NET INCOME IF CORRUPTION IS REDUCED TO THAT OF SINGAPORE

	<u>2001</u>	<u>2002/03</u>
Negative change	1%	2%
Zero change	32	31
Positive up to 5%	7	9
6-10%	11	12
11-20%	17	14
21-30%	10	11
31-50%	5	6
51+%	3	8
Don't know	13	7
<i>Mean of positives</i>	<i>23.2%</i>	<i>31.9%</i>

Managers continue to be willing to pay a median 2% of Net Income to fund a program for halving corruption in 10 years (also 2% in 2001; 1% in 2000).

ENTERPRISES 2000-2002/03: % OF NET INCOME MANAGERS WILL PAY FOR A PROGRAM HALVING CORRUPTION IN 10 YRS

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
Not willing at all	24%	25%	17%
Below 1%	5	2	5
1+%	17	16	16
2+%	8	10	9
3 to 4%	2	5	2
5 to 9%	16	19	19
10%	11	14	14
10+%	4	4	8
Don't know etc.	15	5	9
<i>Mean</i>	<i>3.8%</i>	<i>4.3%</i>	<i>5.2%</i>
<i>Median</i>	<i>1%</i>	<i>2%</i>	<i>2%</i>

The persons or organizations cited by managers as trustworthy to manage an anti-corruption fund are predominantly from the private sector, rather than the government sector.

ENTERPRISES 2000-2002/03: WHO CAN BE TRUSTED TO MANAGE AN ANTI-CORRUPTION PROGRAM ? (names cited as % of sample)

	<u>2000</u>	<u>2001</u>	<u>2002/03</u>
PRIVATE SECTOR	112%	59%	84%
PUBLIC SECTOR	26	34	54
MIXED SECTORS	0.4	2	2
DON'T KNOW / REFUSED	10	7	7
NONE CAN BE TRUSTED	17	22	14

CONCLUSIONS OF EARLIER SURVEYS OF ENTERPRISES STILL HOLD:

- ***PUNISH CORRUPTION SEVERELY, AND REWARD THE CORRUPTION-FIGHTERS.***
- ***BUSINESS CAN AFFORD 2% OF NET INCOME TO FINANCE AN ANTI-CORRUPTION PROGRAM.***
- ***BUSINESS NET INCOME CAN RECOVER BY 10% (not merely 5% as earlier reported).***
- ***GOVT CAN SAVE ON CONTRACTS BY 20%.***
- ***BUSINESS CAN SAVE ON CONTRACTS BY 10%.***
- ***THEREFORE AN ANTI-CORRUPTION PROGRAM IS A GOOD INVESTMENT.***

NOTABLE FINDINGS OF THE LATEST SWS SURVEY OF ENTERPRISES:

- ***THERE ARE SOME FAVORABLE TRENDS IN GOVT SINCERITY AGAINST CORRUPTION.***
- ***BUSINESS-USE OF BRIBERY AND FAILURE TO REPORT SOLICITATIONS ARE APPALLING.***
- ***MORE TRANSPARENCY IN ACCOUNTING AND MORE HONESTY IN BUSINESS PRACTICES ARE BADLY NEEDED.***
- ***THE PRIVATE SECTOR MUST TAKE THE LEAD IN RAISING AND MANAGING THE RESOURCES NEEDED TO OVERCOME CORRUPTION.***



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