

# The 2006-2007 SWS Surveys of Enterprises on Corruption

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ENFORCE  
IMPLEMENT  
RULES

PRIORITIZE  
TRANSPARENT  
RESOLUTION OF  
CELEBRATED CASES

HEADS OF  
AGENCIES TO  
ACCOUNT / REPORT  
ON ALL PROJECTS

STREAMLINE  
PROCESSES

PRIORITIZE  
TRANSPARENT  
RESOLUTION OF  
CELEBRATED CASES

INDEPENDENT  
WATCHDOGS  
TO RANK PERFORMANCE  
PERIODICALLY

PRACTICE HONESTY  
ALL THE TIME

MAINTAIN ITS  
CURRENT LEVEL  
OF INTEGRITY

NO DEALS W/  
CORRUPT - PUBLIC  
NOR PRIVATE ENTITIES

CONDUCT  
LIFESTYLE  
CHECK

PUT THEIR  
MONEY WHERE  
THEIR MOUTH  
IS

WALK THE  
TALK

EASE "FOR-SHOW"  
ANTI-CORRUPTION  
WORK

PARTNER  
W/ FAITH-BASED  
ORGANIZATIONS

DEEPEN  
SENSE OF  
MORALITY

HIRE GOOD  
PROFESSIONALS &  
PAY THEM WELL

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## Overview

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Since 2000, Social Weather Stations has undertaken seven Surveys of Enterprises on Corruption within the Transparent Accountable Governance ([www.tag.org.ph](http://www.tag.org.ph)) project, which aims to promote transparency and accountability in government and to help build a counter-corruption culture. These surveys, sponsored by The Asia Foundation (TAF) with support from the United States Agency for International Development (USAID), have covered statistically representative samples of Filipino<sup>1</sup> managers of enterprises, from National Capital Region (NCR) in the first three rounds, adding Metro Cebu and Metro Davao starting 2004 (denoted NCR/C/D in this report), and Cavite-Laguna-Batangas and Cagayan de Oro City-Iligan City starting 2005 (denoted 5 Areas). In each area, two-thirds of the sample was allotted to small and medium enterprises, and one-third to large enterprises.

In every area, the Transparent Accountable Governance (TAG) surveys worked with local business associations in obtaining the sampling frames, setting the agenda by focus groups, and disseminating the survey findings.

The *Makati Business Club* has been a partner since the beginning of the project; it introduced the project to other local business organizations, who later on became local partners. As the survey expanded to include other areas, the *Cebu Business Club*, the *Cebu Chamber of Commerce and Industries*, the *Mindanao Business Council*, the *Davao City Chamber of Commerce and Industries*, the *Cagayan de Oro Chamber of Commerce and Industries*, the *Iligan Chamber of Commerce and Industries*, and the *Cavite Chamber of Commerce and Industries* all became regional partners. Civil Society Anti-Corruption advocates namely *Cebu Lady Lawyers Association, Inc. (CELLA)*, *Legal Alternatives for Women Center, Inc. (LAW, Inc)*, *Mindanao Commission on Women (MCW)*, *EHEM! project of the Society of Jesus, Xavier University* through the *Kristohanong Katilingban sa Pagpakabana (KKP)* and *Research Institute for Mindanao Culture (RIMCU)* also helped in the dissemination of the results since 2005.

Findings of the 2000-2004 surveys were published and disseminated in the “4<sup>th</sup> Enterprise Survey on Corruption” report by the Makati Business Club. The 2005 update was published by Social Weather Stations in “The 2005 SWS Survey of Enterprises on Corruption”. This booklet presents the updates on the standard monitoring items since 2000 with the new findings in 2006 and 2007. Not all survey questions in 2006 were used in 2007.

The last two surveys found no abatement in the public perception of corruption in the government. While the 2006-2007 trend shows the government’s sincerity in fighting corruption to be not as bad as before, perceived insincerity prevailed in 17 out of the 29 agencies rated. Incidents of bribery in typical government transactions hardly changed, and any decline in the past has not been sustained, save for some improvements recorded in NCR. On the other hand, while corruption in the private sector remain smaller compared to the public sector, it has not shown a sustained decline, i.e., there is need to step up measures of the private sector to police its own ranks. Willingness of managers to fight corruption has not diminished, and enthusiasm is high for a proposed *Transparency Information Bureau (TIB)*.

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<sup>1</sup> These are surveys of Filipino managers, unlike surveys of foreign consulting firms used to derive international corruption indexes, which use the views of expatriate managers of multinational firms.

## Attitudes Towards Corruption

Discouragement on the possibility of running government without corruption has grown. Managers' opinions are now split on how entrenched and necessary corruption is in government affairs, with half (49%) of the respondents optimistically asserting that government can be run without corruption, and the other half (50%) pessimistically claiming that corruption is part of the way that government works – up by 7 points from 43% in 2006 (*Table 1*).

**TABLE 1**

**“Which of these two statements is closer to your opinion: Corruption is part of the way government works in the Philippines, or the government can be run without corruption?” Enterprise Managers, 2000-07**

	2000 (NCR)	2001 (NCR)	2002/03 (NCR)	2003/04 (NCR/C /D)	2005 (5 areas)	2006 (5 areas)	2007 (5 areas)
<b>“Gov’t can be run w/o corruption”</b>	55%	57%	56%	60%	60%	56%	49%
<b>“Corruption is part of the way gov’t works”</b>	43	42	44	40	40	43	50

*Source: The 2000-2007 SWS Surveys of Enterprises on Corruption*

In terms of who to blame when there is corruption involving a government official and a businessman, 72% of enterprise managers in 2006 and 66% of the general public in 2005 said both are to blame. The balance among both the managers (25%) and the general public (30%) tend to blame the government official more than the businessmen (*Table 2*).

**TABLE 2**

**“When there is corruption involving a businessman and a government official, who in your opinion is to blame?” General Public vs. Enterprise Managers, 2005 and 2006**

	Dec 2005, General Public, Philippines	2006, Managers, 5 areas
<b>Official only</b>	22%	7%
<b>Mostly the official, and to some extent somewhat the businessman</b>	8	18
<b>Both equally to blame</b>	66	72
<b>Mostly the businessman, and somewhat the official</b>	2	2
<b>The businessman only</b>	2	1

*Sources: December 2005 Social Weather Survey and 2006 SWS Survey of Enterprises on Corruption*

This result signifies that enterprise managers are more likely to attribute corruption to the public sector rather than to the private sector.

Seventy-four percent of managers denied that “To prosper in business in the Philippines today, one has to be corrupt.” This sentiment was shared by 70% of the general public (*Table 3*).

**TABLE 3**

**“Would you agree or disagree with the statement: “To prosper in business in the Philippines today, one has to be corrupt?” General Public vs. Enterprise Managers, 2005 and 2006**

	Dec 2005, General Public, Philippines	2006, Managers, 5 areas
<b>Strongly agree</b>	6%	7%
<b>Somewhat agree</b>	10	16
<b>Undecided if agree or disagree</b>	12	3
<b>Somewhat disagree</b>	17	14
<b>Strongly disagree</b>	53	60
<b>*Net</b>	-54	-51

*\* % Strongly Agree/Somewhat Agree minus % Somewhat Disagree/Strongly Disagree, correctly rounded.  
Sources: December 2005 Social Weather Survey and 2005-2006 SWS Survey of Enterprises on Corruption*

For the test statement, “If ever I know of corruption going on in my company, I just keep it to myself,” 72% of managers in 2006 contended that it is always wrong to keep information of corporate wrongdoing to oneself, similar to 73% in 2005.

While the results are certainly positive, it should nevertheless be noted that in 2006, 27% of managers would consider refusing to become a whistleblower, and 1% regarded silence as a perfectly acceptable response to the situation. This is similar to 2005 where 26% would think twice about the issue and 1% would keep silent (*Table 4*).

**TABLE 4**

**Attitudes towards Corporate Wrongdoing, Enterprise Managers, 2005-06**

If a business executive says: “ <i>If ever I know of corruption going on in my company, I just keep it to myself,</i> ” would you say that this attitude is:	<i>Always wrong</i>	<i>Wrong in most cases</i>	<i>Wrong only sometimes</i>	<i>Not at all wrong</i>
<b>2005</b>	73%	21%	5%	1%
<b>2006</b>	72	23	4	1

*Source: The 2005-2006 SWS Surveys of Enterprises on Corruption*

## Corruption in the Public Sector

Views of managers on public sector corruption remain bleak. In 2007, 3 out of 5 (61%) managers see “a lot” of corruption in the public sector, slightly down from 66% in 2005 and 67% in 2006. Thirty-three percent see “some”, hardly changing from 28% in 2005 and 2006, and 5% to 6% see “a little” and “none” from 2005 to 2007 (Table 5).

**TABLE 5**  
**“How much corruption do you think there is in the public sector?”**  
**Enterprise Managers, 2000-07**

	2000 (NCR)	2001 (NCR)	2002/03 (NCR)	2003/04 (NCR/ C/D)	2005 (5 areas)	2006 (5 areas)	2007 (5 areas)
<b>A lot</b>	63%	77%	60%	66%	66%	67%	61%
<b>Some</b>	25	19	29	26	28	28	33
<b>A little</b>	10	4	10	6	5	5	5
<b>None</b>	2	0	1	2	1	1	0.3

Source: The 2000-2007 SWS Surveys of Enterprises on Corruption

These ratings are backed up by the managers’ experience. Forty-four percent of those interviewed in 2007 have personal knowledge of a corrupt transaction with government by a company in their own line of business in the last 3 months. This was 38% in 2006, but was also 44% in 2005 (Table 6).

**TABLE 6**  
**“When was the last time you had personal knowledge of a corrupt transaction with government by a company in your sector of business?”** Enterprise Managers, 2003-07

	2003/04 (NCR/C/D)	2005 (5 areas)	2006 (5 areas)	2007 (5 areas)
<b>In the last month</b>	33%	27%	25%	29%
<b>In the last 2-3 months</b>	17	17	13	15
<b>In the last 4-6 months</b>	9	10	10	13
<b>In the last 6-12 months</b>	14	16	14	12
<b>More than a year ago</b>	25	29	28	25

Source: The 2003-2007 SWS Surveys of Enterprises on Corruption

The 2007 survey found one out of two (48%) saying *most/almost all* companies in their own line of business practice bribery to win government contracts, maintaining the 47% recorded in 2006 after it declined from 54% to 57% in 2000–2005 (Table 7).

**TABLE 7**

**“In your line of business, how many companies do you think give bribes to win public sector contracts?” Enterprise Managers, 2000-07**

	2000 (NCR)	2001 (NCR)	2002/ 03 (NCR)	2003/ 04 (NCR/C/ D)	2005 (5 areas)	2006 (5 areas)	2007 (5 areas)
<b>Almost all companies</b>	23%	15%	22%	23%	21%	17%	18%
<b>Most companies</b>	32	41	35	34	33	30	30
<b>Few companies</b>	24	25	23	24	25	27	27
<b>Hardly any companies</b>	8	8	7	7	7	8	9
<b>None of the companies</b>	11	10	12	11	13	17	14

*Source: The 2000-2007 SWS Surveys of Enterprises on Corruption*

However, in NCR at least, bribing for government contracts has declined. In 2007, 42% of Metro Manila Managers say *most/almost all* companies in their own line of business give bribes for government contracts, steadily declining from 57% in 2003, 52% in 2005, and 46% in 2006.

To the question of how much of a public sector contract is allotted for bribery, the 2007 survey had a median response of 20%, unchanged since 2006, and has been fairly stable at 15%-20% since 2000. Bribery-allotment ranges widely, however, with 37% of managers putting it at 10% or less, 25% putting it at over at 11-20%, and 32% putting it at 21% or more, of a government contract.

## Corruption in the Private Sector

Enterprise managers admit to corruption in the private sector, but only 1 out of 12 (8%) see “a lot”, 34% see “some”, 53% see “a little”, and 5% see “none”, hardly changing from the findings in 2006 (*Table 8*).

**TABLE 8**

**“How much corruption is there in the private sector?” Enterprise Managers, 2000-07**

	2000 (NCR)	2001 (NCR)	2002/03 (NCR)	2003/04 (NCR/C/ /D)	2005 (5 areas)	2006 (5 areas)	2007 (5 areas)
<b>A lot</b>	14%	9%	13%	9%	10%	9%	8%
<b>Some</b>	39	44	43	34	37	34	34
<b>A little</b>	43	44	41	49	48	53	53
<b>None</b>	4	3	3	8	5	5	5

*Source: The 2000-2007 SWS Surveys of Enterprises on Corruption*

The 2007 survey also asked managers, “In your line of business, how many companies do you think give bribes to win private business sector contracts?” and found 1 out of 5 (22%) saying that *most or almost all companies in their own line of business* give bribes to win private sector contracts, same as in 2006 but slightly lower compared to 27% in 2005 (*Table 9*).



**TABLE 9**  
**“In your line of business, how many companies give bribes to win private business sector contracts?” Enterprise Managers, 2000-07**

	2000 (NCR)	2001 (NCR)	2002/ 03 (NCR)	2003/ 04 (NCR/C /D)	2005 (5 areas)	2006 (5 areas)	2007 (5 areas)
<b>Almost all companies</b>	6%	5%	5%	6%	6%	6%	5%
<b>Most companies</b>	18	23	25	20	21	16	17
<b>Few companies</b>	47	48	46	46	46	45	46
<b>Hardly any companies</b>	20	17	16	18	16	20	20
<b>None of the companies</b>	9	7	7	10	11	14	12

Source: The 2000-2007 SWS Surveys of Enterprises on Corruption

The previous findings of 24% in 2000, 28% in 2001, 30% in 2003, and 26% in 2004, show the persistence of such corruption through the years. For such bribes, the median reported allotment for 2007 is 10% of the contract – same as in 2006, and half the 20% allotment for public sector contracts.

Bribing for private contracts in NCR, however, has been declining slightly in the past four years. In 2007, 18% of Metro Manila managers say *most or almost all companies in their own line of business* give bribes to win private sector contracts, similar to 2006, and has steadily declined from 29% in 2003, 26% in 2004, and 23% in 2005.

Consistent with the 2006 findings, the 2007 survey still finds that the private sector does not do too well in policing its ranks: 39% say that, in their line of business, corrupt executives are *seldom or almost never punished*, compared to 33% in 2006 and 40% in 2005.

The private sector could also stand much improvement in practicing honest business. In the 2007 round, only 50% say that all companies in their line of business *always demand receipts*, only 35% say they *always issue receipts*, only 24% say that they *always keep only one set of accounts*, and only 18% say that they *always pay taxes honestly* (Table 10).

Use of these practices is slightly growing in NCR, but is hardly changing in the country as a whole.

**TABLE 10**  
**“In your line of business, how many companies always demand receipts, always issue receipts, keep only one set of accounts, and pay taxes honestly?” Enterprise Managers, 2007**

	Always demand receipts	Always issue receipts	Keep one set of accounts	Pay taxes honestly
<b>Almost all companies</b>	50%	35%	24%	18%
<b>Most companies</b>	36	44	39	38
<b>Few companies</b>	12	18	28	35
<b>Hardly any companies</b>	1	2	6	6
<b>None of the companies</b>	0.4	0.1	2	2
<b>Don't know</b>	--		1	0.3

Source: The 2007 SWS Survey of Enterprises on Corruption

## Bribe-Solicitation on Specific Transactions

In 2007, three out of five (61%) managers were asked for a bribe for at least one of the seven transactions tested in the survey – up from 58% in 2006, but was already at 61% in 2005. For every index transaction, more said they were asked for a bribe in the 2007 survey than in both 2005 and 2006 surveys. In NCR, which has the longest survey-series, many of the trends are poor (*Figure 1, also Table 11*).

**FIGURE 1**

**“In which of the following transactions has your company been asked for a bribe by anyone in government in the past year?” Enterprise Managers, 2007**



Source: *The 2007 SWS Survey of Enterprises on Corruption*

**TABLE 11**

**“In which of the following transactions has your company been asked for a bribe by anyone in government in the past year?” Enterprise Managers, 2000-07**

	2000 (NCR)	2001 (NCR)	2002/ 03 (NCR)	2003/ 04 (NCR/C/ D)	2005 (5 areas)	2006 (5 areas)	2007 (5 areas)
Local government permits or licenses	55%	54%	50%	41%	36%	33%	40%
Nat'l government permits or licenses	42	34	37	28	28	29	37
Payment of income taxes	52	50	43	39	30	29	33
Compliance with import regulations	17	10	18	13	21	22	25
Supplying gov't with goods/services	15	14	18	15	16	18	22
Collecting receivables from gov't	9	8	13	11	18	16	20
Availment of gov't incentives	6	4	10	4	10	11	13
Don't know/refused			2	2		1	--

Source: *The 2000-2007 SWS Surveys of Enterprises on Corruption*

From 2005 to 2007, reported solicitation of bribes in relation to *getting local government permits or licenses* has not shown signs of sustained decline. For total 5 areas, it went from 36% in 2005, 33% in 2006, to 40% in 2007.

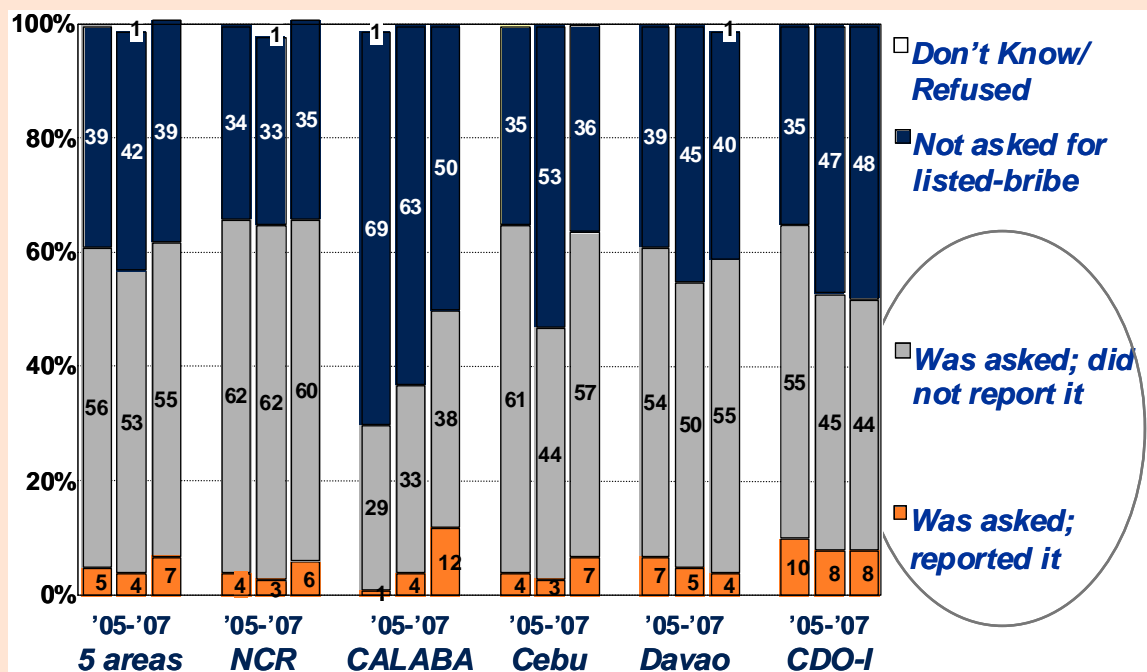
While there was a slight decline in the reported solicitation of bribes in relation to *payment of income taxes* from 2000 to 2005, it slightly went up from 29% in 2006 to 33% in 2007 for the 5 areas. The downward trend in NCR, which started at 52% in 2000 to 33% in 2006, did not continue as it went to 34% in 2007.

The 2005, 2006, and 2007 surveys also show no signs of abatement in solicitations of bribery in the rest of the transactions tested: *getting national government permits or licenses*, up from 28% in 2005, 29% in 2006, to 37% in 2007; *supplying government with goods and services*, steadily up from 16%, 18%, to 22%; *compliance with import regulations*, steadily up from 21%, 22%, to 25%; *collecting receivables from government*, from 18%, 16%, to 20%; and *availment of government incentives*, steadily up from 10%, 11%, to 13%.

## Bribe Reporting

Only 7% of managers in all 5 areas reported to authorities that they had been asked for a bribe, slightly up from 5% in 2005 and 4% in 2006. Of the 60% who were asked for a bribe but did not report, seven out of ten (69%) cited futility (“Nothing will be done anyway”) as the reason for not reporting the incident. Other reasons cited are: “Afraid of reprisal” (49%), “Standard practice not to report the incident” (48%), “It’s too small a thing to bother” (47%), “Will spend much” (45%), and “Cannot prove it” (45%) (Figure 2).

**FIGURE 2**  
Reporting of bribe-solicitation, Enterprise Managers, 2005-07, By Area



Source: The 2005-2007 SWS Surveys of Enterprises on Corruption

## Sincerity of Agencies in Fighting Corruption

Respondents of the 2007 survey were asked to rate 30 separate institutions (of which 29 are government agencies) in terms of sincerity or insincerity in fighting corruption, giving rise to an institution-ranking in terms of *Net Sincerity*. Net Sincerity is the difference between the percentage rating an agency as *Very/Somewhat Sincere* and the percentage rating it as *Very/Somewhat Insincere*. It ranges between +100 for a unanimous rating of Sincere and -100 for a unanimous rating of Insincere.

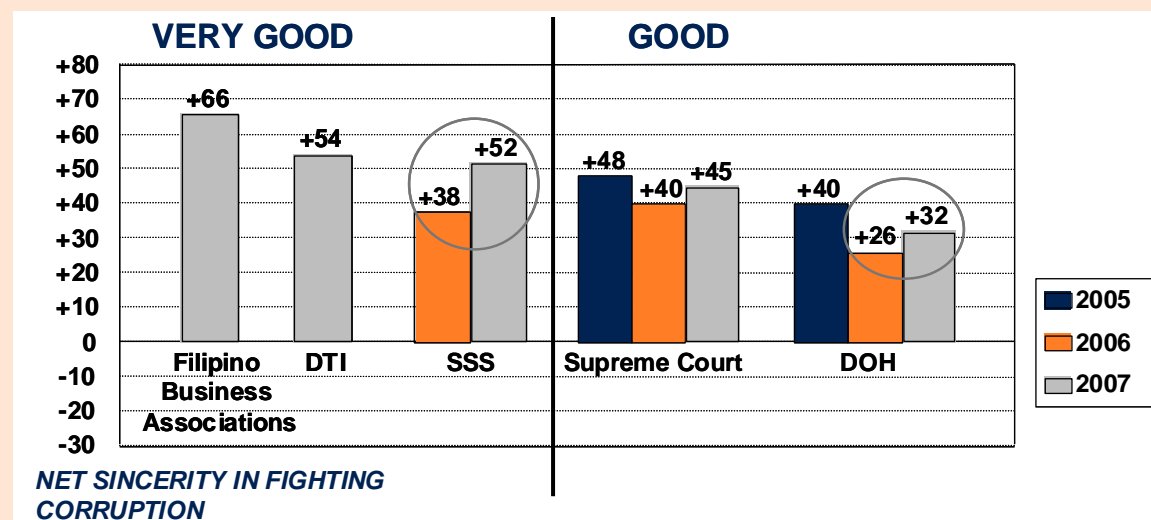
In the 2007 list, the highest ranked in sincerity is Filipino Business Associations (72% Sincere minus 7% Insincere = +66 Net Sincere, correctly rounded) while the lowest ranked is the Bureau of Customs (Sincere 9% minus Insincere 76% = Net Sincere -68).

SWS classifies net sincerity scores over +50 as *Very Good*, and the agencies/institutions in this category are Filipino Business Associations, the Department of Trade and Industry, and the Social Security System.

Net sincerity scores of +31 to +50, considered as *Good*, were achieved by the Supreme Court and the Department of Health (Figure 3).

**FIGURE 3**

***Good Sincerity: Filipino Business Associations, DTI, SSS, Supreme Court, DOH: Enterprise Managers, 2005-07***

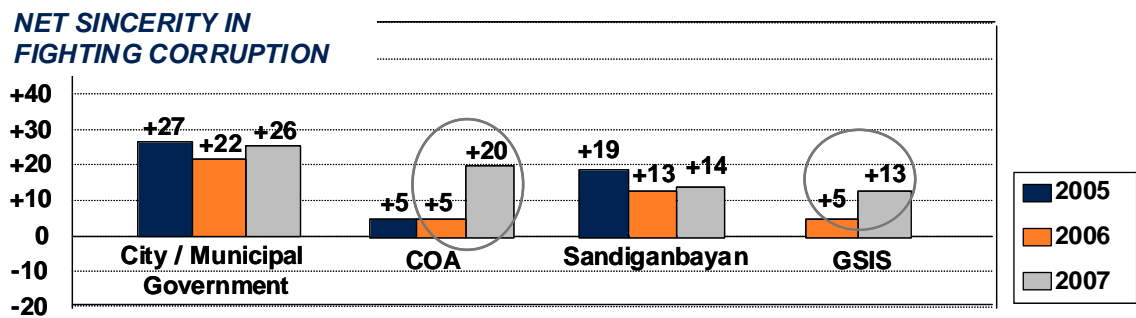


Source: The 2005-2007 SWS Surveys of Enterprises on Corruption

Net scores of +11 to +30, termed *Moderate*, were obtained by the city/municipal governments, the Commission on Audit, the Sandiganbayan, and the Government Service Insurance System (Figure 4).

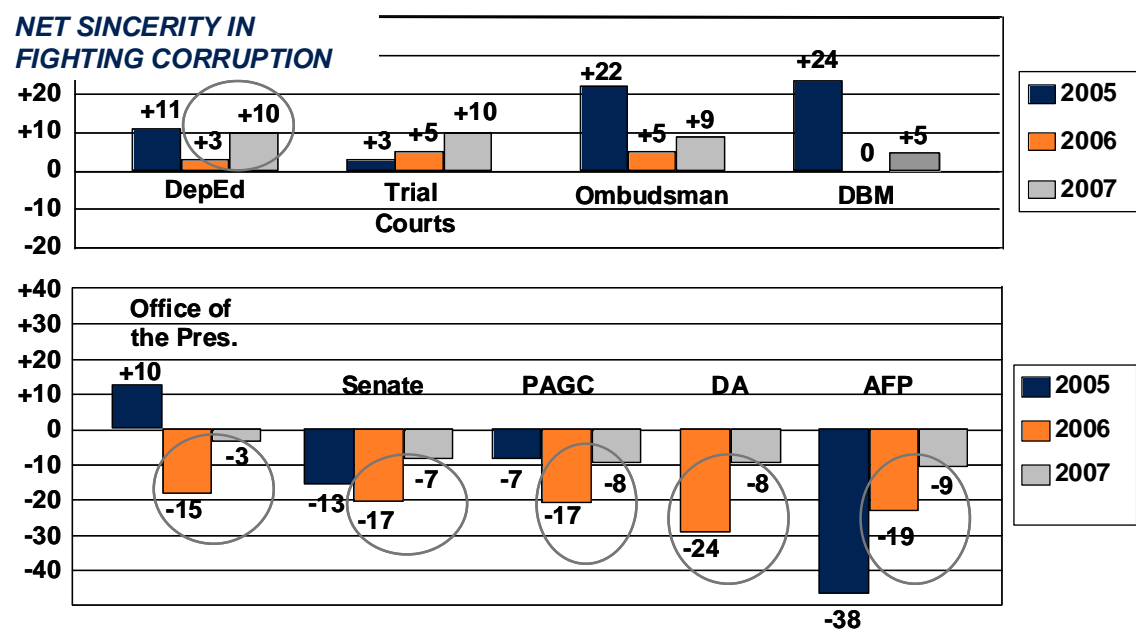
Nine agencies have net scores of -10 to +10, which are statistically indistinguishable from zero, and thus classified as *Mediocre*. These agencies are the Department of Education, Trial Courts, the Ombudsman, the Department of Budget and Management, the Office of the President, the Senate, the Presidential Anti-Graft Commission, the Department of Agriculture, and the Armed Forces of the Philippines (Figure 5).

**FIGURE 4**  
**Moderate Sincerity: City Gov't, COA, Sandiganbayan, GSIS: Enterprise Managers, 2005-07**



Source: The 2005-2007 SWS Surveys of Enterprises on Corruption

**FIGURE 5**  
**Mediocre Sincerity: DepEd, Trial Courts, Ombudsman, DBM, Office of the President, Senate, PAGC, DA and AFP: Enterprise Managers, 2005-07**



Source: The 2005-2007 SWS Surveys of Enterprises on Corruption

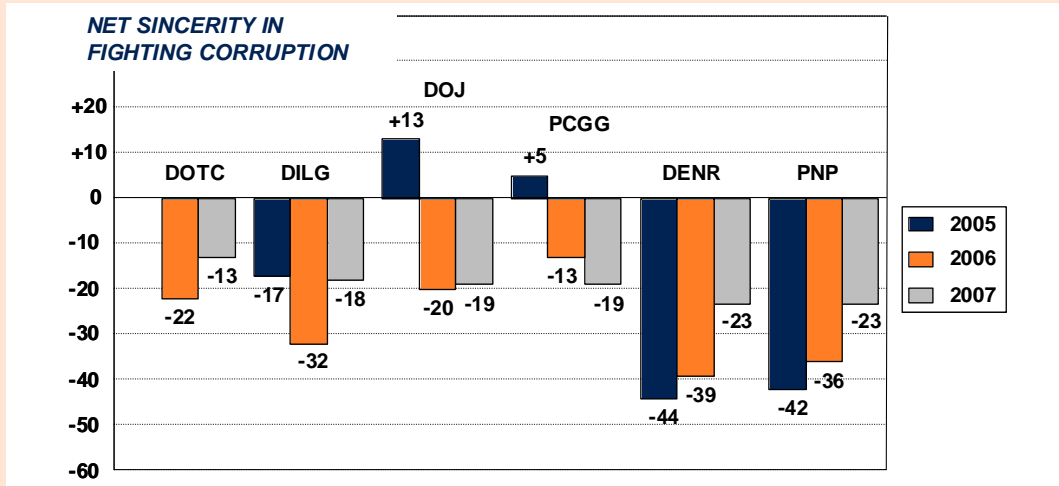
Net scores of -11 to -30, which are clearly negative, are classified as *Poor*. The Department of Transportation and Communication, the Department of Interior and Local Government, the Department of Justice, the Philippine Commission on Good Government, the Department of Environment and Natural Resources, and the Philippine National Police, have been rated as such (Figure 6).

Net scores of -31 to -50, labeled as *Bad*, were obtained by the Land Transportation Office, the House of Representatives, the Commission on Elections, and the Bureau of Internal Revenue (Figure 7).

Agencies with net scores worse than -50, considered as *Very Bad*, include the Department of Public Works and Highways, and the Bureau of Customs (Figure 8).

**FIGURE 6**

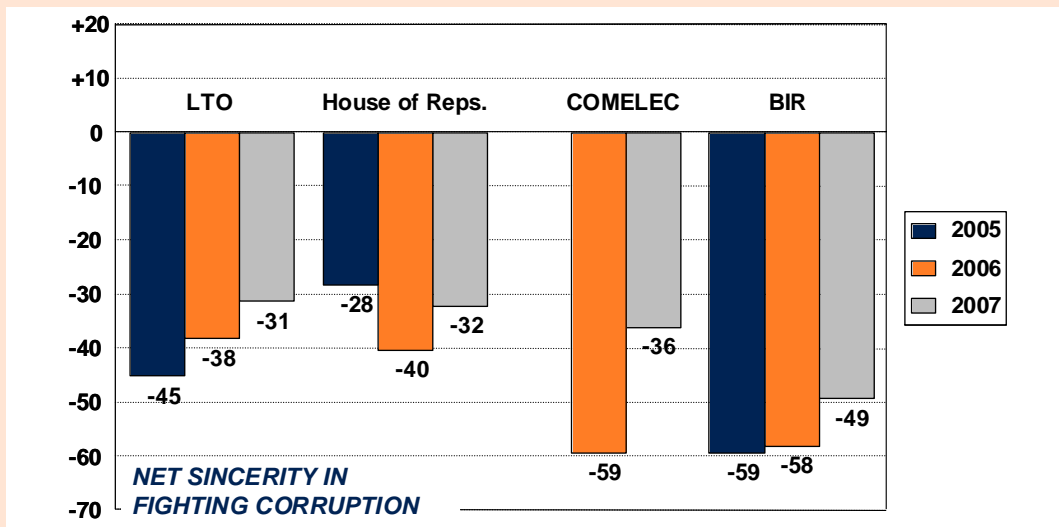
**Poor Sincerity: DOTC, DILG, DOJ, PCGG, DENR and PNP: Enterprise Managers, 2005-07**



Source: The 2005-2007 SWS Surveys of Enterprises on Corruption

**FIGURE 7**

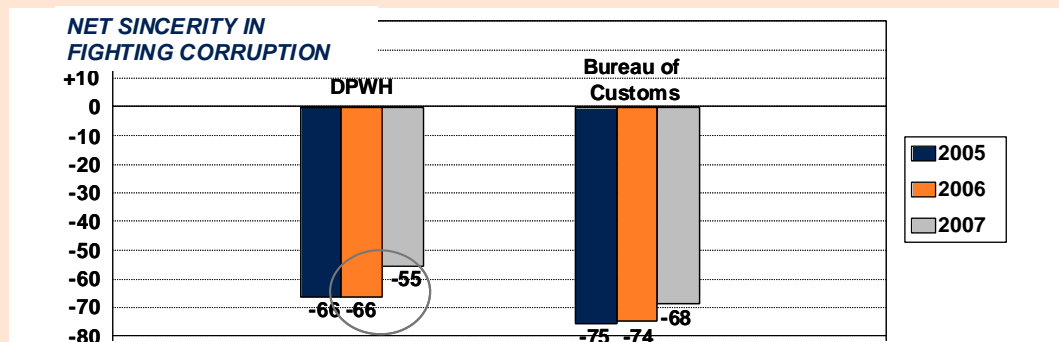
**Bad Sincerity: LTO, House of Reps, COMELEC and BIR: Enterprise Managers, 2005-07**



Source: The 2005-2007 SWS Surveys of Enterprises on Corruption

**FIGURE 8**

**Very Bad Sincerity: DPWH, BOC: Enterprise Managers, 2005-07**



Source: The 2005-2007 SWS Surveys of Enterprises on Corruption

Thus, the government fared poorly in terms of sincerity: 8 of the 29 government agencies scored as *Moderate* or better, 9 scored as *Mediocre*, and 12 of them scored as *Poor* or worse. Over time, however, the ratings are either *better* or *not as bad*: of the 28 agencies rated in both 2007 and 2006, 11 rated better (higher pluses), 16 not as bad (lower minuses), and only 1 (PCGG) worsened (a higher minus).

Asked to name *any government agency with a good reputation for not being corrupt*, 20% cited the Department of Trade and Industry, while 11% cited the Supreme Court, and 10% cited the Social Security System. Other agencies mentioned are Department of Health (7%), Bangko Sentral ng Pilipinas (5%), the Commission on Audit (4%). At least 3% mentioned the Ombudsman, Department of Education, and Department of Finance. Twenty-nine percent say that NO government agency is incorrupt, implying that 71% can cite at least one incorrupt agency (*Table 12*).

**TABLE 12**  
**“At present, what specific government agencies or corporations, if any, do you think have a good reputation for not having corruption?” (Open-ended), Enterprise Managers, 2000-07**

	2000 (NCR)	2001 (NCR)	2002/03 (NCR)	2003/04 (NCR/ C/D)	2005 5 areas	2006 5 areas	2007 5 areas
<b>None are incorrupt</b>	41%	44%	25%	25%	30%	28%	29%
<b>DTI</b>	9	5	9	11	10	8	20
<b>Supreme Court</b>	4	9	13	13	10	11	11
<b>SSS</b>	5	2	4	4	4	8	10
<b>DOH</b>	3	9	11	10	8	10	7
<b>LGUs</b>					7	5	5
<b>BSP</b>	7	4	7	5	5	6	5
<b>COA</b>	1	1	2	3	3	2	4
<b>DepEd</b>	2	15	4	3	3	5	3
<b>Ombudsman</b>				2	4	3	3
<b>DOF</b>	1	1	4	3	2	3	3
<b>PEZA</b>					2	2	3
<b>Office of the Pres.</b>	0.5	7	4	2	2	0.9	2
<b>SEC</b>	2	4	12	10	10	4	2
<b>DOST</b>				2	2	2	2
<b>BOI</b>	3	3	4	3	3	2	2
<b>DBM</b>		0.4	8	6	8	3	2
<b>DOJ</b>		2	2	2	2	3	2
<b>LBP</b>					3	3	1
<b>DSWD</b>	12	2	5	3	4	3	1
<b>DBP</b>	2	2	2	2	2	2	1
<b>MMDA</b>			4	2	2	1	0.4
<b>PAG-IBIG</b>	1	0.8	2	2	2	3	
<b>Don't know etc.</b>	8	5	3	4	3	3	5

Source: The 2000-2007 SWS Survey of Enterprises on Corruption

On the other hand, the three agencies most cited for having a *bad reputation for being corrupt* are the same in 2007 as in 2006: Bureau of Customs (60%), Bureau of Internal Revenue (46%), and Department of Public Works and Highways (35%). However, citations for being corrupt for the three above-mentioned agencies have been going down for the past three rounds (*Table 13*).

**TABLE 13**

**“At present, what specific government agencies or corporations, if any, do you think have a bad reputation due to corruption?” (Open-ended), Enterprise Managers, 2000-07**

	2000 (NCR)	2001 (NCR)	2002/03 (NCR)	2003/04 (NCR/C /D)	2005 (5 areas)	2006 (5 areas)	2007 (5 areas)
<b>Bureau of Customs</b>	74%	65%	66%	70%	65%	61%	60%
<b>BIR</b>	72	67	68	68	64	51	46
<b>DPWH</b>	57	38	49	49	46	37	35
<b>LTO</b>	4	5	20	21	17	13	15
<b>PNP</b>	16	32	29	28	19	11	11
<b>AFP</b>	2	4	2	2	24	10	9
<b>Office of the Pres.</b>	13	2	3	7	6	10	8
<b>House of Reps</b>	7	3	7	6	7	7	8
<b>DENR</b>	5	10	14	10	17	12	7
<b>DepEd</b>	22	7	8	8	9	7	7
<b>LGUs</b>					6	5	6
<b>DOJ</b>	1	6	7	5	4	5	5
<b>DOTC</b>	3	2	2	2	3	4	5
<b>DA</b>						9	4
<b>Senate</b>	4	4	4	6	3	4	4
<b>DILG</b>	3	1	4	5	4	3	4
<b>GSIS</b>					3	3	3
<b>Trial Courts</b>	7	4	7	4	2	2	3
<b>NAPOCOR</b>					5	2	2

*Source: The 2000-2007 SWS Surveys of Enterprises on Corruption*

The decline in mentions is also true for the Land Transportation Office (from 21% in 2004 to 15% in 2007); and the Philippine National Police (from 28 percent in 2004 to 11% in 2007). While it seems that there is a turn-around for the Armed Forces of the Philippines (from 2% in 2004, 24% in 2005, 10% in 2006, and 9% in 2007) and the Department of Environment and Natural Resources (from 10% in 2004 to 17% in 2005, 12% in 2006, and 7% in 2007). Only 1% say that NO government agency is corrupt, i.e. 99% can cite at least one corrupt agency .

When asked which *government agency can be trusted to address complaints of corruption*, a fourth (25%) named the Office of the Ombudsman, followed by the National Bureau of Investigation (6%), and Department of Trade and Industry (5%).



The 2007 survey found 28% of managers saying they cannot name any government agency which can be trusted to handle their complains, lesser now compared to 52% in 2006. That more managers now can cite other government agencies support the earlier mentioned overall view that over time the sincerity ratings are better or not as bad (Table 14).

**TABLE 14**

**“If a company in your sector is being harassed by corrupt government officials, to which government agency can it trust to bring a complaint?” (Open-ended), Enterprise Managers, 2002-07**

	2002/03 (NCR)	2003/04 (NCR/C/D)	2005 5 areas	2006 5 areas	2007 5 areas
<b>Ombudsman</b>	16	22	24	25	25
<b>NBI</b>	7	5	5	6	6
<b>DTI</b>	6	5	4	3	5
<b>DOJ</b>	12	7	6	13	3
<b>DILG</b>	5	3	4	4	3
<b>Office of the President</b>	12	8	7	4	3
<b>Sandiganbayan</b>	5	3	5	4	3
<b>Municipality/city gov't</b>	6	3	15	7	3
<b>Supreme Court</b>	5	5	2	2	2
<b>PAGC</b>	5	5	4	1	2
<b>NAPOLCOM</b>				3	2
<b>PNP</b>	4	2	4	3	2
<b>DOF</b>	2	1	1	2	1
<b>Trial courts</b>	4	3	3	1	1
<b>Cannot trust any</b>	22%	23%	23%	52%	28%

Note: Don't Know and Refused responses are not shown.

Source: The 2002-2007 SWS Surveys of Enterprises on Corruption

## National and Local Government Initiatives

In 2006, the managers were asked “Over the last 12 months, what, if anything, did the NATIONAL GOVERNMENT do, that in your opinion had a big impact in LESSENING corruption?” A little more than half (54%) said that it is *doing nothing*. The top five actions of the National Government that were perceived to lessen corruption are: *conducting lifestyle checks* (11%), *filing of cases/prosecution/conviction/penalizing corrupt people* (9%), *other anti-corruption efforts* (4%), *BIR reforms* (3%), and *reshuffling of people in government* (3%) (Table 15).

**TABLE 15**

“Over the last 12 months, what, if anything, did the NATIONAL GOVERNMENT do, that in your opinion had a big impact in LESSENING corruption?” (Open-ended), Enterprise Managers, 2006, By Area

	5 areas	NCR	CALABA	CEBU	DAVAO	CDO-I
Lifestyle Checks	11%	11%	1%	14%	16%	5%
Filing of Cases/ Prosecution/ Conviction/ Penalizing Corrupt	9	12	5	6	8	7
Other Anti-Corruption Efforts of Government	4	4	1	5	1	9
BIR Reforms	3	3	3	9	2	1
Reshuffling of People in Government	3	3	3	0	4	1
Others	13	13	10	12	14	15
None	54	52	73	50	49	55
Don't Know	3	2	3	4	5	7

Source: *The 2006 SWS Survey of Enterprises on Corruption*

On the question, “Over the last 12 months, what, if anything, did the NATIONAL GOVERNMENT do, that in your opinion had a big impact in WORSENING corruption?” a quarter (25%) of the managers interviewed in 2006 said that *National Government did nothing to worsen corruption*. The top 5 responses were: *inaction/ delays* (15%), *appointment of corrupt/questionable officials* (9%), *election/ Garci scam* (7%), *fertilizer scam* (4%), and *political bickering* (4%) (Table 16).

**TABLE 16**

“Over the last 12 months, what, if anything, did the NATIONAL GOVERNMENT do, that in your opinion had a big impact in WORSENING corruption?” (Open-ended), Enterprise Managers, 2006, By Area

	5 areas	NCR	CALABA	CEBU	DAVAO	CDO-I
Inaction of Government/ Delays in Investigation/ Tolerance	15%	17%	15%	12%	17%	11%
Appointing Corrupt Officials/ Questionable Appointments	9	9	11	8	7	7
Election Scam/Garci Scam	7	8	5	4	7	7
Fertilizer Scam	4	5	0	3	5	4
Too Much Politics/Political Bickering/ Personal Interest	4	3	5	7	4	1
Others	32	34	37	26	26	32
None	25	21	24	38	23	32
Don't Know	4	3	3	2	11	5

Source: *The 2006 SWS Survey of Enterprises on Corruption*

The managers were also asked, “Over the last 12 months, what, if anything, did YOUR CITY/MUNICIPAL Government do, that in your opinion had a big impact in LESSENING corruption?”

Half (50%) of the managers said the *local government is doing nothing to lessen corruption*. The top 5 local government actions perceived to lessen corruption were: *computerization/streamlining of procedures* (8%), *strict implementation of laws* (7%), *reshuffling of people* (5%), *transparency in dealings* (4%), and *having project/programs for their constituents* (4%) (Table 17).

**TABLE 17**

“Over the last 12 months, what, if anything, did YOUR CITY/MUNICIPAL Government do, that in your opinion had a big impact in LESSENING corruption?” (Open-ended), Enterprise Managers, 2006, By Area

	5 areas	NCR	CALABA	CEBU	DAVAO	CDO-I
<b>Computerization/ Simpler Procedures/ Streamlining of Process</b>	8%	11%	1%	6%	7%	8%
<b>Strict Implementation of Laws/ Strict Mayors</b>	7	5	3	13	13	5
<b>Re-Organization / Re-Shuffling of People or Departments</b>	5	1	0	2	27	3
<b>Transparency in Dealings</b>	4	3	4	0	4	9
<b>Programs/ Projects for the People</b>	4	4	5	1	1	7
<b>Others</b>	11	10	10	16	18	12
<b>None</b>	50	52	65	58	20	53
<b>Don't Know</b>	11	15	12	4	10	3

Source: The 2006 SWS Survey of Enterprises on Corruption

Fifty-four percent of managers said their *local government is doing nothing to worsen corruption*, while the four most common actions of local government perceived to worsen corruption were: *involvement in corrupt practices [bribery]* (10%), *inaction of government* (6%), *questionable appointees* (3%), and *increase in taxes* (2%) (Table 18).

**TABLE 18**

“Over the last 12 months, what, if anything, did YOUR CITY/MUNICIPAL Government do, that in your opinion had a big impact in WORSENING corruption?” (Open-ended), Enterprise Managers, 2006, By Area

	5 areas	NCR	CALABA	CEBU	DAVAO	CDO-I
<b>Involvement of Officials to Corrupt Practices (i.e., Bribery)</b>	10%	8%	12%	13%	12%	8%
<b>Inaction of Government/ Tolerating Corruption</b>	6	7	5	4	6	7
<b>Questionable Appointees/ Wrong People in Position/ Padrino System</b>	3	2	1	4	3	5
<b>Increase Taxes/Payments, Increases Chances of Corruption</b>	2	2	3	2	1	0
<b>Others</b>	14	15	14	10	11	14
<b>None</b>	54	53	53	60	49	58
<b>Don't Know</b>	11	13	12	7	12	7
<b>Refuse</b>	1	0	0	0	6	0

Source: The 2006 SWS Survey of Enterprises on Corruption

## Participation of Business in Fighting Corruption

Enterprise managers maintained the willingness to participate in corruption reduction efforts that they indicated in the 2005 survey. In the 2006 survey, enterprise managers signified their interest in supporting the following anti-corruption activities: 74% are interested in donating funds, 59% would volunteer staff members to help monitor government projects on company time, 57% would send staff to join Bids and Awards Committees (BACs) of government agencies on company time, and 56% would help pay for program expenses (*Table 19*).

**TABLE 19**

**“Is your company interested in the following activities to support groups fighting corruption?” Enterprise Manager, 2006**

	Interested*	Not interested**	Net***
Donating funds	74%	26%	+48
Volunteering staff membersto join a government projectmonitoring group on company time	59	41	+18
Volunteering staff members to join a government agency’s BACs on company time	57	42	+15
Paying for expenses	56	44	+12

\*Total Interested = Definitely Interested + Probably Interested

\*\* Total Not Interested = Definitely Not Interested + Probably Not Interested

\*\*\* Net = Total Interested – Total Not Interested

Source: *The 2006 SWS Survey of Enterprises on Corruption*

Managers are also willing to help government whistleblowers: 77% are willing to provide jobs for them in their own enterprise, 72% are willing to contribute to a private sector fund that will give them security against retaliation, and 69% are willing to contribute to a private sector fund that will give them financial assistance (*Table 20*).

**TABLE 20**

**Willingness To Help Government Whistleblowers, Enterprise Managers, 2006**

	Willing*	Not Willing**	Net***
Willingness to provide job in own enterprise to a government whistleblower in respondent's area	77%	23%	+54
Willingness to contribute to a private sector fund to be used to provide security/protection to corruption whistleblowers against retaliation	72	27	+45
Willingness to contribute to a private sector fund to be used to give financial assistance to government whistleblowers in R's area who are suspended or discharged from their posts	69	30	+39

\*Total Willing = Definitely Willing + Probably Willing

\*\* Total Not Willing = Definitely Not Willing + Probably Not Willing

\*\*\* Net = Total Willing – Total Not Willing

Source: *The 2006 SWS Survey of Enterprises on Corruption*

Managers expect more Net Income if government corruption in the Philippines is reduced to the level of Singapore, with half (52%) of managers interviewed in 2007 saying that their company's net income *will rise* – slightly down from 57% in 2005 and 56% in 2006. Thirty-seven percent expect *no change*, 4% expect their net income to *fall*, while 7% could not estimate the possible change. The median estimated gain in company net income is 20% (Table 21).

**TABLE 21**

**“Should it happen that the amount of corruption in government here in the Philippines were to be reduced to what it is reputed to be in Singapore, do you think that it would affect the net income of your company? If YES, by how much percent do you think your company's net income would increase or decrease compared to the present situation?” Enterprise Managers, 2001-07**

	2001 (NCR)	2002/03 (NCR)	2003/04 (NCR/C/ D)	2005 (5 areas)	2006 (5 areas)	2007 (5 areas)
<b>Negative change</b>	1%	2%	3%	5%	5%	4%
<b>Zero change</b>	32	31	29	27	30	37
<b>Positive up to 5%</b>	7	9	6	7	7	7
<b>6-10%</b>	11	12	11	13	13	9
<b>11-20%</b>	17	14	17	15	15	15
<b>21-30%</b>	10	11	11	10	7	9
<b>31-50%</b>	5	6	7	7	8	6
<b>51+%</b>	3	8	7	4	5	4
<b>Don't know</b>	13	7	8	11	9	7
<b>Mean of positives</b>	<b>23.2%</b>	<b>31.9%</b>	<b>30.4%</b>	<b>25.1%</b>	<b>26.1%</b>	<b>26.4%</b>
<b>Median of positives</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>20</b>
<b>Mean of full sample</b>	<b>14.2%</b>	<b>20.1%</b>	<b>18.9%</b>	<b>14.8%</b>	<b>22.4%</b>	<b>22.70%</b>
<b>Median of full sample</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>15%</b>	<b>20%</b>

Source: The 2001-2007 SWS Surveys of Enterprises on Corruption

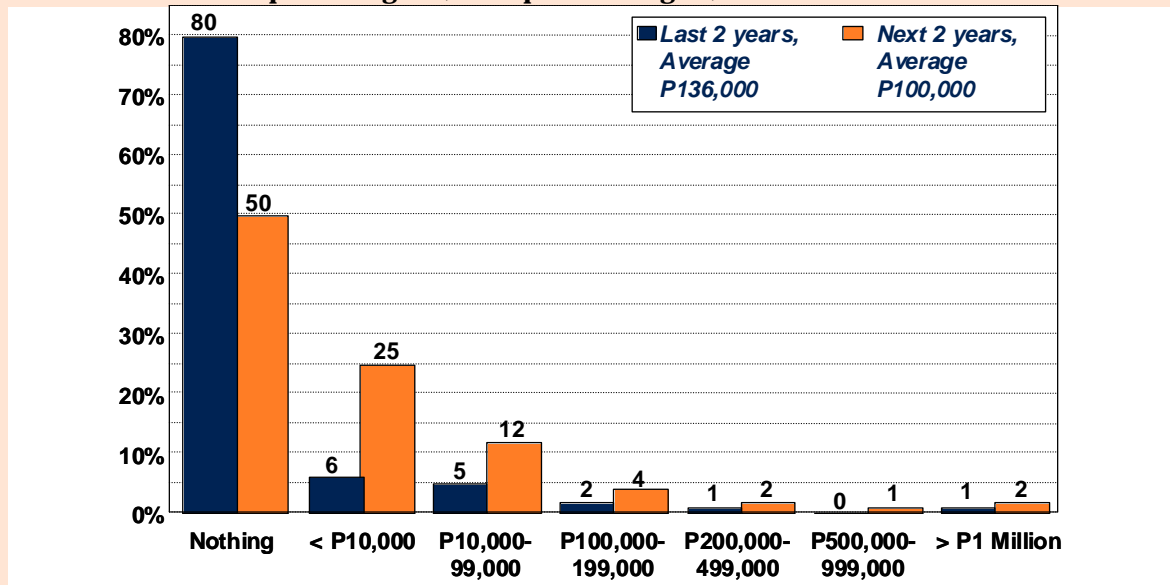
Business willingness to give to an anti-corruption fund, however, met a setback. While the 2007 survey found 87% of managers willing to donate a portion of their net income to help finance a program that promises to halve corruption in 10 years – maintaining the high percentage of 91% recorded in 2006 – the median percentage that they are willing to contribute is down from 5% in 2006 to 2% in 2007.

In NCR, the original survey area, the median potential contribution dwindled back to 1% after having grown steadily from 1% in 2000, 2% in 2001 and 2003, 2.5% in 2004, and 3% in 2005 and 2006. In the NCR/C/D areas combined, the median potential contribution is 2% in 2007, from 3% in 2006, 5% in 2005, and 3% in 2004.

In the 2007 survey, one out of five (20%) managers say their company has already been contributing in the last two years for private anti-corruption program, with an average contribution of about P136,000. Half (50%) of the managers say their own company plans to contribute to a private anti-corruption program in the next two years, with an average pledged amount of P100,000 (Figure 9).

**FIGURE 9**

**Amount Contributed in the Last Two Years vs. Willing to Contribute in the Next Two Years to a Private Anti-Corruption Program, Enterprise Managers, 2007**

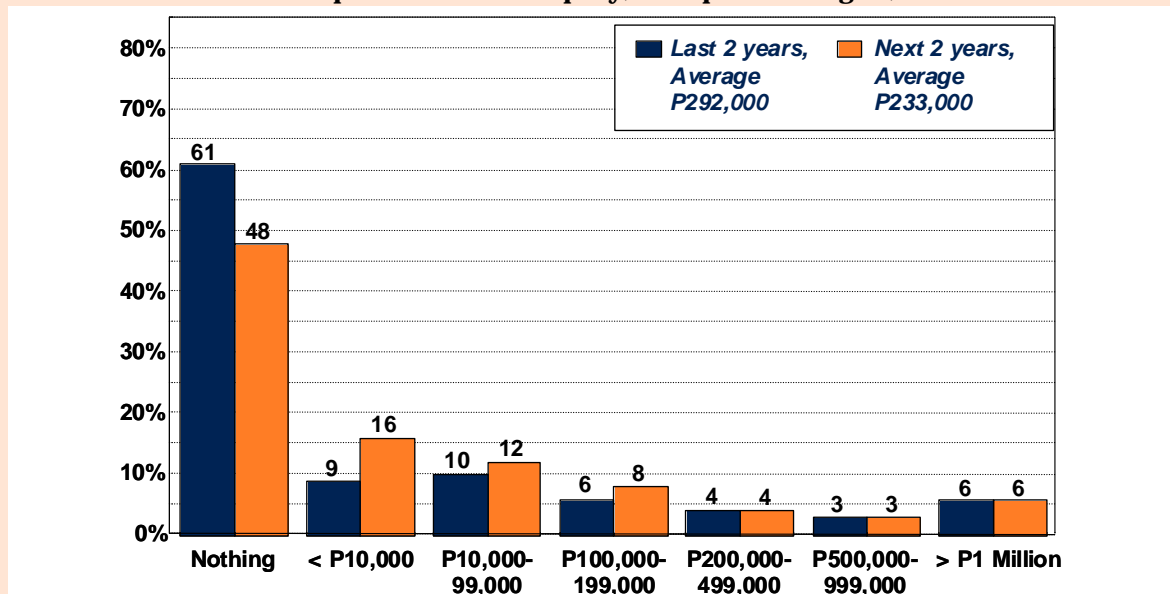


Source: The 2007 SWS Survey of Enterprises on Corruption

Two out of five (39%) managers reported that their company have been spending – either for private investigation, prosecution, or security – to fight fraud/corruption in their own company, with an average spending of P292,000. One out of two (52%) plan to spend something to fight fraud/corruption in their own company, with an average planned spending of P233,000 (Figure 10).

**FIGURE 10**

**Amount Contributed in the Last Two Years vs. Willing to Contribute in the Next Two Years to Combat Fraud And Corruption In Own Company, Enterprise Managers, 2007**



Source: The 2007 SWS Survey of Enterprises on Corruption

Most managers are predisposed to cooperate in fighting corruption. On the test statement, “Assuming it takes away only one day from his/her usual activities, a citizen should always accept an invitation to observe a bidding for a government contract,” 74% *agree* and only 15% *disagree*, for a net agreement of +59. By area, more managers from Cebu (+69) than in other areas agree to the statement (Table 22).

**TABLE 22**  
**Net Agreement\* on Statements about Participation in Anti-Corruption,**  
**Enterprise Managers, 2007, By Area**

	5 Areas	NCR	CALABA	CEBU	DAVAO	CDO-I
“Assuming it takes away only one day from his/her usual activities, a citizen should always accept an invitation to observe a bidding for a government contract”	+59	+59	+49	+69	+53	+59
“Compared to about 5 years ago, it is now easier for anyone who wants to bid on a government contract to get information about the bidding”	+31	+35	+17	+28	+29	+35
“A person like me cannot do anything to reduce corruption in the government”	-38	-48	-34	-31	-22	-24

\* % *Agree* minus % *Disagree*, correctly rounded.  
 Source: The 2007 SWS Survey of Enterprises on Corruption

Over half (54%) of managers surveyed in 2007 *agree* to the test statement, “Compared to about 5 years ago, it is now easier for anyone who wants to bid on a government contract to get information about the bidding,” and 23% *disagree*, for a net agreement of +31. By area, more managers from NCR (+35) and CDO-I (35%) than in other areas agree to the statement.

On the test statement, “A person like me cannot do anything to reduce corruption in the government,” 67% *disagree* and 29% *agree*, for a net agreement of -38. By area, more managers in NCR (-48) than in other areas disagree with the statement.

## Membership in Anti-Corruption Organizations

Only 17% in 2007, up from 12% in 2006, of managers are able to identify a civil society organization in their area that is effective in fighting corruption. Topping the overall list are Makati Business Club (8%), Cebu Chamber of Commerce (7%), Coalition Against Corruption (4%), and Oro Chamber of Commerce (4%) (Table 23).

Among those who named a civil society group, Makati Business Club is mentioned by about 1 out of 5 (16%) NCR managers, with Coalition Against Corruption (7%) as the next most identified. In 2006, the top 3 responses by NCR managers were: Makati Business Club (13%), Chamber of Commerce (unspecified) (7%), and Financial Executives Institute of the Philippines (6%).

**TABLE 23**

**“In your area, is there any civil society organization with a mission to fight corruption that a business enterprise could join?” (Open-ended, one answer only), Enterprise Managers, 2006 and 2007, By Area**

%Aware of a civil society organization in locality that fights corruption	5 areas	NCR	CALABA	CEBU	DAVAO	CDO-I
<b>2006</b>	12%	13%	6%	15%	12%	15%
<b>2007</b>	17%	18%	13%	25%	9%	15%

*Source: The 2006-2007 SWS Surveys of Enterprises on Corruption*

Nine groups are mentioned by at least 7% of CALABA managers who are aware of anti-corruption civil society organizations in their locality: General Trias Business Club, *Mamamayan ng St. Rosa*, Samahan ng Nagkakaisang Caviteño, People’s Law Enforcement Board, Police Watch, Soldier Hills Homeowners Association, San Jose Parish Pastoral Council, *Buklurang Manggagawang Pilipino*, and Semiconductors Electronics Industry of the Philippines. In 2006, CALABA managers mentioned: Foundation for Businessmen of all Caviteño (20%), PLED (20%), Carmelray Japanese Companies Organization (20%), and Parish Pastoral Council (20%).

Several organizations are identified in Cebu, lead by The Cebu Chamber of Commerce, mentioned by 37% of Cebu managers aware of anti-corruption civil society organizations in their locality, followed by Barug Pilipino (7%) and Cebu-Citizen’s Involvement and Maturation in People’s Empowerment and Liberation (7%). In 2006, the 3 most mentioned groups by Cebu managers were: Barug Pilipino (19%), Chamber of Commerce (12%), and Philippine Business for Social Progress (12%).

Seven groups are identified by at least 8% of Davao managers who are aware of anti-corruption civil society organizations in their locality: Consumo Davao, Davao City Chambers, Ehem, Southern Mindanao Automotive Association, Citizen’s Crusade for Peace and Justice, the Ombudsman, and Bayan. For 2006, Davao managers identified the Chamber of Commerce (16%), Consumo Davao (16%), Davao Contractors Association (11%) and Ehem (5%).

Among CDO-Iligan City managers aware of anti-corruption civil society organizations in their locality, the Oro Chamber of Commerce (42%) is the most mentioned anti-corruption group, followed by Brotherhood of Christian Businessmen and Professionals (17%), Iligan City Civil Society Sector (8%), Coalition Against Corruption (8%), and Makabayan of MSU (8%). In 2006, CDO-Iligan City managers mentioned Oro Chamber (12%), Iligan City Coalition of Transparent Accountable Governance (6%), and Chamber of Commerce (6%).

Among those aware of anti-corruption civil society organizations in their area, about half (48%) of managers are already members, while one out of ten (10%) are planning to join one. In 2006, 54% of managers are already members, while 7% are planning to be members of any anti-corruption civil society organization.

In 2007, membership is relatively higher in Cagayan de Oro/Iligan City (58%), Metro Cebu (56%), and Metro Manila (52%) compared to CALABA (27%) and Metro Davao (25%) (*Table 24*). In 2006, membership is highest in CALABA (80%) followed by Metro Manila (65%), Metro Cebu (56%), Metro Davao (37%), and Cagayan de Oro/Iligan City (29%).



**TABLE 24**  
**Membership in Anti-Corruption Groups, Enterprise Managers, 2007, By Area**

	5 areas	NCR	CALABA	CEBU	DAVAO	CDO-I
<b>Base: Aware of a civil society organization in locality that fights corruption</b>	<b>17%</b>	<b>18%</b>	<b>13%</b>	<b>25%</b>	<b>9%</b>	<b>15%</b>
<b>Already a member now</b>	48	52	27	56	25	58
<b>Planning to be a member</b>	10	5	13	19	17	8
<b>Not planning to be a member</b>	24	24	27	19	33	25
<b>No answer</b>	1	1	0	0	0	0
<b>Don't know</b>	17	17	33	7	25	8

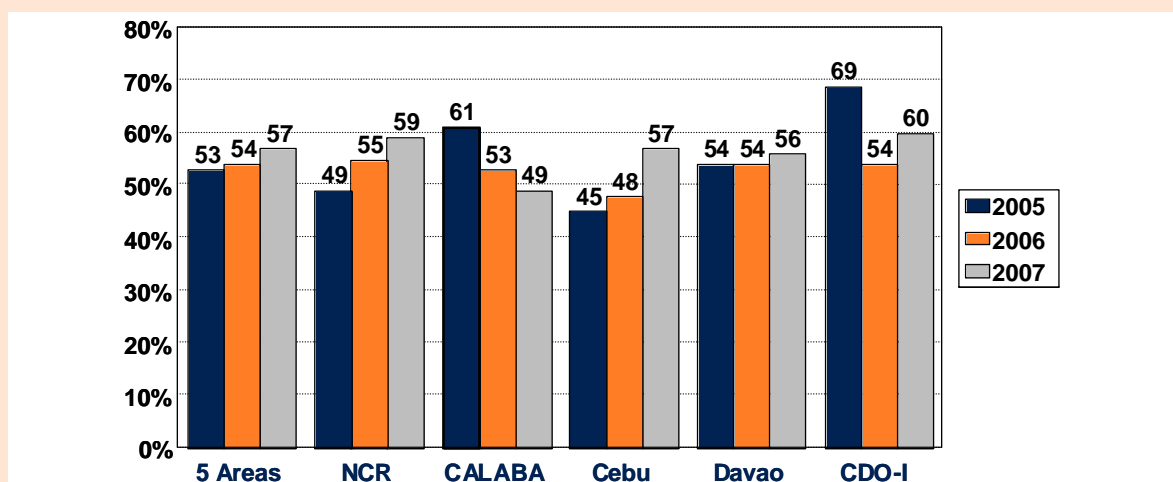
Source: The 2007 SWS Survey of Enterprises on Corruption

In 2004, when SWS asked the businessmen if they will be willing to give part of their net income to fund a *private anti-corruption group* that would help halve corruption in 10 years, the results were positive – managers are willing to pay for it. In mid-2004, the *Coalition Against Corruption (CAC)* was formed by the private sector, NGOs and Church, with a mission to implement and support counter-corruption projects, initially in the area of procurement and delivery of essential public services, and to inspire ordinary citizens to join in efforts to combat corruption.

A year after the CAC was formed, SWS asked if managers were aware of its existence. In 2005, managers were asked if they have heard or read anything about the CAC, and found 53% of managers aware. Awareness of the CAC at that time was highest in CDO-Iligan City (69%), followed by Calaba (61%), Davao (54%), NCR (49%), and Cebu (45%) (Figure 11).

In general, awareness of CAC is steadily increasing from 53% in 2005 to 54% in 2006, to 57% in 2007. The same trend is seen in NCR (from 49% in 2005, to 55% in 2006, to 59% in 2007), Cebu (45% in 2005, 48% in 2006 and 57% in 2007), and Davao (54% in 2005 and 2006, 56% in 2007). However, awareness has not improved among managers in the Calaba area — from a high 61% aware in 2005, to 53% in 2006 and 49% in 2007, and among CDO-I managers, from 69% in 2005, 54% in 2006, and 60% in 2007.

**FIGURE 11**  
**Awareness of the Coalition Against Corruption, Enterprise Managers, by Area 2005-07**



Source: The 2005-2007 SWS Surveys of Enterprises on Corruption

## Awareness of Government Procurement Reform Act (GPRA) and its Helpfulness in Fighting Corruption

Only half (54%) of managers are aware of RA 9184 or the Government Procurement Reform Act (GPRA). Awareness is highest in NCR (61%), followed by Davao and CDO-I (51% each), Cebu (50%) and CALABA (36%).

Among those who are aware of GPRA, majority (83%) say that it will probably/definitely help reduce corruption in government contracts (*Table 25*).

**TABLE 25**

**“We have a law that provides for the standard rules in public bidding for government projects to guarantee that all contractors are given equal opportunity to join and win a government contract. This is called the Government Procurement Reform Act or RA 9184. Have you heard or read something about it?” Enterprise Managers, 2007, By Area**

	5 areas	NCR	CALABA	Cebu	Davao	CDO-I
<b>Aware</b>	<b>54%</b>	<b>61%</b>	<b>36%</b>	<b>50%</b>	<b>51%</b>	<b>51%</b>
Will definitely help	32	29	52	28	33	39
Will probably help	51	53	37	56	51	50
Will probably not help	10	11	11	12	6	8
Will definitely not help	6	6	0	4	10	3
<b>Not aware</b>	<b>46</b>	<b>39</b>	<b>64</b>	<b>50</b>	<b>49</b>	<b>49</b>
Don't know/refused	1	1	0	0	0	0

*Source: The 2007 SWS Survey of Enterprises on Corruption*

## Political Patronage: Donations to the 2007 Election Campaigns

Almost one out of four (23%) managers interviewed in the 2007 survey say that a typical company in their line of business would make a donation to the 2007 election campaign, either to only one candidate for a single position (6%), or to more than one candidate for a single position (17%). Three out of four (76%) say companies from their business sector will not donate to any candidate (17%) (*Table 26*).

**TABLE 26**

**Donations of Companies for the 2004/2007 Election Campaign, Enterprise Managers, 2004 and 2007**

	2004	2007
Donate to only one candidate for a single position	12%	6%
Donate to more than one candidate for a single position	33	17
Not donate for any candidate at all	54	76

*Source: The 2004/2007 SWS Surveys of Enterprises on Corruption*

The number of companies perceived supposedly to have donated to election campaigns has declined from 45% in 2004 to 23% in 2007. Also in 2007, 17% are perceived to donate to more than one candidate for a single position, down from 33% in 2004.

Company donations are perceived to be higher in Cagayan de Oro-Iligan City, Metro Manila, and Metro Davao – where one out of four managers think that companies in their sector of business will donate to the 2007 election campaigns – compared to CALABA (9%) and Metro Cebu (21%) (Table 27).

**TABLE 27**

**“For the 2007 election campaign, do you think that a typical company in your sector of business will...?” Enterprise Managers, 2007, By Area**

	5 areas	NCR	CALABA	Cebu	Davao	CDO-I
Donate to only one candidate for a single position	6%	6%	1%	8%	5%	5%
Donate to more than one candidate for a single position	17	19	8	13	17	20
Not donate for any candidate at all	76	74	89	79	75	73

Source: The 2007 SWS Survey of Enterprises on Corruption

The amount of donations is seen to have decreased also, with majority of those who donate giving less than half a million pesos. In 2007, the average estimated donations of a typical company for election campaigns is P245,000, lesser compared to P309,000 in 2004 (Table 28).

**TABLE 28**

**“How much do you think will a typical company in your sector of business be donating, in cash or in kind, for political campaigns for the [2007 election/2004 elections/politicians?” Enterprise Managers, 2003-2007**

	2002/03* (NCR)	2003/04 (NCR/C/D)	2007 (5 areas)
Nothing	42%	54%	76%
Less than P50,000	18	13	9
P50,000-99,000 worth	12	8	3
P100,000-499,000 worth	11	13	6
P500,000-999,000 worth	5	5	1
P1,000,000+ worth	8	5	2
Don't know/Refused	4	2	1
Average donations among those who donated (in thousands)	159	309	245
Average donations of entire sample (in thousands)	141	138	55

\* Donations to politicians in an election year

Source: The 2003-2007 SWS Surveys of Enterprises on Corruption

When asked if such donations were voluntarily given or solicited, 66% think they were *partly voluntary and partly solicited*, with the rest being split between those who say the donations were *all solicited* (17%), and those who say they were *all voluntary* (16%). Compared to other areas, more managers from CALABA (29%) and CDO-I (32%) believe that donations were *all voluntary* (Table 29).

**TABLE 29**

“Would you say that such political campaign donations are all voluntary, partly voluntary and partly solicited, or all solicited...?” Enterprise Managers, 2007, By Area

	5 areas	NCR	CALABA	Cebu	Davao	CDO-I
<i>Base: Those who think companies in their sector of business donated to the 2007 election</i>	24%	26%	11%	21%	25%	27%
All voluntary	16%	11%	29%	14%	18%	32%
Both	66	67	57	71	64	63
All solicited	17	21	14	14	18	5

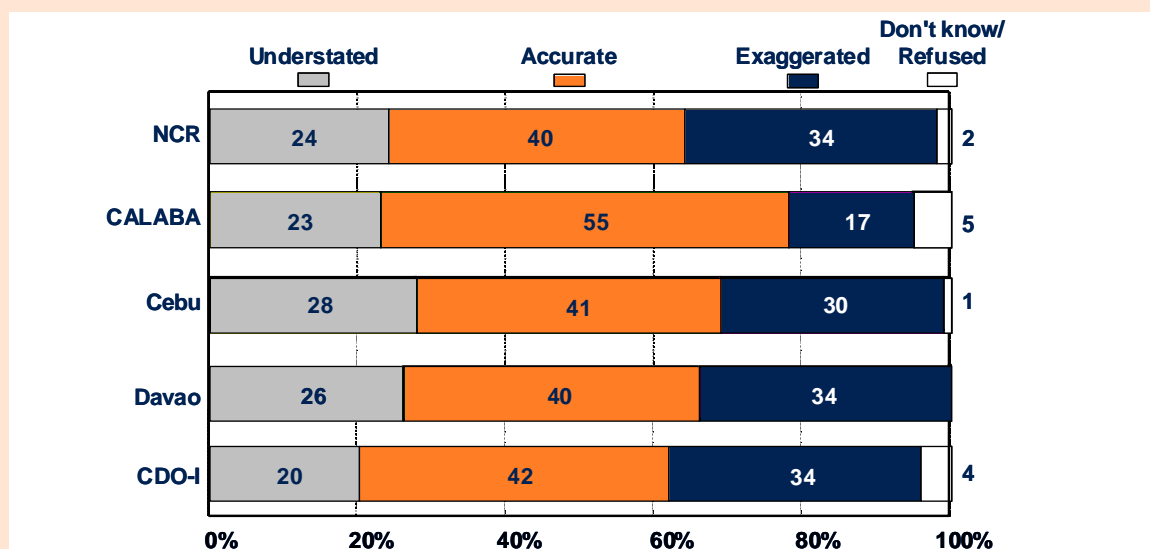
Source: The 2007 SWS Survey of Enterprises on Corruption

## Media Reporting on Corruption

Regarding media coverage on corruption, 42% of managers in 2006 said it is accurate, while a quarter (25%) said it is understated and 32% said it is exaggerated. By area, 55% of CALABA managers viewed media coverage of corruption as accurate, slightly higher compared to 42% in Cagayan de Oro/Iligan City, 41% in Metro Cebu, and 40% in both Metro Manila and Metro Davao (*Figure 12*).

**FIGURE 12**

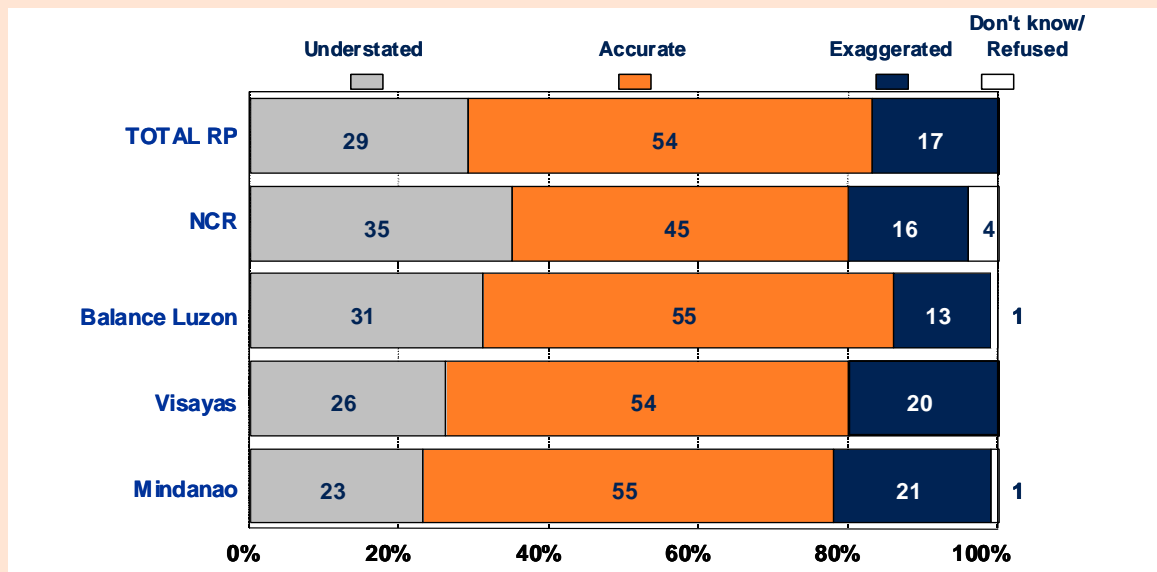
Accuracy of Media Coverage on Corruption, Enterprise Managers, 2006, By Area



Source: The 2006 SWS Survey of Enterprises on Corruption

In the December 2005 SWS survey of the general public found 54% of adult Filipinos saying that media coverage of corruption is accurate, about a third (29%) said it is understated and 17% said it is exaggerated (*Figure 13*).

**FIGURE 13**  
Accuracy of Media Coverage on Corruption, General Public, December 2005



Source: December 2005 Social Weather Survey

### Internet Use for Government Transactions

Internet use for transaction with government is somewhat popular among businesses today. With payments (24% payment of income or other national taxes, 9% payment of property or other Local tax, and 1% other payments) being the most popular transaction using the Internet. Metro Manila managers use the Internet more for several government transactions compared to managers in the other areas (*Table 30*).

**TABLE 30**  
Use of Internet to Transact with Government, Survey of Enterprises, 2007, By Area

	5 areas	NCR	CALABA	Cebu	Davao	CDO-I
Payment of income tax or other National taxes	24%	36%	16%	19%	5%	4%
Looking for business with gov't	11	15	4	6	8	8
Payment of property tax or other Local taxes	9	12	9	6	2	3
Getting National gov't permits and licenses	8	12	5	6	4	1
Availment of gov't incentives	8	10	9	5	2	5
Bidding for gov't projects	7	9	3	5	7	1
Local gov't permits and licenses	4	6	4	3	2	1
Collecting receivables from gov't	2	3	0	4	2	1
Not using Internet to transact with gov't	44	38	49	58	47	43
Not using Internet at all	17	8	21	12	35	39

Source: The 2007 SWS Survey of Enterprises on Corruption

## Charter Change and Corruption

In the 2006 survey, majority of the managers said there would be no change in the level of corruption despite the three proposed Constitutional amendments.

On the proposal to *shift to Parliamentary system*, 64% of managers said corruption would not change, 27% said it would decrease, and 9% said it would increase.

On the proposal to *shift to a Unicameral type of government*, 60% of managers said there would be no change in the level of corruption, 24% said it would decrease and 15% said it would increase.

Opinion is split on the proposal to shift to Federal system: 47% of managers said corruption would not change, 36% said it would decrease and 15% said it would increase (*Table 31*).

**TABLE 31**  
Expected Effect of Charter Change on the Level of Corruption, Enterprise Managers, 2006

	Corruption Will Decrease	Corruption Will Increase	No Change
<b>Parliamentary System</b>	27%	9%	64%
<b>Unicameral System (Only One House In The Legislature)</b>	24	15	60
<b>Federal System (Creating Local Governments At The Regional Level And Then Federating Them)</b>	36	15	47

Source: *The 2006 SWS Survey of Enterprises on Corruption*

Belief that shifting to *parliamentary system* would decrease corruption was slightly stronger among managers from Metro Cebu (31%) and Cagayan de Oro-Iligan City (30%) and Metro Davao (29%) compared to managers from CALABA (25%) and Metro Manila (24%) (*Table 31*).

Managers from Metro Davao tended to believe more that shifting to a Unicameral type of government (31%), or to a Federal system (64%), would decrease corruption (*Table 32*).

**TABLE 32**  
Expected Effect of Charter Change on the Level of Corruption: %who Say Corruption will Decrease if our Constitution will be Changed, Enterprise Managers, 2006, By Area

	5 Areas	NCR	CALABA	CEBU	DAVAO	CDO-I
Parliamentary System	27%	24%	25%	31%	29%	30%
Unicameral System (Only One House In The Legislature)	24	25	15	27	31	19
Federal System (Creating Local Governments At The Regional Level And Then Federating Them)	36	27	17	44	64	50

Source: *The 2006 SWS Survey of Enterprises on Corruption*

## Proposal: A Transparency Information Bureau (TIB)

The 2007 survey examined a new proposal for fighting corruption: the establishment of a **TRANSPARENCY INFORMATION BUREAU (TIB)**. This would be like a Credit Information Bureau, except that, instead of Credit Ratings, it will make Transparency Ratings on the reputation of individuals, companies, and agencies regarding honesty and ethics in business.

Managers are enthusiastic about this proposal, with three out of four (76%) of them saying the services of TIB will be useful to their own company, either *very useful* (41%) or *somewhat useful* (35%). Only 16% say the TIB will be *a little* useful, and 8% say it will be *not at all* useful (Table 33).

Managers from CDO-Iligan City area are especially supportive of the TIB, with 55% saying it will be *very useful*.

**TABLE 33**  
 “How useful would the services of a Transparency Information Bureau be for your company?”, Enterprise Managers, 2007, By Area

	5 areas	NCR	CALABA	Cebu	Davao	CDO-I
Very useful	41%	37%	39%	46%	37%	55%
Somewhat useful	35	38	34	29	37	28
A little useful	16	14	22	14	20	13
Not at all useful	8	9	4	11	5	4
No answer/Don't know/Ref	1	2	0	0	1	0

Source: The 2007 SWS Survey of Enterprises on Corruption

When asked how valuable getting a favorable rating from the TIB will be for their own company, four out of five (82%) managers see its value for their company, with 54% saying it will be *very valuable* and 28% *somewhat valuable*. The remaining 12% say it will be *a little valuable*, while only 5% say a good TIB rating will *not at all be valuable* for their own company (Table 34).

**TABLE 34**  
 “How valuable would it be for your company to get a good Transparency Rating?” Enterprise Managers, 2007, By Area

	5 areas	NCR	CALABA	Cebu	Davao	CDO-I
Very valuable	54%	53%	46%	61%	54%	60%
Somewhat valuable	28	29	39	17	28	28
A little valuable	12	12	12	14	11	9
Not at all valuable	5	5	3	8	6	3

Source: The 2007 SWS Survey of Enterprises on Corruption

On the value of a good TIB rating to managers' own industry, 57% saying it will be *very valuable*, 30% *somewhat valuable*, 8% *a little valuable*, and 4% *not at all valuable* (Table 35).

**TABLE 35**

**“How valuable would it be for your industry to get a good Transparency Rating?”, Enterprise Managers, 2007, By Area**

	5 areas	NCR	CALABA	Cebu	Davao	CDO-I
Very valuable	57%	55%	62%	61%	54%	63%
Somewhat valuable	30	32	28	22	34	33
A little valuable	8	8	8	12	8	3
Not at all valuable	4	4	3	5	3	1

Source: The 2007 SWS Survey of Enterprises on Corruption

Four out of five (82%) enterprise managers are willing to give information to the TIB about other people or companies regarding honesty and ethics in business, with 35% saying they are *definitely willing*, and 47% *probably willing*. One out of ten (11%) are *probably not willing* to give information, while only 6% are *definitely not willing* (Table 36).

**TABLE 36**

**“If asked by a TIB, how willing would your company be to give information about other people or companies regarding honesty and ethics in business?”, Enterprise Managers, 2007, By Area**

	5 areas	NCR	CALABA	Cebu	Davao	CDO-I
Definitely willing	35%	30%	43%	46%	40%	35%
Probably willing	47	51	38	40	40	57
Probably not willing	11	13	11	10	10	5
Definitely not willing	6	6	5	4	7	3

Source: The 2007 SWS Survey of Enterprises on Corruption

## The Business Weather

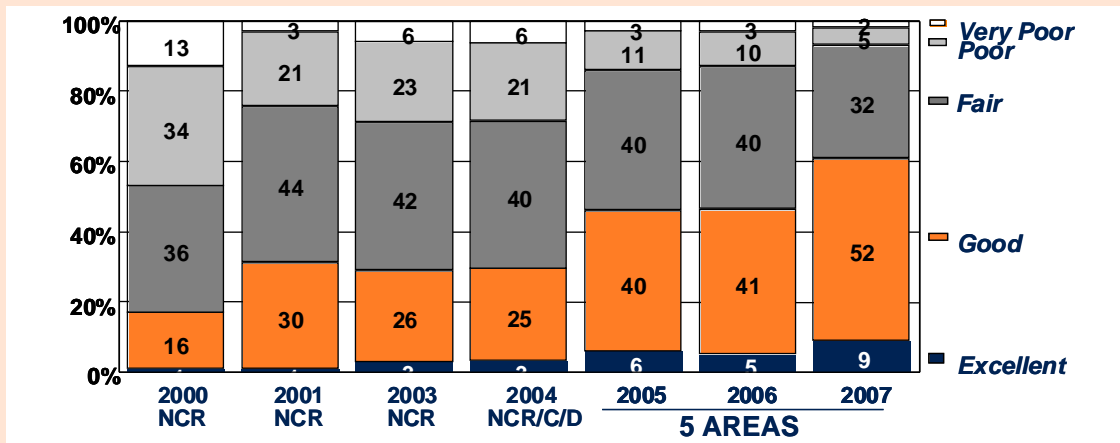
Business outlook continues to improve, with 61% in 2007, and 46% in both the 2006 and 2005 surveys saying business will be *Good/Excellent* in the next two years, compared to only 28% in 2004, 29% in 2003, 31% in 2001, and 17% in 2000 (Figure 14).

In 2007, 53% of managers are satisfied with the performance of the National Government in *promoting a good business climate*, 20% are undecided, and 27% are dissatisfied (Figure 15).

Managers likewise appreciate their own city or municipal, with 64% of them satisfied with their Own City/Municipality in *promoting a good climate for business*. The remaining 16% are undecided, and 19% are dissatisfied (Figure 16).

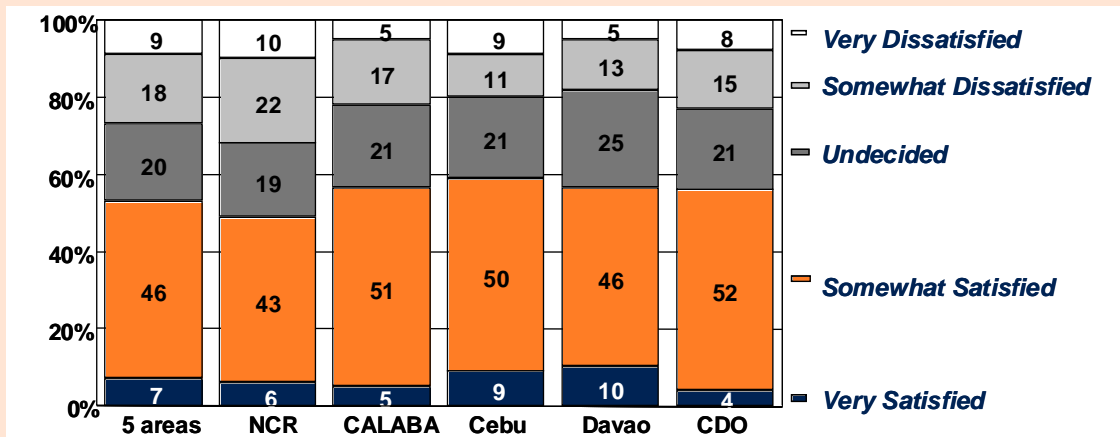


**FIGURE 14**  
Business expectations for the next two years, Enterprise Managers, 2000-07



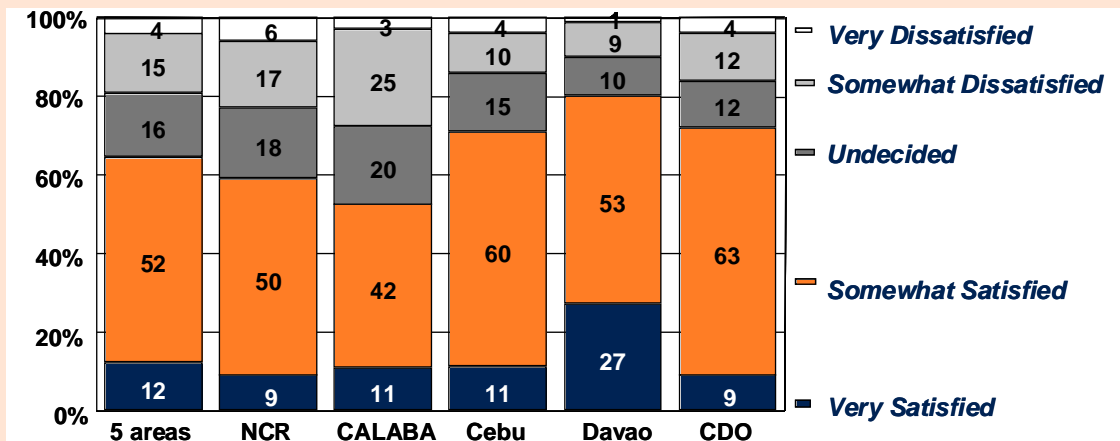
Source: The 2000-2007 SWS Surveys of Enterprises on Corruption

**FIGURE 15**  
Satisfaction with the National Government for promoting a good climate for business, Enterprise Managers, 2007, By Area



Source: The 2007 SWS Survey of Enterprises on Corruption

**FIGURE 16**  
Satisfaction with own city/municipality for promoting a good climate for business, Enterprise Managers, 2007, By Area



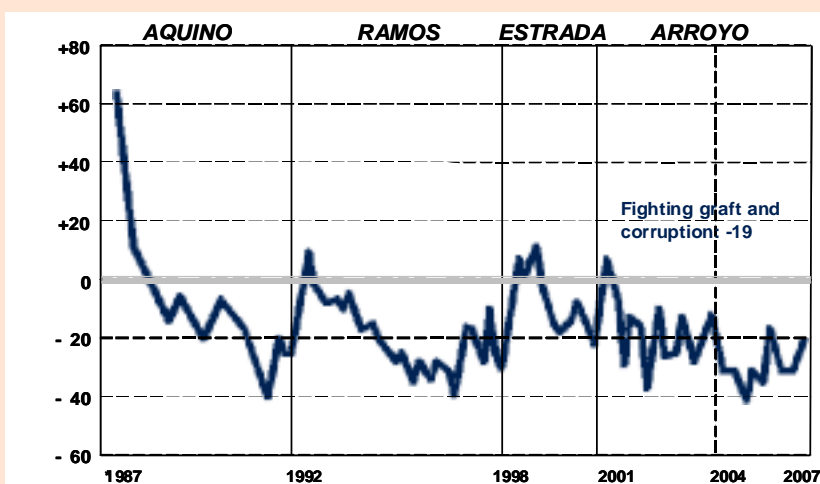
Source: The 2007 SWS Survey of Enterprises on Corruption

## Summary of the 2007 SWS Business Survey

1. The 2007 SWS Business Survey finds that the scale of corruption remains high. Yet, in NCR, bribing for government contracts has declined. Discouragement on whether government can be run without corruption is up among managers.
2. Managers give 17 of 29 government agencies negative ratings on sincerity in fighting corruption. But the ratings are nearly all 'Better' or 'Not as Bad' as in 2006.
3. Three of every five managers were asked for a bribe during 2007 on at least one index transaction. On each index transaction, bribe-solicitation was higher than in 2006 or 2005.
4. One of every four managers said a typical company in their sector would donate to the 2007 election campaign. The average donation was P245,000.
5. As of 2007, only a minority of companies follow the basic honest business practices of demanding receipts, issuing receipts, keeping only one set of books, and paying taxes honestly. However, in NCR at least, these practices have grown slightly.
6. Managers' stated capacity to pay into an anti-corruption fund is 2% of Net Income (median) — down from 5% in 2006. Yet, in the last 2 years, two out of every five managers spent an average of P292,000 to fight fraud/corruption in their own firms and one out of every five donated an average of P136,000 to an anti-corruption fund. One-half say they will spend and donate for these purposes in the next 2 years.
7. Managers are keen on a Transparency Information Bureau — on using it, on providing it with information, and on the value of having a good TIB rating for their companies and for their industries.
8. 61% see good or excellent business weather over the next 2 years — up from 46% in 2006 and 2005. One-half are satisfied with the National Government, and two-thirds are satisfied with the Local Government, on their promotion of a good business climate.

SWS has polled **Public Satisfaction with the National Administration's Performance on Fighting Corruption** regularly since 1986. Other SWS surveys dealing with corruption are its **Surveys of Judges and Lawyers on the Judiciary and the Legal Profession**, a **National Public Opinion Survey on the Courts**, and national surveys on the **Right to Information**, and on **Corporate Social Responsibility**.

**Net\* satisfaction with the National Administration on eradicating graft and corruption, Philippines, March 1987 to December 2006**



\* % Satisfied MINUS % Dissatisfied, correctly rounded.  
Sources: 1987-2006 Social Weather Report Surveys

## Background of the SWS Surveys of Enterprises

The SWS Surveys of Enterprises are time-series surveys with 7 rounds of surveys in the National Capital Region (2000-2007), 4 rounds in Metro Cebu and Metro Davao, and 4 rounds in Cavite-Laguna-Batangas (CALABA), and Cagayan de Oro-Iligan City (2005-2007). In the two strata of (a) large and (b) small-and-medium enterprises, random sampling drew enterprises from manufacturing, miscellaneous private services, trade, transportation, communication and storage, finance, construction, ownership of dwellings and real estate, agriculture and fishery, food, hotels and restaurants, electricity, gas and water, mining and quarrying, etc. In both 2006 and 2007 surveys, one-third of the enterprises do business with government, in the process generating about 8-10% of their income (*Table 37*).

**TABLE 37**  
**Sampling specifications of the SWS Survey of Enterprises, 2000-07**

	Sample	LEs	SMEs	Error Margin
<b>Aug14-Oct26, 2000</b>				
TOTAL (NCR)	604	204	400	± 4%
<b>Sep4-Dec4, 2001</b>				
TOTAL (NCR)	505	200	305	± 4½%
<b>Oct25 '02-Feb25, '03</b>				
TOTAL (NCR)	500	214	286	± 4½%
<b>Nov13 '03-Jan28, '04</b>				
TOTAL	701	285	416	
NCR	500	214	286	± 4½%
C=Metro Cebu	100	33	67	± 10%
D=Metro Davao	101	38	63	± 10%
<b>Jan21-Mar15, '05</b>				
TOTAL	701	232	469	
NCR	351	117	234	± 5%
CALABA=Cavite/Laguna/Batangas	75	24	51	± 10%
C=Metro Cebu	100	33	67	± 10%
D=Metro Davao	100	33	67	± 10%
CDO-I=Cagayan de Oro/Iligan City	75	25	50	± 11%
<b>Feb18-Apr27, '06</b>				
TOTAL	700	231	470	
NCR	351	117	234	± 5%
CALABA=Cavite/Laguna/Batangas	75	24	51	± 10%
C=Metro Cebu	100	33	67	± 10%
D=Metro Davao	100	33	67	± 10%
CDO-I=Cagayan de Oro/Iligan City	74	23	51	± 11%
<b>Mar4-May11, '07</b>				
TOTAL	705	233	470	
NCR	354	117	237	± 5%
CALABA=Cavite/Laguna/Batangas	76	24	52	± 11%
C=Metro Cebu	100	33	67	± 10%
D=Metro Davao	100	33	67	± 10%
CDO-I=Cagayan de Oro/Iligan City	75	25	50	± 11%

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Founded in 1985, **Social Weather Stations** is the Philippine's leading survey research institute on Quality of Life, Public Opinion, and Governance. It defines its mission as generating new survey data along key social concerns for the three purposes of:

**Education:** *So eyes may see social conditions*

**Conscientization:** *So hearts may feel social problems*

**Analysis:** *So minds may understand their solutions*

The finding of the SWS **Surveys of Enterprises** that Filipino managers are increasingly willing to give a percentage of their enterprises' net income to anti-corruption efforts was a key factor behind the launching of the private sector's **Coalition Against Corruption** in September 2004. The 2000-2007 surveys have been funded by the United States Agency for International Development (USAID) through The Asia Foundation.

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