

For press release
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WIDESPREAD CORRUPTION IN CORPORATE INDIA: AN MDRA STUDY

Around 9 out of 10 employees working in private sector companies feel that corruption or fraud is a common phenomenon in corporate India revealed in a study done by MDRA.

This finding is a part of the first-of-its-kind study conducted by **MDRA (Marketing and Development Research Associates)**, a premier market research and consulting firm. This study included bribery, sexual favor, breach of trust, exploitation and nepotism as various faces of corruption in private sector. MDRA's benchmark study on estimation of corruption in trucking operations in India is well known.

CORRUPTION IN CORPORATE INDIA

According to the MDRA survey, on an average 86% of the respondents believe that corruption is a common phenomenon in corporate India. The acceptance towards corruption increases from lower management (83.4%) to middle management (88.1%) to senior management (90.2%).

Interestingly, in terms of level of corruption – the highest and the lowest – Chennai and Hyderabad – come from Southern India. Over 94% of corporate employees in Chennai felt corruption is common there while only 71% in Hyderabad said so.

Respondents have ranked monetary transaction as the most prevalent form of corruption while nepotism comes at bottom. Monetary transaction at 39.2% is followed by exploitation at 17.1%, breach of trust at 14.0%, fraud at 13.3%, sexual favor at 12.9% and nepotism at 3.4%.

S. N.	Monetary corruption/ fraud between which two parties?	Response percent
1	Company to government (like tenders/ bill payment etc)	40.0
2	Company to company	19.7
3	Company to customers	12.7
4	Company to employees	12.3
5	Employees to employers	4.9
6	Companies to tax authorities	10.5

In terms of activity wise corruption, interestingly, 36% said that corruption is most prevalent in recruitment followed by promotion/ performance appraisal at 24%. Further 22% said it occurs most in procurement followed by project implementation at 17%.

ACCOUNT COOKING

It seems that the recent scams and fiascos have helped in strengthening people's distrust on accounting and auditing practices among Indian companies. **Overall 80% believe that it is common in corporate India to have a window dressed balance sheet.** Employees in IT-Software and Consulting sectors feel more strongly about prevalence of such practices in corporate world (88%) as against those in Telecom (67%) and Retail (69%).

In city wise break up, Mumbai is highest (95%) with the acceptance of window dressing of balance sheets whereas Hyderabad – incidentally home to Satyam fiasco – is the lowest (30%) in stating it as a common practice.

This study by MDRA interviewed 742 employees in the cities of – Delhi, Noida, Gurgaon, Mumbai, Pune, Bangalore, Kolkata, Chennai and Hyderabad. The sample covered 405 males and 337 females. The respondents were from all major industry sectors, viz. FMCG, IT-Software, ITES/ BPO, Consulting, Telecom, Travel and Hospitality, Retail, Manufacturing, BFSI and others.

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