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Mix research approach towards corruption - experts' perception: challenges and limitations

Petra Koudelková[a], *, Valery Senichev[a]

[a]*Faculty of Social Science, Charles University in Prague, Prague, Czech Republic*

Abstract

Corruption at the labour market is one of the biggest challenges in contemporary organisational studies, economics and law. The paper is concerned with research attitudes and perception of corruption in the Czech Republic. Over the last 40 years the problem with corruption wasn´t in the research focuses because of political regime. The situation has changed considerably over the last 10 years, especially after the 2004, when the Czech Republic joined the European Union. The main goal of the paper is to provide an analysis of corruption perception, its parts and research methodology to provide an adequate picture and analysis of corruption of the Czech Republic. The first part of the article is dedicated to the theory of corruption and state of the art. The second part describes situation in the Czech Republic. The third part is focused on the methodology of research, possibilities and limitations at the level of states, companies. The final part is focused on identification of suitable methods to study corruption in the Czech Republic. We identified several comparatively new approaches and methods to use in private and state organizations. The following methods are used secondary data analysis on the basis of available information about research methods. The research plan has several areas: definition of corruption, typology of corruption and corruption's level, corruption in the Czech Republic, research methods and their effectiveness.

Keywords: corruption, perception of corruption, suitable methods to study corruption, Czech Republic

* Corresponding author. Tel.: +0-000-000-0000 ; fax: +0-000-000-0000 .
  E-mail address: pet.koudelkova@post.cz

1. Introduction

In the past few years, corruption has become a widespread phenomenon in many countries. Apart from the mass media, the problem of corruption caught the attention of various international institutions and the general public. According to the Gallup's second global audit (2013), perceived corruption is one of the main reasons for distrust in key government institutions.

CPI (corruption perception index) is very important indicator, which can reflect inhabitants''opinions (perception of corruption). In additional the perception of corruption can vary over time and place (Okogbule, 2004, p. 70).

There are also many similar definitions and kinds of corruption in the scientific literature. Corruption takes many forms. Basic segmentation is a private corruption and public corruption (Vargas-Hernández, 2011). One of the first authors who made a corruption typology was Weber in the year 1964 (Vargas-Hernández, 2011). Corruption is a big problem in a rich and stable country like the U.S., Russia, China and India (Brown, 2005). They offer a huge potential rewards to foreign investors, but corruption presents a very big problem in these countries. In poorer, less stable or post communistic countries around the word is believed that the corruption is much worse (e.g. Boeckmann, 2004, Naxera 2012; Schneider, 2013). Corruption belongs into the shadow economy (Schneider et al. 2010), which can influence an economic sector (Kaufmann 2010; Cooray & Schneider, 2013).

We can distinguish corruption on the country level or on the firm level. One can find more information about corruption on country level in scientific literature, but corruption on firm level is also widespread and important for nation economy. Corruption on country level occurs in both large enterprises as well as in small and medium sized enterprises (SMEs) nevertheless more than 98% firms all over the world is represented by SMEs. They are of a special importance for the development of the national economy both in terms of job creation, as well as for social and economic development of communities, cities and regions, increase market dynamics and contribute to the stabilization of the economic system, thanks to its ability to absorb free labour. There is a plethora of comprehensive research literature on SMEs (see e.g. Flatten, Greve & Brettel, 2011). SMEs have their major advantages (flexibility) and disadvantages. Unlike large companies, where management and ownership are separated, SMEs are mostly owner-managers. Sometimes, as in SMEs cut corporate goals with personal (Favre-Bont & Thevenard-Puthod, 2013), which can be another disadvantage SMEs.

1.1. Corruption's factors

Some researches show that corruption within countries has a negative impact on business and overall economic growth (Kurtsman, Yago & Phumiwasana, 2004, North, 1990, Li et al, 2000). From this reason is important to focus on factors of corruption. Brown (2005) proposed these significant factors of corruption (see Fig. 1):
- Economic factors (Paldam, 2002; Dijk & Nguyen, 2012)
- Legal factors (Herzfeld, Weiss, 2003)
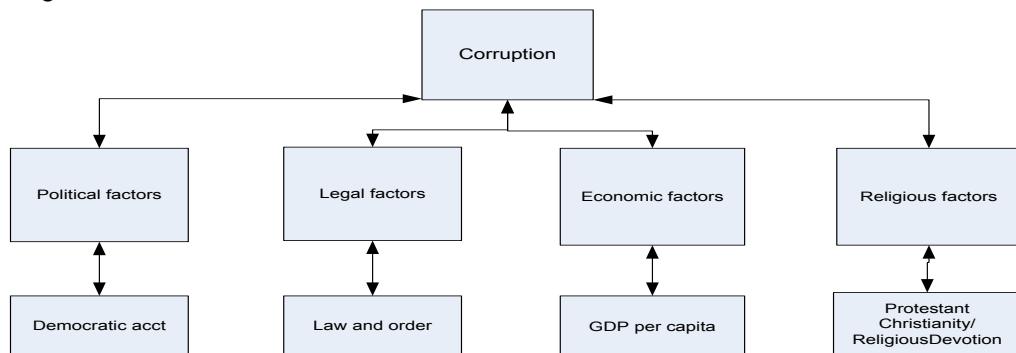- Political factors (Di Tella, 1999),
- Religious factors

Fig. 1. Factors influencing corruption and their corresponding proxies follows

Another authors proposed slightly different classifications.

The most important factors are the following:

- rents,
- size of state,
- pressure from the civic society,
- extent of democracy,
- economic (in) equality,
- culture and tradition (Begovic, 2007, P.135).

Effect of gender on corruption is important factor (e.g. Dollar, Fisman & Gatti 2001, Swamy et al 2001). These authors observed that corruption with a larger share of woman in government tend to have less corruption. Women may be more risk adverse (Paternoster & Simpson 1996).

1.2. Review of definition of corruption

There are numerous definitions of corruption in the academic literature and among donor agencies. Most of these definitions are quite broad, and often somewhat vague (Knack, 2006, p. 5).

Before we introduce some of them it is important to stress the following fact. There is an opinion that corruption can be defined. Yet there are a number of problems with defining corruption.

Firstly, corruption is an umbrella term for a wide range of complex phenomena, characterized by betrayal of trust, deception, and deliberate subordination of common interests to specific interests, secrecy, complicity, mutual obligation and camouflage of the corrupt act (Alatas, 1990, pp. 1–2, cited by Lebedeva, 2009, p. 70). This makes it difficult to find a simple formula relevant to all of them (ibidem).

Secondly, corruption is not a new phenomenon. It is present throughout the entire human history and plays a role in both the downfall and the development of societies. In a very general way, Brooks refers to corruption as 'the intentional misperformance or neglect of a recognized duty, or the unwarranted exercise of power, with the motive of gaining some advantage' (quoted in Alatas, 1990, p. 1, cited by Lebedeva, 2009, p. 70-71).

Corruption is a phenomenon, which is based on an effort to establish a new set of corrupt norms inside such institutions affecting policymaking, administrative procedures, public procurements, and the behavior of employees etc. In spite of the fact that impacts of systemic corruption on the areas of government, civil freedoms, social cohesion, and public economy are well known, there is very little practical research involving concrete evidence of systemic corruption in particular cases (Langr, 2014).

2. Corruption typology

Corruption might influence the society in a number of ways. Because there is no universally accepted definition of corruption, there is no universally valid typology of corruption (Vargas-Hernández, 2011). Firstly is it good to realize that we can speak about active or passive corruption depending on who requires some form of corruption or who is approached. About this division also speaks Vargas-Hernández (2011).

The basic attributes of corruption might be classified as follows:

1) Corruption according to the location (Klitgaard & Maclean, 2000):
    - Internal corruption (amongst public servants)
    - Political corruption (entanglement of politics with the private and business sector)
    - State-level corruption (corruption emerging from handling the public property)
    - Public sector corruption (e.g. law enforcement agengies, judicial system, etc.)
    - Private sector corruption (interconnected to the public sector corruption – e.g. the misuse of public tenders)
    - Mass media corruption (manipulation of information)
    - Munipical level corruption (e.g. autonomous regions, majors, self-governments, etc.)

2)   Then we can distinguish corruption according to the form (e.g. Batory, 2012; Maoro, 1995; or Besley & McLaren, 1993):

- ▪ Nepotism (corruption behaviour which lies in favouring the family members within the employment, however when the company is given to family members to run and own, this is called "family business" and does not have traces of nepotism)
- ▪ Clientelism (favouring friends, relatives or interest groups, very often happens through favouring the companies that supported the given firm in the past – overall, this is a very widespread form of corruption)
- ▪ Bribery (another widespread form of corruption)
- ▪ Lobbing (very negatively perceived activity in the Czech Republic)

Apart from these three types one can distinguish corruption in context of globalization (Zekos, 2004). Some author discussed aspects of corruption in the philosophical context and then we could speak about "moral corruption", corruption of principles, corruption of people, corruption of organisational and corruption of states (see e.g. Zekos, 2004, Dion, 2010)

3. Measurement of corruption

There is an assumption of the corruption paradigm that corruption can be measured (Lebedeva, 2009 Langr, 2014). Even though there is no universal measure of corruption, attempts to quantify its various dimensions and to compare measurements of perception of corruption are omnipresent.

The following table presents a classification of existing indices by Knack (2006, p. 49):

- Representative surveys of service users,
- Expert assessments,
- Composite indexes (see in the table 1)

Table 1. Major sources of cross-country corruption data (Source: Knack, 2006, p.49)

Data sources	Examples
Representative surveys of service users	
Firms	World Bank Investment climate assesments (including BEEPS)
	WEF's Executive Opinion Survey
	IMD's Executive Opinion Survey
Households	International Crime Victim Survey
	World Values Survey
	Global Corruption Barometr
	New Democracy Barometr, Afrobarometr
	Gallup International "Voice of the people"
Experts assesmentes	
Experts Rating Multiple Countries	Nations in Transit (Freedom House)
	International Country Risk Guide
	Economic Inteligent Unit (EIU)
	World Market Research Centre (WMRC)
	World Bank CPIA
Surveys of "well informed people" within countries	UNECA African governance Indicators
	World Governance Assessments
Composite Indexes	

Agregation from various sources	Corruption perception index - TI
	Control of corruption index - WBI

In the following text we will examine briefly these three groups of methods (mostly based on Lebedeva's analysis, 2009).

Category One: Representative Surveys of Service Users

This category includes four indices: the Business Environment and Enterprise Performance Survey (BEEPS); the Executive Opinion Survey provided by the World Economic Forum (WEF); the World Values Survey; and the International Crime Victim Survey (Lebedeva, 2009). It is important to mention that while the first two measurements take their data from professionals working for commercial companies, the latter two are household surveys (Lebedeva, 2009).

Category Two: Expert Assessments

This category includes the data on corruption which features in the Nations in Transit reports (NIT) compiled by Freedom House; the International Country Risk Guide (ICRG); the World Bank's Country Policy and Institutional Assessment (CPIA); and the Index published by the Economist Intelligence Unit (EIU). Both the NIT and the ICRG are examples of centralized expert assessments of corruption, which means that while they gather information from a variety of sources, only a small number of people influence the final ranking (Lebedeva, 2009).

Category Three: Composite Indices

The best-known example in this category is the Corruption Perception Index (CPI), created by Transparency International (Knack, 2006).This measures the degree to which corruption is perceived to exist among a country's public officials and politicians. It is a composite index, drawing on 17 surveys from 13 independent institutions, which has gathered the opinions of business people and country analysts (Lebedeva, 2009).

4. Perception of Corruption according to the Transparency International

As it has been mentioned, it is believed, that corruption is much worse in poorer or post-economic countries. This statement is supported by Uslaner (1998), Holmes (2003) and other. Jordan (2002) stated: "Corruption was endemic to the communist system of the Soviet bloc prior to its collapse in 1989, and Czechoslovakia (nowadays Czech Republic and Slovakia) was no exception. In the post-communist countries, corruption remains a deeply rooted problem." The level of corruption in transition markets, has been examined by Lízal and Kocenda (2001), who stated that "substantial change of approach to the institutional framework is necessary in order to prevent and fight corruption successfully" (Lízal and Kocenda, 2001). If we look on CPI we would see the similar trend.

In the Table 2 one can see the results of CPI in the year 2013. The table has three parts. In first part are countries where the score is high (that means that the perception of corruption in these states is low). In the second part are countries in which is higher level of perception of corruption. In this group are post communistic countries as the Czech Republic, etc. The last part shows countries with high level of perception of corruption.

Table 2 Cases of results of Corruption perception index (CPI) in chosen countries

Rank	Country	Score
1	Denmark	91
2	New Zealand	91
3-4	Finland, Sweden	89
5-6	Norway, Singapore	86
7-8	Switzerland, Netherlands	85

9-10	Australia, Canada	81
55-56	Georgia, Lesotho	49
57-60	Bahrain, Croatia, Czech Republic, Namibia,	48
61-62	Oman, Slovakia	47
167	Yemen	18
168-170	Syria, Turkmenistan, Uzbekistan	17
171	Iraq	16
172	Libya	15
173	South Sudan	14
174	Sudan	11

4.1. Corruption in the Czech Republic

In this part of paper is submitted current situation in the Czech Republic. This country was selected as one of post-communistic countries.

The Czech Republic belongs to the group of states form post communistic block. According Holmes (2003, p.194) corruption already was widespread in communisms time. It is manifested not only in the public sector, political parties and on firm-level, but also among ordinary citizens who, due to bribery didn't have to wait in queues for fruit or meal. It could be presumed that corruption in these countries persist in quite a high level.

Many authors have been examining the role of corruption in transition economies in the CEE including the Czech Republic (see e.g. Lizal & Kocenda, 2001; Janowicz et al., 2004; or Vedres, 2007), especially the corruption climate and role in privatization (Bornstein, 1999; Nandini, Ham & Svejnar, 2000; Evans and Whitefield, 2002;)), or using the corruption to cover the communistic past in lustration policy (David, 2006). According to the transparency International and its corruption perception index (CPI) 95% of Czech people perceive that corruption is a big and widespread problem in this country. Other results of this organization show that:

- 95% of the population of Czechs consider corruption to be widespread
- 8% of respondents were in last year asked for a bribe or bribe expected from them, which is twice of the European average
- 71% of Czech companies (the highest proportion in the EU) states that corruption is a major obstacle to their business
- 12% of the population thinks the government's effort to fight against corruption is successful and
- only 15% of citizens of the opinion that a successful prosecution can dissuade people Corruption1

According to GfK research from October 2009 (GfK, 2010), which analyzed the corruption and corruption climate in the Czech Republic, 74% of Czech people did not agree with corruption and saw it as amoral, however, the number of people who gave bribe actually rose from 24 % in 2006 to 35 % in 2009. In 2009, almost half of the population (48 %) declared that they gave bribe at least once, 13 % stated they gave bribes repeatedly. Almost two thirds of respondents (65 %) stated that they agree that getting a state contract without a bribe is impossible.

According to Schneider (2013), the Eastern countries like Bulgaria, Cyprus, Latvia, Lithuania including the Czech Republic have a higher shadow economy then „old" countries like Germany, Austria, Belgium and Italy.

5. Appropriate methods for research in field of corruption

Corruption is not a new social phenomenon. It is a widespread issue and many authors deal with this topic in their scientific papers. It is important to say that there is a serious limitation of widespread research in the area of corruption. According to our research experience in the field, accessibility to *information* on *companies* and manager's willingness to share information is very limited. There is a need to build good relationships with companies and key stakeholders, to have an access to the information. This is a serious objection if a widespread

research is possible. Possible solution is studying companies (SME's) in the way of case studies (N=1) as a first step in a long-term research.

Providing research on corruption requires a lot of interactions with people and this communication should be build on trust. This is one of the reasons why qualitative research has an important role. We can pronounce a presumption that quantitative data are enough, but without content and meaning there is a limitation to provide a good research (e.g. Disman, 2011).

We can use the whole range of methods, using quantitative methods as well as qualitative. The experimental approach to corruption is the most recent, with the first published paper dating back to the beginning of the decade (Frank, & Schulze, 2000, cited by Armantier & Boly, 2008, p. 6). The bulk of these experiments have been conducted in in the laboratories where two forms of corruption have been studied: embezzlement and bribery (Armantier & Boly, 2008). While embezzlement experiments build on dictator games to study corruptibility in a single decision making, bribery experiments build on the trust game literature to study corruption in a strategic environment.

Laboratory research can be a useful tool. The main goal is to study determinants of corruption behavior and to evaluate different anticorruption politics and behaviors. It has some limitations, but can bring different insight into the area of corruption research (e.g. Armantier & Boly, 2008; Cameron, Chaudhuri, Erkal & Gangadharan, 2010).

Experimental economics can be useful in the following situations (Armantier & Boly, 2008):

1. When naturally - occurring data are scarce, or do not vary along certain desired dimension. This is the case with corruption which is difficult to observe directly, and which is rarely observed under different wage, monitoring or punishment structures.

2. To identify the micro-determinants of behavior. There is still an open question, which micro-level factors explain corrupt behavior. In the laboratory experiments a researcher can controls both the experimental design and the characteristics of the subjects'population, which provides a unique framework to identify the micro/determinants of behavior.

3. Experiments in laboratory have proved to be a useful first step in the area of policy-making when a trial-and-error approach is very expensive or there is no possibility to implement in the field (ibidem).

At the same time the experimental literature on corruption is in its first decades of development and its practical relevance will not be fully established as long as the question of external validity remains unexplained. There is a need to evaluate the extent to which the results of corruption experiments obtained in the laboratory can be applied or extrapolated to real-life situations in the field (Armantier & Boly, 2008).

Conclusions

Nowadays corruption behaviour is a problem of many states and in the Czech Republic. The scientific paper deals with this topic. There are many different definitions, however isn't clear when the corruption behaviour starts. Moreover it is difficult to distinguish what is the marketing strategy and what is corruption behaviour, above all on the firm - level evidence. The main goal of the paper was to provide an analysis of corruption perception, its parts and research methodology to provide an adequate picture and analysis of corruption of the Czech Republic. Corruption in the post - soviet countries is a challenging topic and researches have published several studies on corruption in the Czech Republic. Research evidence shows that the majority of Czech people perceive that corruption is a big and widespread problem in the Czech Republic country. Other results of this organization show that the majority of populations of Czechs consider corruption to be widespread. Moreover, more a wide range of companies in the Czech Republic states that corruption is a major obstacle to their business. Business ethical decision making needs to be taken into consideration (Tsalikis and Peralta, 2014). However, the majority of them takes information from most available sources (e.g. from Transparency International) providing state of perceived corruption. Only few authors make their research of corruption in the field, in real companies and state institutions.

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