# Indicators for measuring structural corruption in Finland

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*Finland has traditionally been regarded as a country with a low level of corruption. Studies measuring the perception of corruption rank Finland among the least corrupt countries in the world. At the same time studies show that forms of corruption and unethical behavior do exist at various levels of society within the private, public and the non-governmental sectors. While street-level corruption is rare, corrupt and unethical behavior has been shown to take place e.g. in various networks and in decision-making between insiders. In order to better measure such forms of corruption, the Finnish Government commissioned a research project with the aim of developing a set of indicators and measures suited to the Finnish context. This policy brief outlines the main findings and recommendations for a set of indicators to be used in Finland.*

## Common measures on corruption boost the belief that Finland is not affected by corruption

The much-cited Corruption Perceptions Index (CPI) by Transparency International ranks Finland the third least corrupt country in the world (TI 2020). The CPI looks in particular at public-sector corruption as perceived by experts and business executives. While providing a useful global comparison, the indicator has been criticized for its methodology, data sources, and definition (see e.g. Andersson 2017; Andersson & Heywood 2009; Donchev & Ujhelyi 2014). One of the challenges with the

Government's analysis, assessment and research activities

CPI is that it does not adequately capture hidden and structural forms of corruption. These are precisely the forms of corruption and unethical behaviour that have been recognized in Finland.

Petty or street-level corruption where the police, customs officials, doctors, teachers or other professionals would demand bribes to perform their duties or work is very rare in Finland. Instead, cases that have come to public attention in Finland showcase corruption and bribery e.g. in the financing of political parties or candidates as well as within urban planning and construction projects (Peurala & Muttilainen 2015). One typical element of Finnish corruption is the so-called "old boys' clubs" or informal networks, where persons in public and private positions agree on various "deals" and give preferential treatment to one another (Mäntysalo 2019). Studies show that this is related to nepotism and favouritism in politics and business but also in public procurement, where corruption is enabled by tenders being tailored to suit only certain bidders (Salminen & Viinamäki 2017).

Decision-making that takes place in secrecy or that disregards differing opinions can be deemed as forms of structural corruption. Structural corruption is perhaps the most evasive form of corruption as it is difficult to identify, capture, reveal and measure. At the same time, structural corruption is perhaps the most dangerous form of corruption in society because of its systemic nature, and because it affects decision-making and the functioning of institutions, and ultimately, the rule of law (see e.g. Persson et al. 2013).

The CPI helps boost the nationally shared belief that Finland is not affected by corruption (Nazarenko 2019). While bribery is indeed uncommon in Finland, corruption in the form of unethical behaviour and favouritism does exist. The illusion that Finland is not affected by corruption has likely contributed to the difficulties to address those forms of corruption that do exist in the country. In order to acquire a more comprehensive picture of corruption in the context of Finland, versatile indicators and sources of data are urgently needed.

# Identification of measures to assess structural corruption

In 2018, the Finnish Government's analysis, assessment and research activities (VN TEAS) framework put out a project entitled "Indicators for and data collection on corruption compatible with the Finnish country context" for public bids. A consortium consisting of the Police University College (Polamk) and the European Institute for Crime Prevention and Control, affiliated with the United Nations (HEUNI) with input from the University of Vaasa won the bid. The project "Indicators for monitoring corruption in Finland (KORSI)" was led by the Police University College and was carried out during 2019-2020.

In line with the information needs raised by the Government, the aim of the research project was 1) to propose qualitative and quantitative indicators that can be used to map corruption in Finland, and 2) to present methods and data sources that can be used in carrying out such a mapping. The research focused on seven sub-categories of corrupt behavior identified by the Government as important areas of analysis:

1. conflicts of interest and dual roles,

2. favouritism (including nepotism) and unethical mutual "assistance",

3. informal decision-making outside formal decision-making structures,

4. undue influence in decision-making (including the drafting of legislation and decisions),

5. unethical restrictions in tender specifications,

6. unethical election and party funding,

7. match fixing, betting scandals and bribery of referees.

These seven partly overlapping dimensions reflect the areas where corruption and unethical behaviour have been uncovered in Finland. The project consortium was asked to propose at least two indicators for each of the seven sub-categories listed above (at minimum 14 indicators in total), and to analyse the suitability of the proposed indicators. The project consortium was also requested to suggest methods for data collection, and to analyze the strengths and weaknesses of the chosen methods, and to assess the feasibility of carrying out regular data collection.

The research used a variety of data sources. The project team first mapped existing literature as well as methods and indicators including surveys, register data and statistics, and risk assessments on corruption and unethical activity. We looked at and analyzed existing and regularly occurring forms of data collection, including existing surveys, as well as other possible research methods and data sources that could be used at a reasonably regular basis. The initial focus of the project was largely on quantitative indicators, but as the work progressed, we decided to incorporate a larger scope of other methods and approaches. These included e.g. qualitative measures, measures for assessing anti-corruption policy, the development of automated data collection methods in uncovering hidden corruption as well as studies focusing on specific sectors (e.g. construction and sports betting).

Initially the aim was also to engage stakeholders in participatory development throughout the project, but restrictions resulting from the COVID-19 pandemic hindered this. Instead, we broadened the research component and expanded the scope of the project: two reports and a separate summary were published on comprehensive methods and empirical approaches in measuring corruption (Muttilainen et. al. 2020; Tamminen 2020; Muttilainen, Ollus & Salminen 2020). This policy paper focuses on the quantitative survey indicators gathered and developed during the course of the project.

# Main findings: towards a cost-effective and reasonably comprehensive picture of corruption in Finland

In this project, an indicator was understood to indicate the *state or level of a matter or a phenomenon*. To capture corruption, typically survey and register data and indexes based on them have been used to measure and monitor corrupt and unethical activities. As this project was aimed to develop and propose indicators that could readily be used by officials in their work to prevent corruption, we decided to utilize existing surveys and data sources. However, the team also developed specific questions for the biannual national Police Barometer because the 2020 round of the Police Barometer coincided with the project's time frame. The other selected indicators are based on existing and already tested and collected surveys. This approach ensures that the data can realistically be collected on a regular basis and that the indicators can be compared over time. Based on the seven identified areas of corruption (see above), the project team proposed the following examples of indicators, which can be used at regular intervals to capture the prevalence, structure and development of corruption in Finland.

Table 1. Indicators describing selected aspects of corruption and unethical behaviour

| A) Conflicts of interest and dual roles | Source/method |
|---|---|
| Indicator 1: Certain practices which are generally considered unethical are listed below. In your opinion, do they occur in central government in Finland?<br>Favouring persons of the same political party, identifying with a certain interest group, favouring relatives, inappropriate lobbying, influencing a decision regardless of being disqualified. | State of ethics and morality among public servants in central government – a survey addressed to citizens 4. |
| Indicator 2: How serious a problem do you think the following phenomena are in Finland? Problems caused by dual roles in public administration. | Police Barometer 2020. |
| Indicator 3: How common is corruption in our country in the following situations? In preparation of land use decisions. | Foundation for Municipal Development 2019. |
| **B) Favouritism (including nepotism) and unethical mutual "assistance"** | |
| Indicator 4: Certain practices which are generally considered unethical are listed below. In your opinion, do they occur in central government in Finland?<br>Favouring persons of the same political party, identifying with a certain interest group, favouring relatives, influencing a decision regardless of being disqualified. | State of ethics and morality among public servants in central government – a survey addressed to citizens 4. |
| Indicator 5: How serious a problem do you think the following phenomena are in Finland? Favouring relatives or friends in public service appointments. | Police Barometer 2020. |
| Indicator 6: How common is corruption in our country in the following situations? When issuing different permits (including building, water, environmental permits) | Foundation for Municipal Development 2019. |
| **C) Informal decision-making outside formal decision-making structures** | |
| Indicator 7: Do you agree or disagree with the following statements? Too close links between business and politics in Finland lead to corruption (Q12 1). | Flash Eurobarometer 374 (Businesses' Attitudes Towards Corruption in the EU). |
| Indicator 8: How serious a problem do you think the following phenomena are in Finland? Informal decision-making in old boy networks. | Police Barometer 2020. |
| **D) Exertion of undue influence on decision-making (incl. the drafting of legislation and decisions)** | |
| Indicator 9: Municipal chief executives' answers to the question: In your experience, are the following ethical problems topical in your municipality?<br>Delays in taking care of matters, failure to provide information, inappropriate favouritism, exerting influence on the processing of a matter regardless of being disqualified, inappropriate lobbying, misuse of confidential information, gifts and other benefits offered to personnel, accepting inappropriate financial benefits (bribery). | Municipal Executives' Ethical Barometer, University of Vaasa 35. |
| Indicator 10: How serious a problem do you think the following phenomena are in Finland? Lack of transparency in the drafting of legislation. | Police Barometer 2020. |
| **E) Unethical specifications in contract award criteria** | |
| Indicator 11: How widespread do you think the following practices are in public procurement procedures in Finland?<br>Involvement of bidders in the design of specifications (Q7 3)<br>Specifications tailor-made for particular companies (Q7 6). | Flash Eurobarometer 428 (Businesses' attitudes towards corruption in the EU). |
| Indicator 12: How serious a problem do you think the following phenomena are in Finland? Corruption in public procurement. | Police Barometer 2020. |
| **F) Unethical election and party funding** | |
| Indicator 13: Do you agree or disagree with the following statements?<br>There is sufficient transparency and supervision of the funding of political parties in Finland (Q12 3). | Flash Eurobarometer 428 (Businesses' Attitudes Towards Corruption in the EU). |
| Indicator 14: How serious a problem do you think the following phenomena are in Finland? Use of election or party funding for private gain. | Police Barometer 2020. |
| Indicator 15. How common is corruption in our country in the following situations? When supporting parties or individual candidates financially in elections | Foundation for Municipal Development 2019. |
| **G) Competition manipulation, betting scandals and bribery of referees** | |
| Indicator 16: Were you ever approached at any time in the past 12 months by anyone who asked you to fix a match (including 'spot fixing' or sharing sensitive inside information)? | Don't fix it! May 2014.<br>Birkbeck Sports Business Centre, University of London. |
| Indicator 17: How serious a problem do you think the following phenomena are in Finland? Match fixing and betting scandals. | Police Barometer 2020. |

The chosen indicators are based on a selection of existing surveys, in particular the following:

1. The Finnish Police Barometer is a regularly conducted survey, focusing on the public's opinions on the police. In the 2020 round we piloted specific questions on corruption focusing on the public's assessment of the seriousness of corruption, the prevalence of corruption, conflicts of interest, "old boys'" networks, as well as corruption in specific sectors of society (civil society, public procurement, health care, politics and sports betting). The survey was carried out through face-to-face interviews (N=1082) among 15−79 year old residents in Finland. (Vuorensyrjä & Rauta 2020; Muttilainen, Rauta & Vuorensyrjä 2020.)

2. The Eurobarometer surveys have since 2005 included a special component focusing on corruption. The 2017 round of the Special Eurobarometer (Special Eurobarometer 2017) focused on the acceptability of bribes, the prevalence of corruption, the effectiveness of measures against corruption, whether respondents had themselves been involved in, seen or heard about cases of corruption, and reporting and awareness of corruption. In 2017 the data was collected in Finland through face-to-face interviews with respondents older than 15 (N= 1017).

3. The Foundation for Municipal Development in Finland launched a survey in 2019 on corruption and bribery (Kunnallisalan kehittämissäätiö 2019). The survey focused on the public's opinions on four main themes: how common corruption is perceived to be among the tax authority, the finance sector and in business; the prevalence of corruption in elections, in public appointments, public procurement, land use and in licensing; corruption in public decision-making including bribery, nepotism, "old boys'" networks; and the readiness of respondents to pay bribes to public officials in Finland or abroad. The first round of the survey was carried out in 2019 among 18-79-year-old respondents (N=1098).

4. The survey on the ethics of public officials is implemented by the Ministry of Finance and assesses the public's opinion on good governance in a broad sense. The first round was carried out in 2017 and covered persons aged 15-79, not working for the government (N=981) (Ministry of Finance 2017). The survey focused on trust, impartiality, openness, expertise and the willingness to serve, how administrative processes are handled, whether information is sufficiently shared, the use of public resources, nepotism, bribery as well as unethical influence. Previous surveys (in 1999, 2007 and 2016) have looked at the ethics and values of public officials themselves.

The rationale for selecting the above mentioned 17 indicators were based firstly on the assignment, and secondly on what is feasible and realistic in terms of continuous data collection. Most of the selected surveys are anyway carried out on a regular basis, and the questions on corruption can be expanded if needed. The selected approach includes certain shortcomings, most notably because they lack questions on the prevalence of corruption in general and the effectiveness of actions against corruption. Furthermore, by relying on existing surveys, the data collection efforts may be volatile, if some of the surveys should be discontinued.

The selected indicators provide a cost-effective and reasonably comprehensive picture of corruption and unethical activities in Finland. In the future, however, there is a need to develop diverse research endeavours with questions that measure Finnish residents' personal experiences of corruption in different contexts.

# Conclusions: comprehensive, regular, national data collection needed

As discussed above, Finland has a relatively low level of corruption as measured by the globally comparable Corruption Perceptions Index (TI 2021). However, research and media attention show that Finland is not free from corruption. Therefore, there has already for some time been a need to develop indicators that capture in particular structural and hidden forms of corruption. The "Indicators for monitoring corruption in Finland (KORSI)" project funded by the Finnish Government mapped and assessed methods and indicators for measuring corruption in Finland.

There are many different methods for measuring corruption. Some of them are based on surveys, including a significant number of individual questions that comprehensively measure respondents' perceptions and experiences of corruption and its components. In this policy paper we were able to present only a few examples of different indicators of corruption. However, they focus on the areas of structural corruption defined in the project mandate, which is why they can be considered suitable for describing these specific features of Finnish corruption. These indicators of structural corruption can and should be complemented by methods that measure bribery and other dimensions of corruption, such as the Corruption Monitoring System (CMS) developed by the South East European network SELDI (CMS methodology 2020). The CMS includes not only experience-based indicators, but also indicators on attitudes towards corruption, and assessments of the corruption environment (ibid.).

The following conclusions and recommendations for an enhanced measurement of corruption in Finland can be made to the government and other relevant parties:

## 1. Collect existing data

Existing quantitative data describing corruption and unethical activity that are available from regularly reoccurring surveys should be collected centrally and on a regular basis. This should be done under the leadership of the responsible ministry in order to lay a foundation for systematic national monitoring.

## 2. Implement regular population surveys

Corruption and unethical activity should be monitored regularly by means of high-quality population surveys, with some basic data being produced annually and more detailed data on each area of corruption less frequently.

### 3. Find a balance between research interests and administrative needs

It is important to find a balance between affordable information collection from secondary and regularly implemented surveys and more costly forms of data collection as well as between research interests and administrative needs. This necessitates different scopes of data collection at different times, data collection from a range of target groups, and supplementing the material with qualitative data.

### 4. Publish a national report on corruption

At present, there is no regularly published national report on corruption in Finland, with the exception of the mandatory reports provided to international monitoring bodies (e.g. the UN, OECD and the Council of Europe). Also, the national anti-corruption strategy is yet to be approved by Government. Without such basic anti-corruption structures in place, regular and systematic data collection will be difficult.

### 5. Ensure a comprehensive approach

To truly capture the structural dimensions of corruption, survey data needs to be supported by qualitative data (Tamminen 2020). This includes specific qualitative studies on corruption that utilize e.g. qualitative interviews, focus group discussions and media reports, as well as data on cases of corruption that have gone through the criminal justice system (police-recorded data, cases prosecuted, judgments). A comprehensive approach should also include threat and risk assessments and assessing compliance with existing standards and international anti-corruption treaties. Sufficient funding should also be secured for such monitoring of corruption.

### 6. Test the applicability of indicators in other counties

The 17 selected indicators, presented in this paper, provide a first attempt at systematic quantitative data collection on corruption through the use of existing surveys or questionnaires. These indicators as well as other methods for measuring and monitoring corruption could be applied at least partly also in other countries. This concerns especially those countries where various hidden and structural forms of "grand corruption" are the most alarming forms of corruption.

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