

SUMMARY OF THE STUDY “CORRUPTION IN ESTONIA: STUDY OF THREE TARGET GROUPS IN 2010”

This report of corruption study provides an overview of the results of a survey conducted in three target groups (residents, entrepreneurs, public sector).

About encountering corruption

4% of residents have paid extra to officials or have brought presents for them during the recent year. Bribe has been asked from 18% of people, mostly in the course of technical inspection of vehicles (11%) and when communicating with physicians (9%), whereas the technical inspection service belongs to the private sector. The content of the bribe is usually a symbolic present or a return favour or an amount of money up to 1,000 kroons.

10% of entrepreneurs have been asked for bribe, presents or return favours during the recent year. Entrepreneurs have also encountered bribe requests mainly in the course of technical inspection of vehicles (5%). They have also been expected to give bribe in the course of state procurements (4%). Bribe has been paid by 3% of entrepreneurs; this is in the same magnitude as in case of residents. With entrepreneurs, the content of the bribe is also mainly a symbolic present or a return favour, but 33% of the responders confessed of having paid money (11% having paid an amount exceeding 5,000 kroons).

A remarkably large share of entrepreneurs has utilised acquaintances in the public sector, in order to get access to information, services or faster document management. 12% of entrepreneurs have personally done so during the recent year (in case of residents, this figure is 4%).

19% of entrepreneurs and 11% of residents have directly encountered other corruption.

When comparing residents and entrepreneurs, it can be said that residents encounter corruption generally less frequently than entrepreneurs – they have paid less and have encountered less other corruption. At the same time, residents claim to have been asked for bribe more often.

3% of the employees in the public sector have personally encountered corruption during the recent year – this study did not specify what form of corruption it has been.

74% of entrepreneurs have confessed that they have paid a bribe on their own initiative. Officials also believe that when bribe is given, the initiator is usually the entrepreneur or the private person – this is the belief of 95% of public sector employees.

Main changes when compared to the earlier time

The previous study was conducted in year 2006 and there have been several positive changes since that time.

When presenting residents with a hypothetical situation, 34% of them are ready to offer a bribe to an official. While this is a rather high figure, it is still 10 percentage points

Positive changes have happened in attitudes.

less than in year 2006. Also, the attitude towards giving presents has changed and it can be assumed that the tradition of giving presents, typical to post-Soviet countries, is slowly vanishing from Estonia. 54% of residents consider it corruption if an official accepts a present in return for his or her services. This is 10 percentage points more than five years ago. The number of entrepreneurs considering accepting of presents to be corruption has increased as well – it is 62% now, whereas it was 57% earlier. It can be assumed that those who condemn corruption more and are better able to recognise it, would also behave less in a corrupt way.

Entrepreneurs consider corruption to be less common in all fields (fraud in procurements, bribes, benefits, etc.) when compared to year 2006. There are also less public sector employees who believe that the employees of their institutions are being paid bribes – in year 2010, 20% of them think this way, but in year 2006 this figure was 23%. Compared to earlier studies, there are significantly less residents considering bribery to be widespread means of avoiding penalties and punishments. In year 2006, 73% of residents thought that bribery is widespread as means for avoiding penalties and punishments, but now this figure has decreased to 53%. On the other hand, respondents are now thinking that corruption is somewhat more common in public procurements (+3%) and as means for achieving law amendments (+5%).

It is thought that there is less corruption now than there was five years ago; at the same time, the respondents have had more indirect encounters with corruption in several cases.

Still, it is worrying that the share of residents considering corruption to be a serious problem has slowly increased from year to year – from 64% to 68%. It is also remarkable that whereas bribery is generally not considered to be a very common way of getting a job, there is an increasing share of public sector employees from year to year who believe that bribes are a common way of getting a job.

It is also remarkable that there is an increase in the number of residents who have indirectly encountered corruption (a respondent knowing someone else who has encountered corruption). Indirect corruption can be seen primarily as an indicator of the perception of the spread of corruption (see the introduction), where the information heard and read from media has a role. 21% of residents and 16% of entrepreneurs have responded that they know someone else who has encountered a conflict of interests of an official – a situation where an official orders a product or a service, paid for with funds of an institution or the state, from an enterprise where his or her relative is a shareholder. These shares are significantly higher than they were in year 2006 (both were 14% then). This opinion has apparently been influenced by a case widely covered in the media in January and February, during the time of conducting this survey, where the Chair of the Board of the Unemployment Insurance Fund had allegedly ordered souvenirs from an enterprise of his wife's brother (although it was later discovered in the course of investigations that this was not true and that he had removed himself from the decision-making process). The effect of media can be seen elsewhere as well. For example, those entrepreneurs who monitor the news every day consider bribery to be more widespread (on the basis of regression) and they have

been asked to give bribe more often. Entrepreneurs who more frequently monitor the news also more frequently claim that they have encountered other forms of corruption. Those residents who less frequently monitor the news define corruption more narrowly.

As regards residents, the shares of indirect corruption have also increased regarding other forms of corruption – for example, there are more indirect encounters of political corruption (16% now and 10% five years ago), misuse of inside information by an official (20% and 15%, respectively), etc.

The number of people having personally encountered corruption has decreased.

Thirdly, the number of people having encountered corruption has decreased. For example, while in year 2006, 15% of entrepreneurs had been asked to give bribe, now this figure is 10%. While in year 2006, 8% of residents had paid extra to an official or brought a present, now this figure is 4%. There are also less those who have directly encountered other forms of corruption: now it is 11% of residents (5 years ago this was 14%) and 19% of entrepreneurs (earlier this was 20%). An interesting change has taken place regarding presents. While this is one of the most common forms of corruption (this study also takes into account whether it is considered a corruption), there are 2 percentage points less of those residents who have brought presents to officials in return for their services (8% in year 2010 and 6% if year 2006). In case of entrepreneurs, this figure has decreased by 3% (from 11% to 8%).

Interesting observations from the study

The study allowed making some interesting observations about how the socio-demographic factors are related to understanding about corruption and its spread; also, how people with certain characteristics are more prone to corruption.

Public sector employees are more aware and more condemning of corruption when compared to others.

The public sector employees come across as more ethical and having a more condemning and more aware attitude towards corruption – the same conclusion could be made in year 2006 as well. When compared to earlier years, officials are more condemning of all ethically ambiguous situations (by 20-30 percentage points). In all cases where the respondents were asked to assess the acceptability of a situation, officials were rather more condemning when compared to others. For example, in case of getting to a surgical operation via an acquaintance, 88% of officials considered it to be unacceptable, whereas only 67% of residents and 70% of entrepreneurs had the same opinion. In a hypothetical situation, 10% of officials, 34% of residents and 35% of entrepreneurs would behave in a corrupt way.

Those public sector employees who are not satisfied with their salary and also those who do not consider their job position stable and who do not think a high status is entailed in the job position, would accept a bribe when compared to those who are satisfied with the situation. For example, 13% of those who are not satisfied with their salary and additional pays would accept a bribe (this is 8% for others);

also, 13% of those who do not consider their job position stable would accept a bribe (this is 9% for others).

73% of the public sector employees claimed that they have never had a conflict of interests in their work. This is more or less the same result as in year 2006 (the figure was 72% then), but 53% of officials would like to get more specific instructions for avoiding a conflict of interests. Such instructions are planned to be prepared in a co-operation between the Ministry of Justice and the Ministry of Finance and to be put up on a website www.korruptsioon.ee.

Chapter II provides situational descriptions where the respondents were asked to decide how they would behave in a corruption situation. The arguments justifying corruptive behaviour were divided into economical (e.g. I would offer a benefit because it would be good for the enterprise to win the procurement), cultural (e.g. I would offer a benefit because entrepreneurs do this rather frequently / because it is a common practice in Estonia), vindicating (e.g. I would offer a benefit because such a return favour would be harmless – it would cause no harm to anyone) and calculating (e.g. I would offer a benefit because the risk of getting caught would be low). All target groups justify their hypothetical corruptive behaviour most with economical arguments – bribe would be taken or given because it would be economically beneficial. There were also relatively frequent cases of using vindicating arguments, i.e. that the behaviour would not cause any harm to anyone, referring to the widespread opinion that corruption is a crime without victims.

Corruption is justified by economic arguments.

For the first time the opinion about corruption of journalism and the amount of encounters of such corruption was studied. It turned out that corruption of journalism (where a journalist accepts a benefit or a present from an entrepreneur, in return for presenting the enterprise favourably or a competitor unfavourably in a media publication) is considered to be a more severe corruption than for example a situation where an official processing procurements orders computers for an institution from the enterprise of his or her own son (this being a conflict of interests). 86% of officials, 80% of entrepreneurs and 69% of residents considered media corruption to be a form of corruption, but in case of a conflict of interests these figures were 84%, 75% and 65%, respectively. Entrepreneurs were also asked about how many of them have offered a benefit or a present to a journalist for presenting their enterprise favourably or a competitor unfavourably in a media publication, excluding the usual paid advertising. Most of the entrepreneurs (93%) have not encountered such a situation, neither directly nor indirectly, although 7% confessed knowing someone else who has encountered corruption of journalism.

Media corruption is not considered much of a problem.

The most important factor affecting the ethical views of people is their nationality – Estonians and non-Estonians clearly differ from each other in corruption awareness, condemning corruption and readiness to behave in a corrupt way. For example, 47% of

Non-Estonians differ.

non-Estonians, but 28% of Estonians would agree to pay a bribe. Estonians are less accepting towards corruption (average 3.3²⁴) than non-Estonians (2.9).

Non-Estonians also consider corruption to be a somewhat more serious problem, but these relations are not statistically significant (69% of non-Estonians, 66% of Estonians). Non-Estonian entrepreneurs consider corruption to be more widespread (Estonians: 2.4 and non-Estonians: 2.2²⁵). Non-Estonian entrepreneurs consider the bribability of public officials and politicians more to be a serious hindrance to entrepreneurship than do Estonians. Non-Estonians considered bribery more to be a widespread means of getting a job; this was so in the previous study as well. Non-Estonian residents have had more encounters of both bribery and corruption: every second non-Estonian person and every third Estonian person has encountered bribery.

Women differ.

There are also several differences between opinions and experiences of women and men; for example, women are less accepting towards corruption and would be less eager to behave in a corrupt way (40% of men and 29% of women would accept a bribe). When looking at the averages and frequencies among entrepreneurs, it can be seen that men have more corruptive attitudes in all aspects (35% of male entrepreneurs and 33% of female entrepreneurs would behave in a corrupt way). Women consider corruption to be somewhat more severe problem than do men – 72% of women and 64% of men consider corruption a problem.

Corruption is considered to be more widespread by female entrepreneurs, whereas in case of the public sector, men consider bribery to be more widespread in their institution (average for men: 1.6, average for women: 1.4). Women have encountered more of both bribery and corruption. Every second woman and every third man has encountered bribery; the averages regarding other forms of corruption are 1.9 and 1.4, respectively.

Youth differ.

In addition to nationality and sex, the age of residents is also an important factor affecting their attitudes – younger respondents (age 15-30) define corruption more narrowly. They would also be more eager to behave in a corrupt way – 67% of youth, but only 30% of respondents aged over 46 would pay bribe. Also, in case of attitudes of officials there is a noticeable trend towards younger officials being more tolerant towards corruption. Younger people (both residents and officials) also consider bribery to be more widespread. At the same time, both those of age 15-30 and those of age 46-55 have encountered bribery in equal amounts (average: 0.6), exceeding the respective figure of other age groups (up to 0.2). Also, middle-aged respondents (aged 46-55) have encountered more of other forms of corruption).

²⁴ See an explanation of averages in the introduction.

²⁵ A larger value indicates less spread.

The people of Tallinn are different by several characteristics, primarily because the entrepreneurship and state functions have gathered mainly into the capital city. For example, the residents of Tallinn are the most accepting towards corruption; on the other hand, the entrepreneurs of Tallinn are the best at recognising corruption (on the basis of averages) and less accepting towards corruption (on the basis of regression). Also, the officials working in Tallinn are the least accepting towards corruption.

Tallinn differs.

The entrepreneurs of Tallinn consider the bribability and partiality of politicians to be a hindrance to entrepreneurship, when compared to entrepreneurs from other regions. The residents of Tallinn consider bribery to be more common: they estimate that bribery is mostly common as a way of hastening official processes, getting favourable decisions, winning public procurements, getting jobs and for the purpose of slandering a competitor or bringing out own enterprise.

The entrepreneurs of Tallinn also see corruption as a bigger hindrance to entrepreneurship than do others: 33% of the entrepreneurs of Tallinn consider the bribability of public officials to be a hindrance to entrepreneurship (although this percentage was somewhat higher in the Viru County – 35%) and 34% consider the bribability of politicians to be such a hindrance. The respective figures for Tartu and the Southern region were 24% and 14%. Although entrepreneurs generally consider corruption to be more common on the nationwide level than on the local level, this being the same as in the previous study, the opinions of entrepreneurs across regions show that the entrepreneurs of Tallinn consider corruption to be more common between the local government and the entrepreneurs, when compared to others. In year 2006, the entrepreneurs of Tallinn differed from others, considering corruption to be more widespread when compared to others (both on the nationwide level and in local governments). At the same time, other entrepreneurs from Northern and Western Estonia have encountered more corruption, but more residents of Tallinn have encountered both bribery and other forms of corruption.

Encounters with corruption affect people's opinions. For example, those officials having personally encountered corruption believe that bribery is more common in their institution. Also, those entrepreneurs having paid bribe consider corruption to be more widespread. In case of entrepreneurs, a relation between corrupt attitudes and corrupt behaviour is noticeable: those entrepreneurs having paid bribe have also more corrupt attitudes. 51% of those who have offered bribe would also offer bribe in a hypothetical situation, whereas 33% of others would do that. Also, those entrepreneurs having paid bribe see corruption more as a severe hindrance to entrepreneurship than do others. For example, 34% of those having paid bribe consider the bribability and partiality of politicians to be a hindrance to entrepreneurship, whereas the respective figure for others is 22%. Nearly half (48%) of those entrepreneurs claiming that they have been asked to pay bribe have also paid it themselves.

People having personally encountered corruption differ.

There are no large differences in the entrepreneurship sector – the sector of trade and services differs somewhat.

There were no large differences between various sectors. The entrepreneurs active in the sector of trade and services differ, as they define corruption more narrowly and would be more eager to offer bribe (on the basis of regression). The entrepreneurs of the trade and service sector consider bribability of public officials more to be a severe hindrance to entrepreneurship than do others (32%). They have also encountered more bribery (18% of entrepreneurs in the trade and services sector and 0% of entrepreneurs in the social and personal services sector). At the same time, entrepreneurs of the social and personal services sector have encountered more of other forms of corruption (1.6 when compared to the 1.2 of the primary sector) and they consider the bribery of politicians more to be a hindrance to entrepreneurship than do others (45%).

Smaller enterprises differ.

In case of residents and officials, no income group clearly differs from others in various aspects; still, the managers of smaller enterprises differ regarding both turnover and number of employees. For example, managers of enterprises with a smaller number of employees (up to 9 employees) are more tolerant towards corruption in case of all three characteristics expressing ethical attitudes: 37% of them would be ready to behave in a corrupt way, whereas this figure is 26% for managers of larger enterprises. The same conclusion can be made also regarding managers of enterprises with a smaller turnover – they define corruption more narrowly and would be ready to offer money or a return favour to an official. Also, managers of enterprises with a smaller number of employees consider the bribability of public officials more to be a hindrance to entrepreneurship (31%, whereas the respective figure for enterprises with more than 19 employees is 24%). On the basis of averages, managers of small enterprises and managers of enterprises with small turnover consider corruption more to be widespread than do others. They have also encountered more corruption.