

**MIDDLE-SIZED BUSINESS FIRMS AND CORRUPTION:
PERCEPTIONS AND RATIONALITIES**

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1. Transition and Corruption

The extent and virulence of corruption in the post-communist world has long been an issue of debate. Ex ante, one might have expected corruption to decline with the end of communism (Gehlbach, 2001: 4). At least in part, the culture of bribery in the communist states developed as a reaction to the impossibility of exercising political influence at the legislative level of policy making. Thus, the only influence people could exercise in the process of policy making was at the implementation stage (Di Franceisco & Gitelman, 1984, apud. Gehlbach, 2001: 4), on public officials, influence that soon turned into a prevalingly illicit one, the corruption. In this way, the opening of the legislative process in the countries of Central and Eastern Europe after 1989 was expected to bring about a reduction in corruption, that, in fact, never occurred.

After the fall of the communism, rather than disappearing, the corruption has become, if not more widespread, then at least more visible. The collapse of both the communist economic system, and of popular belief in the communist value system, the institutional context dominated by reform and chaos, the lengthy bureaucratic process or privatization and restitution of property, all these processes offered the opportunities for an increase in the number of corrupt actions coming from public officials (Miller; Koshechkina & Grodeland, 1997: 598-600).

Romania doesn't constitute an exception from this rule. According to a World Bank study, 80 percent of Romanian business firms admitted to paying bribes and 50 percent thought it was common for firms in their line of business to make irregular payments to get things done (Hellman et al., 2000: 34). According to the Diagnostic Surveys of Corruption prepared at the request of the Romanian Government, 38 percent of public officials reported that they had been offered a gift or money during the previous twelve months, while 28 percent of enterprises and 42 percent of households reported that they were made to feel a bribe was necessary or directly offered bribes or gifts during the previous twelve months (Anderson et al., 2001: viii-ix). To the ordinary citizens, corruption causes at least as much concern as the paths of transition in itself, since it sneaks in every little corner of their lives. "Seeing corrupt bankers and politicians thrown into jail or out of office is far better for the market economy than economic reform.", declared in 1997 a citizen for *The Economist* ("The Romania's Chief Sheriff", March 5th 1997).

Our main concern in this paper is to investigate the insides of the interaction between middle-sized business entrepreneurs and public officials in the delicate field of corrupt exchanges. The perspective is a pretty unusual one, since most of the literature on corruption is written from an outside point of view – the causes of corruption, its effects on the society, strategies of reform. But very few authors tried to get a closer look into the minds of the potentially corrupt players. Who are they? When and why do they engage in or refuse to engage in corruption? What calculations do they use? How do they perceive their own actions? This paper tries to enter the ‘black box’ of the mechanisms driving the act of corrupting from the perspective of a particular kind of client, the middle-sized business manager. The stage where our players act: Romania. We shall draw a picture of the perceptions, experiences, reasons, and means that Romanian entrepreneurs make use of in contact with public officials in a period of political and economic transition.

2. The Concept of Corruption. Basic Theory

There seems to be a general agreement in the literature that it is difficult to build a comprehensive theory of corruption, especially since its causes and effects are highly case specific. However, several causative factors have been suggested in the literature: long-term causes such as culture and traditions, especially administrative traditions; short-term causes such as the dislocation associated with a transition from one political and economic system to another (Grodeland; Koshechkina, & Miller, 1998).

Many scholars believe that the cultural factor has a major influence on the level of corruption in a country. Huntington emphasized the role of the religion as a cultural divider between the ‘West’ and the ‘East’. In Europe he opposes the Orthodox East to the Catholic/Protestant West, emerging into different cultural traditions, that highly determine the political, administrative, and economic structures of those countries which share the same religion (Huntington, 1993, 1996, apud. Grodeland; Koshechkina, & Miller, 1998).

The revisionist approach highlighted the fact that corruption can be beneficial for the society (Caiden & Caiden, 1990: 61). In their view, bribery without theft can contribute to overall economic efficiency. For the revisionist theorists, the bribe can be seen as a pseudo-price for the bureaucrat’s costs of time for delivering his public services. In other words, he trades more rapid performance for money, gifts, and other valuables (King; Kantor and Gheorghiiță, 2002: 12). This arrangement permits a new service allocation rule, based on a

relative price-cost function of the various clients, and speeds up – or even unblocks – the bureaucratic mechanism of delivering public services.

Reformist theorists do not agree to this efficiency argument. For them, economic efficiency is highly related to competitive market, while corruption is a particularly anti-competitive phenomenon. It also has pervasive and long-lasting negative effects for the society as a whole. First, corruption creates inefficiencies in the delivery of public services. Second, corruption undermines the democratic culture, breaking the defining linkage of democracy between collective decision-making and people's power to influence political decisions through speaking and voting (Warren, 2001: 2).

In the recent years, a new approach tried (with a considerable success) to deal with corruption, in an attempt to explain the nature and extent of corruption in the post-socialist world.¹ This approach emphasized the role of social networks, regarded as relationships among individuals that imply obligation and ease the flow of information (Gehlbach, 2001: 3). In fact they are a form of social capital. Corrupted social networks specific for the communist Eastern Europe are usually known as *blat*, using the Russian term for the phenomenon of:

... use of personal networks and informal contacts to obtain goods and services in short supply and to find a way around formal procedures (Ledeneva, 1998: 1).

Blat was what allowed socialist economies to approximate an efficient distribution of resources (Ledeneva, 1998: 1; Gehlbach, 2001: 5). *Blat* made the system work: goods and services were rationed by the state but redistributed by *blat* (Ledeneva, 1998: 206).

Though such networks are an institutional legacy of communism, they still exist today and serve different functions. In Gehlbach's terms, managing a state-owned restaurant in the socialist era, you would rely on ministry connections to acquire necessary kitchen supplies; owning a restaurant in the postcommunist era, you might count on friends to give you a tax break that others need to pay a bribe to receive (Gehlbach, 2001: 5). There are at least two ways in which these social networks determine the nature and the extent of corruption:

First, by implying the obligation to not act opportunistically, the connections that make up social networks *substitute* for money when dealing with corrupt

¹ Although present in all countries, corrupt social networks were especially important for the individuals living under communism (Gehlbach, 2001: 5).

officials. Thus, corrupt officials are less likely to demand of their friends the bribes that they charge strangers. Second, by easing the flow of information as well as implying obligation, social networks *complement* money when dealing with corrupt officials. In particular, social networks solve a “holdup” problem that occurs when individuals looking for an official to bribe must first engage in a costly search to find the right official (Gehlbach, 2001: 5).

Summarizing, social networks substitute or complement the bribe when dealing with corrupt officials in the post-communist countries. Through these connections, it is likely that individuals gain – for significantly smaller prices – the illicit advantages they should have paid a bribe for.

However, despite these contradictory perspectives, corruption is generally regarded as an exchange relationship that implies the existence of three actors: a principal, an agent, and a client (Banfield, 1975). The principal actor is the public sector, with its goals and policy directives as articulated through the governing State apparatus (King; Kantor and Gheorghiuță, 2002: 6). The implementation of the principal’s decisions occurs through the agents (bureaucrats). The agent is corruptible to the extent that he has, a priori, the ability to conceal his corruption from his principal (Cartier-Bresson, 1997: 463). An agent becomes corrupt when he sacrifices the interests of his principal to his own benefit, and, in so doing, breaks the law (Cartier-Bresson, 1997: 463). His own benefit comes from a separate arrangement with the client that he’s supposed to deliver public services to. This separate arrangement is centred around a specific service that is particularly important to the client, that he especially needs or he wishes to avoid (King; Kantor & Gheorghiuță, 2002: 6). There is no need to emphasize that the client’s gains and losses depend upon the agent (Cartier-Bresson, 1997: 463).

Deriving from the main three approaches to the problem of corruption and maintaining the general principal-agent-client scheme, three types of definitions of corruption occurred in the literature: public interest, public duty, and market centered (Caiden & Caiden, 1990: 62). The first, which has largely been rejected by the revisionists, regards corruption as arising:

whenever a powerholder... i.e., a responsible functionary or office holder, is by monetary or other rewards not legally provided for, induced to take an action which favors whoever provides the rewards, and thereby does damage to the public and its interests (Friedrich, 1966: 74).

The general critique formulated against such definition concerns its high level of inaccuracy in introducing the concept of public interest. In this way, the recognition of corruption occurs only after a contextual and highly inconsistent clarification of what public interest means (Caiden & Caiden, 1990: 62).

The second type of definition is focused on the concept of public duty. The most cited definition in this area refers to corruption as a:

... behavior which deviates from the formal duties of a public role because of private-regarding (personal, close family, private clique) pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence (Nye, 1967: 417).

This definition is functional enough as long there is no confusion regarding the standard from which corrupt practices diverge and the nature of public duty. Once, however, the public standard is challenged, or regarded as relative to circumstances, then considerable ambiguity enters in recognizing and punishing the acts of corruption (Caiden & Caiden, 1990: 62).

A third type of definition goes beyond the moral dimension dominating the previous ones, regarding corruption as a mean. It is a mean that impedes the development of a freely competitive market, because:

Corruption is an extra-legal institution used by individuals or groups to gain influence over the actions of the bureaucracy (Leff, 1964, apud. Caiden & Caiden, 1990: 63).

Conceptually, the departure point of our analysis is a market-oriented approach to corruption. We also emphasize the role of social networks in dealing with corrupt officials. In other words, along this paper, we do not deal solely with *bribe*, but also with *connections* in analyzing the phenomenon of corruption.

3. Purpose and Methodology

The aim of this paper is to analyze the phenomenon of corruption from the perspective of *corruptors*, emphasizing the perceptions and experiences of successful medium-sized business firms. Most of the information is derived from a series of four structured focus

groups with the leaders of the top middle-sized commercial enterprises in the Cluj county, conducted during the fall 2001 and winter 2001-2002.² Our sample included firms located in the Cluj county, having 30 to 330 employees. We deliberately limited our study to highly competitive firms – as identified by the Cluj Chamber of Commerce, Industry, and Agriculture – that have successfully adapted to transitional conditions in Romania.

Firstly, the top middle-sized business firms we were interested in were sorted into two categories, depending on their field of activity. In the first category we included firms acting in heavy industry, agriculture, and civil engineering, while the second one was dedicated to light industry, commerce, and services. Then, the manager, the director or some other central management person from each of the business enterprises in our list was invited to participate in a focus group. For each of the two sub-groups were designed two sessions of focus group conversations. The response rate was about twenty-five percent, pretty high given the specific of the participants (business leaders, having busy schedules) and the particular design of the study.

The use of the focus group as the main method of investigation in our analysis was driven by the need for in-depth answers, that could get behind the usual coded responses in surveys (for example, see Andersen et al., 2001). Focus group permits respondents to explain their positions, to talk at greater length in an interactive environment, more similar to that in everyday life (Krueger, 1994: 34; Bulai, 2000: 24). At the same time, conversation between participants and researchers, by stimulating group effects, often develops secondary topics, perspectives, or considerations that are novel or insufficiently considered in ordinary thought (Morgan, 1998: 58; King; Kantor & Gheorghîță, 2002: 2). Finally, group dynamics filter responses through the lens of commonly held values, helping to reduce ambiguities and clarify disagreements (Stewart & Shamdasani, 1990, apud. King; Kantor & Gheorghîță, 2002: 2).

Methodologically, the four focus groups conducted with entrepreneurs followed a similar pattern. They developed around two sequences of questions, emphasizing economic conditions and political conditions. Throughout the conversations, the moderator was especially attentive to issues of corruption, attempting to have the respondents elaborate on the topic.³ The moderator's style was neutral and formal, given the profiles of participants (business men). In order to stimulate interactions and group communication in a situation of

² The four focus groups were part of a larger project, *Political Decision-Making and Economic Development*, developed by Tulane University (USA) and Babeş-Bolyai University (Romania), in the general frame of the IREX Program, and coordinated by professors Ronald F. King and Irina A. Kantor.

³ For further details, see King, Kantor & Gheorghîță, 2002; Gheorghîță, 2003.

relative stress (Bulai, 2000: 64-65), each focus group was preceded by a warm-up session of 15 to 20 minutes.

Supplementary data were also collected from the participants by means of a brief written questionnaire concerning their firm, educational background, and political affiliations.

4. Analysis of Focus Group Conversations

4.1. Perceptions of the corruption as a phenomenon

Our analysis revealed a high degree of similarity between our respondents' perceptions of corruption as a general phenomenon. There is a common point of focus in their abstract discourse on corruption: *macro-* versus *micro-*. They perceive a deep gap between *central* and *peripheral* corruption, in other terms between corruption related to central administration and corruption related to local administration. For our middle-sized business managers, there were two organically different forms of perceived corruption: corruption in Bucharest and corruption elsewhere.

“You have no idea about what’s happening in Bucharest, in the ministries, national companies...” (P 2.4.)*⁴

“(Here) I’d say real corruption doesn’t exist. These are trifles. But... things happen somewhere, at high levels. But here, in our everyday life... Here it’s about a bottle, and only if I want to.” (P 1.3.)

“We are too insignificant... Eventually, we’d have to bribe only a small office-holder...” (P 3.4.)

In our respondents' view, central corruption usually implies state capture, given the highly instable character of legislation:

“Speaking of electronics... Do you believe that big firms in Bucharest... It’s as simple as that, you have a temporary law that says: ‘This product exempted from customs for one month.’ By that time, he (the manager of a big firm in Bucharest) already has the whole transport prepared on a ship in the Constanța harbour. Then five trucks come and unload the electronics... After a short period, the law expires, but he... he’s got himself a pretty nice profit.” (P 3.2.)

Summarizing, we observe a relatively strong spatial division in the perceptions of corruption by middle-sized business managers in Cluj. Going deeper, we may say that the

* Several focus group citations are translated by Ms. Adriana Groza for King, Kantor & Gheorghiu, 2002.

⁴ Textual references are to the participant (P), moderator (M), focus group number (1st), and participants' number (2nd).

divided perceptions of corruption highly overlap a center-periphery cleavage. In a business environment described as highly centralised, where decision-making is monopolized by the capital city, business men similarly perceive corruption as centralised, related to the poles of decision.

This remark leads to another aspect that needs to be highlighted. The middle-sized business leaders that took part in our focus groups had a highly biased perception of corruption as a social phenomenon. For them, ‘real corruption’ involves more decision-making than implementation; it’s more about rulers and less about bureaucrats. In other terms, ‘real corruption’ is the *state capture* (with its local-level correspondents), an arena less accessible to them as middle-sized business owners.

4.2. Attitudes towards the act of corruption. Portraits of middle-sized business leaders

Our investigation identified certain features of middle-sized business managers that, taken as a whole, we believe can anticipate to a certain degree their behavior in relation with the officials in public administration. Thus, based on a few information related to his/her past, age, experience, character, level of education, we believe we can make a pretty good guess of his/her position related to the phenomenon of corruption. Interpreting the answers of the focus group participants, we sorted four consistent categories of middle-sized business managers with specific reactions to the act of corrupting.

A. *The Old Apparatchick*. He tends to be rather old, in his fifties or more, holding a solid social standing. Most likely, he holds a university degree. He was part of the managing team of a state firm before the revolution, or had certain abilities that placed him in a desirable position within the social exchange networks of that time:

“I had worked abroad (in foreign trade) for six years before 1990.” (P 1.3.)

“They came to me because they knew who I am. (...) By the time of the revolution, I was very well known. (...) I also had the money... When Ceaușescu dissappeared, I was a guy that had twelve *Dacia* in his pocket...” (P 3.2.)

Often, an individual in this category leads a private (or semi-private) firm that functions either on the structure of the state firm he managed before the revolution or in an illicitly unilateral-profitable partnership with that firm. His experience and his position introduced him into diverse networks of contacts, that he easily appeals to and makes use of. He is proud of his contacts, especially of his friendly relationships with political elites, that he never forgets to mention:

“I know the Cluj politicians as private individuals. I have no problem politically. I collaborate with the City Hall on specific issues.” (P 1.3.)

“If you go to the Chamber of Commerce, you’ll find at least 50 people waiting, it’s impossible to communicate. Well, I give the mayor a call, we have a cup of coffee, and then I tell him: ‘Sir, you know, that thing and that thing...’. (...) We discuss in private and I solve my problem...” (P 3.2.)

As he is part of the network, he never needs to make use of bribe. A call is enough. That’s why such an individual tends to severely underestimate the level of corruption or even to deny its general relevance for the business environment:

“But these are trifles! You can’t call such things corruption. Even in the capitalist states there is the commission, that is legally granted.” (P 1.3.)

B. *The Domestic Associate*. He is the local partner of a foreign investor. He is usually younger, dynamic, and strongly committed to the idea of a modern market economy and of European integration. The contacts with foreign business partners taught him the lesson of rigour. Such an individual is highly rigorous in fulfilling his duties and demands from the others the same thing, even if it’s about paying state taxes:

“If Mr. P 3.4. convinced ten of his friends to pay their taxes, then all of us would pay less.” (P 3.3)

He doesn’t like corruption and corrupting, at least because he can’t find enough “black money” for paying bribes in his book-keeping. For an individual in this category, corruption is only a necessary evil, that he makes use of only for avoiding the bureaucratic inefficiency and artificial delays that would place his firm and his contracts at risk. However, he never practises corruption with theft:

“(You pay bribes) ... for them (the bureaucracy) to take your documents before the others’. For waiting only one day, but not ten.” (P 1.1.)

“Or for making yourself sure that they respect the legal timing, as they exceed it all the time, without giving any explanations.” (P 1.2.)

C. *The Survivor*. He tends to be younger (20-40 years old) and hold a technical formation. Usually, he began with a small business of his own that he hardly continued to develop. An individual in this category strongly denounces corruption, probably more than those in any other category. He is tired of continually fighting against systematic unfairness for his business to survive. He is the most pessimistic about the business environment in Romania.

Once, in his past, he's been an idealist, that didn't believe the actual dimensions of corruption. But the experience made him tough; in his frustration, he became more pragmatic:

“You won't believe me, but there was a time when, in my complete innocence, I thought that people might mind if I gave them money. Would you believe that?! And they don't mind, not at all!.. I thought that I might hurt somebody's feelings by giving him money... But they don't feel at all offended, on the contrary, they think they fully deserve all the money I... and believe me, it's a lot of money I'm talking of.” (P 4.3.)

“It took me a lot of time to discover this shortcut. They saw me as an honest man, an idiot who saw the world through a horse's glasses and can only see the law. Nobody dared to tell me until one day, exasperated, I asked somebody. I was told: ‘Well, you are the honest one’. ‘OK, let me not be honest anymore.’ So I solved the problem.”
(P 4.3.)

Despite his beliefs, after a certain moment in his career, the manager in this category doesn't hesitate anymore to turn to corruption (with or without theft) as a survival solution. The survivor is a cynic, who would like to live in a different economic world, but has made a practical adjustment to the situation he experiences (King; Kantor & Gheorghiuță, 2002: 4).

D. *The Idealist*. He is a pretty bizzare presence in the Romanian economy of tranzition. He refuses to pay bribe, no matter what consequences his actions might involve. Even if his business is at risk. Despite any obstacles, an individual in this category remains an incurable optimistic:

“Where does my optimism come from? Because we... have the chance to be among the European countries considered civilized. Sooner or later, we will go ahead.” (P 4.3.)

“I'm telling you, in our field we've already overcome this phase... We had this phenomenon, it manifested itself, there was a time when contracts were drawn based on connections, relatives, friend, bribes, and that kind of stuff. But finally, only the contracts based on professionalism remained.” (P 4.2.)

An individual in this category knows the laws and will ardently defend his rights, even if this impedes his future business achievements. Even more, he will usually make himself a title of honor out of his lawsuits against the bureaucracy:

“I was told: ‘You don't have the right to...’ ‘I don't have the right?’ ‘No, you don't!’ So I went home, took my collection of laws, and I said: ‘Please read this and then tell me if I have the right to or not.’ ‘You don't have the right!’ ‘It doesn't matter. Please register my official request (application).’ But, you see...

there are people who give up after the first refusal, while other people are more tenacious, they know when to fight.” (P 3.4.)

“The IRS left from our firm without a penny. We’ve told them again and again: ‘We are right, otherwise we’ll call you in justice.’, until they gave up. They don’t know how to lose. Every time reprisals follow...” (P 2.1.)

The Romanian business partners often regard him as a foolishly inflexible person and avoid him. They continuously regard him as an immediate danger for the corrupted business networks they are part of. And that’s why the idealist is often left out. For this reason, the idealist does business almost exclusively with foreign partners.

4.3. Experiences with corruption. Why corrupting?

The public’s perceptions about corruption suggest that many feel corruption as widespread.⁵ Apparently their own personal experiences, as reported in surveys, suggest likewise. Thirty-eight percent of public officials reported that they had been offered a gift or money during the previous year, while twenty-eight percent of enterprises reported that they were made to feel that a bribe was necessary by various public officials in the same period of time (Anderson et al., 2001: viii). The case of ordinary citizens is even more dramatic, forty-two percent of household respondents reporting in 2001 that they had offered bribes or gifts or that they were made to feel that those were necessary in their contacts with public officials during the last twelve months (Anderson et al., 2001: viii).

This section examines the specific experiences of middle-sized business firms with corruption, as they came out from our focus groups. In fact, we’re trying to answer a few simple questions: *why* do entrepreneurs corrupt? What for do they need to corrupt? What kinds of advantages do they receive in exchange for the bribe? Is bribe the price of maintaining a business firm out of risk? Based on the analysis of our group discussions, we identified six general situations in which middle-sized entrepreneurs use (or are forced to use) corruption.

1. In order to avoid the bureaucratic delays in processing business firm’s requests caused by the inefficient or interested-malevolent behaviour of the public officials; or in order to accelerate this process:

⁵ Fifty percent of the citizens believe that “all” or “most” officials are corrupt, according to Anderson et al., 2001: vi-vii.

“(You pay bribes) ... for them (the bureaucracy) to take your documents before the others’. For waiting only one day, but not ten.” (P 1.1.)

“Or for making yourself sure that they respect the legal timing, as they exceed it all the time, without giving any explanations.” (P 1.2.)

2. In order to make sure that public officials or national companies correctly perform their legal duties, that they refuse or unjustifiably delay as a form bribe-asking blackmail:

“I’ll give you an example: I have to get an authorization, let’s call it Z. They make good money out of these authorizations... I was made a pretty transparent suggestion: how much should I ‘pay’ in order to get what I’m entitled to.” (P 4.3.)

“You can’t register a car at the Romanian Registry of Automobile (RAR) without...” (P 4.1.) (...) “... About this RAR example... (...) I have the mechanic, who tells me that my car is OK. That’s in vain, as they (the RAR officials) tell me that it’s not OK. And there’s nothing you can legally do to call them to account. That’s the trouble, you can’t call them to account: ‘Why don’t you give me the authorization? I’m entitled to, you bastard, why don’t you give me the authorization?’ But, who’s gonna punish him for not giving me the authorization?... No one!” (P 4.2.)

3. In order to get and maintain a preferential position in comparison with their direct competitors. In these cases, carefully handling bribe and influence, the entrepreneur makes use of and finally controls the bureaucracy in order to get the confidential information needed, a preferential treatment, or, even worse, in order to obstruct his competitors:

“These big firms (...) they fill bureaucrats’ pockets in order for them to sabotage you. (...) You see?... And we compete to them, we have the same suppliers and we compete for the same customers!!!” (P 2.2.)

“As long as there are politicians in the boards of these firms, they can lobby for them and against the others.” (P 2.4.)

“We work with the City Hall sometimes. And they (the City Hall officials) preferred to order the product X to a firm in Moldavia, while our firm was here, in Cluj. But we are members of a different party than the Mayor’s. My head-manager is a member of the Y party. Anyway, they order us the products no one else can do and they have no choice. But really profitable business are done somewhere else...” (P 2.1.)

4. In order to compensate for entrepreneur’s incompetence in managing the firm’s records. In relationship with public officials, the entrepreneur must provide appropriate and

comprehensive documentation, that he often fails to achieve. In such cases, he usually offers a 'gift' to the official, in order for him to 'overlook' the incomplete documentation:

“Summarizing, corruption is so widespread in Romania because: first, the one who asks something (to a public official) doesn't know exactly what he needs, and second, he is not well prepared. Instead of having a complete file with all necessary, he's got two or three sheets of paper. And then he's forced to give up to one demand or another, to say: 'Please, don't ask me the third document. We'll find a way to work this out.' This is an important aspect of this problem.”
(P 1.3.)

5. In order to facilitate illegal activities in the process of privatization – underevaluation of state-owned assets, illicit transfers of capital and patrimony:

“You have no idea about what's happening in Bucharest, in the ministries, national companies. Every time there's someone who asks you: 'Are you interested in a profitable business? You have to pay as much!' (...) That's the way it works. So, even if you're damn naïve, you can get things done, especially when it's about these new public auctions, designed for small and middle-sized business firms.” (P 2.4.)

“Auctions are usually fair. Unfair influences occur before the auction, when it's discussed what to be sold.” (P 1.2.)

6. State capture, in order for the entrepreneur to gain influence over governmental decisions. Usually, these decisions are designed to offer to different categories of business firms tax exemptions, import facilities, tax-paying delays or any other kind of advantage that would reflect into an illicit profit for the entrepreneur. This particular form of corruption is accessible to a limited number of entrepreneurs, able to manipulate extremely high amounts of money:

“We are too insignificant... Eventually, we'd have to bribe only a small office-holder... If we were as powerful as, let's say, the Micula brothers and their *Frutti Fresh*, we'd probably be in position to pay bribes at much higher levels, in order to gain a facility act telling: 'The firms that payed their taxes until January 1st are exempted from any former penalties they accumulated.' In that case, they (high officials) would release such an act for me.” (P 3.4.)

“So you are saying that laws, at least some of them, are designed to favor somebody or somebody else?” (M 3.1.) **“Yes, that's exactly what I say.”** (P 3.4.)

“Speaking of electronics... Do you believe that big firms in Bucharest... It's as simple as that, you have a temporary law that says: 'This product exempted from

customs for one month.’ By that time, he (the manager of a big firm in Bucharest) already has the whole transport prepared on a ship in the Constanța harbour. Then five trucks come and unload the electronics... After a short period, the law expires, but he... he’s got himself a pretty nice profit.” (P 3.2.)

5. Conclusions

The analysis of the four focus group conversations with middle-sized business firm managers confirmed the existence of extensive opportunities for corrupt exchanges between firms and public officials. Small scale corruption without theft is largely spread in the middle-sized firms’ business environment and it is frequently invoked as a necessity in order not to place the firm or its contracts at risk. Larger scale corruption with theft is often regarded as inaccessible to middle-sized firms and is usually associated with state capture and the decision poles in the capital city. There is a wide range of situations in which middle-sized entrepreneurs make use of corruption, by appealing to connections or bribes, and this frequent use thoroughly harms a sound business development.

Our analysis evidenced a clear relationship between the way middle-sized business firms relate to corruption and the manager’s personal profile. The firm’s field of activity is another factor that should be kept in mind. Corruption is largely widespread, but specific fields (civil engineering, transport services) and specific deals (mainly occurring in partnership with the public administration) are by far more vulnerable to corrupt behaviours than the others. For these reasons, in the process of articulating anti-corruption policy strategies, we believe that developing highly targeted complementary policy measures is a must.

Besides these specific policy strategies, there are clear signs that the economic growth, the diminution of the public sector (as an immediate result of the privatization process), and the generalized free economic and political market competition will highly reflect in a solid decrease in the frequency of corrupt behaviours. However, all these factors will develop comprehensive effects in combating the phenomenon of corruption only if they are grounded on a strong cultural legitimacy, defined in terms of goal-agreement and responsibility.

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