

Business, Corruption and Crime in the western Balkans: The impact of bribery and other crime on private enterprise 2013

Key Findings

- Businesses representatives in the western Balkans rank corruption as the third most important obstacle to doing business, after high taxes and complicated tax laws.
- More than seven out of ten companies had at least one direct contact with a public official or civil servant in the 12 months prior to the survey.
- The bribery prevalence rate among those businesses in the western Balkans who had contact with public officials in the 12 months prior to the survey is 10.2 per cent. Bribe-paying businesses paid an average of 7.1 bribes to public officials in the 12 months prior to the survey in the western Balkans.
- Significant variations in the prevalence and frequency of bribery exist between countries/areas: Albania (prevalence: 15.7 per cent; average number of bribes paid: 4.6), Bosnia and Herzegovina (10.4 per cent; 6.6), Croatia (10.7 per cent; 8.8), Kosovo (3.2 per cent; 7.7), Montenegro (3.2 per cent; 4.6), Serbia (17 per cent; 7.0) and the former Yugoslav Republic of Macedonia (6 per cent; 6.7).
- There are some notable disparities in the prevalence of bribery across business sectors in western Balkans: Building and Construction (12.2 per cent), Wholesale trade and Retail trade (10.3 per cent), Transportation and Storage (9.9 per cent), Manufacturing, Electricity, Gas, and Water supply (9.2 per cent) and Accommodation and Food service activities (9 per cent).
- Both the prevalence and frequency of bribery in the western Balkans are higher among small businesses (10 to 49 employees), privately owned companies and businesses with foreign capital participation.
- Of all bribes paid by businesses in the western Balkans, 35.7 per cent of bribes are paid in cash, followed by food and drink (33.6 per cent) and other goods (21 per cent), while 10.3 per cent of bribes take place in the form of an exchange of one favour for another.
- The mean amount paid per cash bribe for the region as a whole is 881 EUR-PPP.
- In about 43 per cent of all bribery cases, the payment of a bribe is offered by a representative of the business without a prior request being made, whereas in about 57 per cent of cases payment is either explicitly (13.8 per cent) or implicitly (23.8 per cent) requested by the public official or requested through a third party (15 per cent) on behalf of the official



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- Around two fifths of all bribes by businesses in western Balkans are paid after the service (40 per cent), while 29 per cent are paid before the service is delivered and 21 per cent at the same time.
- The main purpose of paying bribes is to speed up a procedure (40 per cent), while almost two out of ten (18.1 per cent) of bribes paid served no specific immediate purpose.
- The prevalence rate of bribes paid to public officials is highest for customs officers (6.5 per cent), followed by police officers (5.5 per cent) and municipal or provincial officers (5.3 per cent).
- Only 1.8 per cent of all bribes paid by businesses in Western Balkans were reported to official authorities. Around 26 per cent of business representatives did not report bribery because they considered it would be pointless to report it as nobody would care. In addition, 26 per cent stated that it is a common practice to pay or give gifts to public officials and for 22.6 per cent the payment/gift is given as a sign of gratitude.
- In the western Balkans, business-to-business bribery has a higher prevalence rate in the Building and Construction (6.2 per cent) sector, among small (10 to 49 employees) companies (5.6 per cent) and amid businesses with foreign capital participation (8.3 per cent)
- Over half (50.4 per cent) of business-to-business bribes are paid without some form of request involved. In addition 46.2 per cent are paid after the delivery of the goods or service in question.
- The most important purpose of business-to-business bribery in the western Balkans is to gain an advantage over competitors (30.2 per cent).
- Only 0.8 per cent of all bribes paid between business representatives are reported to authorities.
- In all the western Balkans region, 5.9 per cent of businesses decided not to make a major investment in the 12 months prior to the survey due to fear of having to pay bribes.
- Businesses in western Balkans are affected by different forms of crime to varying degrees. The prevalence rate of business victimizations over the past 12 months is 18.8 per cent for fraud by outsiders, 8.9 per cent for burglary, 5.9 per cent for vandalism, 0.8 per cent for motor vehicle theft (MVT) and 0.7 per cent for extortion.
- The share of each type of crime reported to the police ranges from 92 per cent for motor vehicle theft , 84.8 per cent for burglary, 52.8 per cent for vandalism, 25.3 per cent for extortion cases and 12.3 per cent for cases of fraud.
- Four fifths (81 per cent) of all businesses in the western Balkans use at least one protective security measure against crime. On average, only 3.7 per cent of all businesses in the region have a specific type of insurance policy, while 31.7 per cent have a general insurance policy.
- On average, 9.1 per cent of all business leaders stated that during the previous 12 months they decided not to make a major investment due to their fear of crime.