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## Alternative methods of corruption measurement

The methods of corruption measurement can be classified from many viewpoints, e.g. aggregate indicators, when the measurement of corruption level and its evaluation is a particular component of an aggregate index (used by the World Bank, WEF, PRS Group, Freedom House) and indicators, which purely deal with the measurement of corruption level (compiled e.g. by Transparency International, GFK).

We can sub classify the indicators of corruption into unique, when a given index had been compiled just for a particular purpose (e.g. V4 Index), indeed, here we miss the possibility of a comparison in time and composite, which are systematically elaborated, complex and are compiled in periodical time intervals so there would be possible to compare their results in time (among these indexes we rank e.g. Corruption Perception Index – CPI, Global Barometer of Corruption, Governance Matters – GM).

Alternative method of gathering information concerning corruption is an inquiry within firms and citizens or analyses resulting from objective data. The goal of this article is to show the possibility of corruption measurement according to alternative method.

### **1. Classification of the methods**

For classification of the methods of corruption measurement we use classification introduced and used by Wei [1] in one of his studies, who used the criterion of the method of collection and evaluation of data. According to these criteria he classifies indexes and studies dealing with measurement and evaluation of corruption into these groups:

- indexes and analyses based on expert opinion (International Country Risk Guide, Governance Matters, Growth Competitiveness Index),
- studies and analyses based on composite indexes (Corruption Perception Index),
- indexes and analyses based on surveys of firms or citizens,
- studies and analyses resulting from objective (so-called hard) data.

### **2. Indexes and analyses based on surveys of firms or citizens**

In this text, there will be described last two of these methods, which could be perceived as alternative complement of the standard methods (CPI, Governance Matters, etc.). The inquiries are carried out by specialized institutions using standard statistical methods for processing the results of surveys. These results have got a certain weight as they reflect the opinions of the public. However they can be, and very often also are, distorted by a current situation in the country. Also regarding the number of informants (in the case of public opinion the sample ranges from 1000 to 10000 informants) they are very inaccurate as a relatively small sample of answers generalizes opinions of citizens or firms on given problems. The significant factor which has to be taken into account during the evaluation of the results is also the fact who had ordered the surveys and on which target group it is focused.

Another disadvantage is that some of these surveys are carried out accidentally or in a one-off instance (therefore their results are not comparable over time).

In the Czech Republic these surveys are continuously carried out e.g. GfK Praha – Institute for market research, Public Opinion Research Centre (the research department of the Institute of Sociology of the Academy of Sciences of the Czech Republic) or Faktum Invenio s.r.o. and of course Transparency International Czech Republic. From the international institutions we should highlight Transparency International (Global Barometer of Corruption, Bribe Payers Index – BPI) and Freedom House (Transformation index IDR).

### **3. Studies and analyses resulting from objective (so-called hard) data**

These studies and analyses result from objectively measurable data. One of the ways to acquire these data is the quantification of the ratio of business transactions related to corruption payments and bribes to civil officers. Surveys of this kind are very exacting as it is hard to acquire information from firms regarding where and how they bribed local officers.

The Bribe Payers Index (BPI) (already mentioned in the previous chapter) certainly belongs to this type of index. In 2006 it evaluated 30 notable export firms according to the extent the international companies with headquarters in these countries bent on offering bribes abroad. It is based on two questions which were put to 11,232 sales managers of companies from 125 countries who were asked about trade practices of foreign companies in their countries.

Another indicator belonging to this category, which was compiled and published in 2004 by TIC in conjunction with GfK Praha agency is the V4 index. This one-time comparison survey was carried out in the capitals of the Visegrad Group countries (Prague, Bratislava, Budapest and Warsaw). The objective was to find out, which chosen anticorruption measures are exercised in the public administration of these cities and simultaneously to find out how the functionality of these measures is perceived. Regarding objectives the survey was divided into two phases. In the first phase objective data had been collected concerning the existence of anticorruption measures and mechanisms in the public administration of the capitals, when the data collection took the form of a content analysis of documents and interviews with representatives of particular cities. In the second phase was the inquiry phase. This took the form of personal interrogation among the employees of municipal authorities, council members, journalists, entrepreneurs and representatives of non-governmental organizations of the capitals (in three cities 100 informants were interrogated, in Prague 107) concerning the perception of the anticorruption measures' efficiency. The resulting index then takes a value 0 – 1 where 0 means very bad evaluation and conversely 1 means very good.

Other indexes compiled in 1999 in an effort to express the objective level of corruption are the Indexes of public decisions corruption. This approach evaluating the corruption environment results from a differentiation of a relationship type between concerned subject, i.e. between a state and a firm. It's authors Hellman, Jones, Kaufmann [2] had worked for the Institute of the World Bank. The data were acquired in conjunction with the European Bank for Reconstruction and Development. In comparison with the approach of the TI it tries to intercept the corruption according to its various forms. It distinguishes three types:

1. Governance of a state is determined as an influence on the creation of basic rules, i.e. laws, regulations, enactments. It takes the form of illegal, non-transparent payments to public agents.

2. Influence corruption represents the ability of a subject to influence the creation of basic rules without having to bribe public agents. Here the size of the firm, ownership relations to a state and extensive contacts with public agents play a greater role than a bribe.

3. Administrative corruption includes the bribery of public agents who influence the process of realization of given rules.

Another difference in comparison with the approach of TI is in the data collection process. TI works with an external evaluation of experts or foreign investors whilst this approach makes use of the direct experiences of firms.

The other known index mostly reliant on hard data, which is also focused on corruption, is the Index of Economic Freedom, (IEF) which is published independently by two organizations – the Fraser Institute and the Heritage Foundation.

#### **Conclusion**

As can be seen, there are various methods and approaches to corruption measurement. The CPI (Corruption Perception Index compiled by Transparency International) is the best known corruption index, but there are some others which could be perceived as alternative methods. Even though we mostly could not compare them in time, they are acceptable complements to the standard methods.

### *L I T E R A T U R E*

1. **Wei, S.** Corruption in Economic Transition and Development: Grease or Sand. Draft for the UNECE Spring Seminar in Geneva on May 7, 2001.
2. **Hellmann, J., Jones, G., Kaufmann, D.** Measuring Governance, Corruption and State Capture. World Bank policy research working paper No. 2312, 2000. <<http://www.worldbank.org/wbi/governance>>.

### *S U M M A R Y*

*Statistical quantity of corruption is very problematic to define and comparable objective data practically do not exist. The aim of this paper is to introduce alternative methods of corruption measurement, which could become an alternative complement of standard methods.*

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