

Oana-Ramona LOBON
Nicoleta Claudia MOLDOVAN
Anca Sofia POPESCU

Faculty of Economics and Business Administration, West University of Timisoara

THE PERCEPTION OF CORRUPTION AMONG YOUNG PEOPLE BETWEEN REALITY AND PRAGMATISM

Theoretical
article

Keywords

Level of corruption
Perception of corruption
Questionnaire based analysis
Romania

JEL classification

H26, K42, Z13

Abstract

Corruption is nowadays a highly questioned matter, the subject of numerous debates and studies in recent years. The increasing awareness of the dramatic effects of corruption on a country's progress accelerates the examination of causes of the occurrence and spread of corruption worldwide.

To achieve a higher degree of relevance in determining the level of corruption, this paper attempts to outline a questionnaire based analysis on the perception of corruption in Romania; the means used were the e-mail and social networks. The respondents were asked to assess certain statements, and to agree or disagree with them. The results are in line with the previous research: most items express strong agreements, highlighting a perception strongly influenced by the belief that in Romania, corruption is pervasive. Given the current context strongly influenced by the financial crisis, our paper represents the effect of the importance and usefulness of the subject for practice and current research in the socio-economic domain.

1. INTRODUCTION

In the last few years, corruption from all around the world caught the attention of economists and the general public. The increasing level of awareness in what concerns the dramatic effects of corruption in developing countries accelerates the investigation of causes which are responsible for occurring and spreading corruption worldwide. Giving the fact that corruption continues to be a serious problem for most of the countries, the governmental measures need to be more precise and efficient in order to slow it down.

The growth trend of various acts of corruption in the Romanian society is a real phenomenon, whose production mechanism, social consequences and ways of finding solutions interests both factors in the role of prevention and social control, as well as in reducing corruption in various sectors of economic activity, politics, social and administrative areas. According to this, the experts consider one important element to keep in view in matter of corruption phenomenon evaluation, such as social perception and general public reaction to defining acts of corruption and its mechanism of production and manifestation. This issue has led a number of public and non-governmental organizations at national and European level, to reorganize and intensify activities to combat the phenomenon of corruption.

For various international organizations, such as The World Bank, International Monetary Fund, Organization for Cooperation and Economic Development, controlling corruption is high on their agenda. According to them, corruption is a major point of interest for growing and developing countries.

Based on these considerations, this paper aims to identify the level of awareness of the impact of corruption upon economic development of a country and society, especially among young people. It is important to notice the need of reducing

corruption in Romania, this being an obligation of now-a-days people to ensure a good future for the next generation, from the economic and social point of view.

The second part of this paper continues with specific literature that aims to clarify some essentials purposes: the conceptual approach of corruption treated by experts in the field, highlighting the relationship between corruption and other variables, as well as the presentation and analysis of the indicators measuring the perception of corruption.

In order to achieve a higher degree of relevance in measuring corruption, in the third part the paper is outlined an analysis based on a questionnaire on youth perception of corruption in Romania. In the fourth part it will be presented and analysed the results obtained from the questionnaire on each section.

The paper concludes with the fifth part where there will be presented the conclusions of the analysis carried out in the fourth part, followed by the identification of the limits of our research.

2. LITERATURE REVIEW

Ancient concept, well-known, frequently used in the public speech almost since ever, from all around the world and from nowadays too, corruption, as a phenomenon in itself, and also as a practice that needs to be stopped and combated, has been defined, studied and analyzed, including quantified along time.

According to Heidenheimer et al (1989) corruption can be interpreted as a transaction between actors from the private sector and public sector, through which collective goods are illegally converted into private property. This point of view was also held 10 years earlier by Rose-Ackerman (1978), who stated that there is corruption in the interface between the public and private sectors. Nye (1967) argues that the phenomenon of corruption represents the behaviour which deviates from the formal duties of a public role due

to private interests in what concerns the welfare or earnings of functions. Definitions of corruption involved by international organizations, such as the World Bank and Transparency International, revolve around understanding corruption as the abuse of public power for private gain.

Corruption takes different forms and can vary from a current situation to global phenomenon, involving politicians and important amounts of money. Thus, Transparency International distinguishes two types of corruption. *High corruption* occurs when political leaders or senior bureaucrats abuse their power for personal gain, such as making available the results of public auctions in exchange of bribes. On the other hand, *petty corruption* involves a more common abuse, or a daily abuse of power by medium and low officials. This may mean providing or requesting bribes in schools, hospitals and police departments (Dancikova, 2012). It is obvious that there are two parties always involved in corruption, but the one that initiates the phenomenon makes the difference.

Corruption from the requesting party involves people that ask to pay bribes to access services they are entitled (i.e. blackmail), such as health services, different types of recordings, or companies forced to pay bribes when they are given an auction public. *Corruption from the bidder party*, on the other hand, means that persons or companies corrupt officials for their benefit, for example, companies that bribe officials to circumvent the rules (Ugur, 2011).

Arvas and Ata (2011) believe that there is a relationship between the level of economic growth, or economic development, and the level of corruption. Lack of economic resources may seem to be a fundamental factor leading to corruption. Although corruption is a phenomenon that exists in all countries, it may occur more rapidly in low-income countries. In high-income countries, there

may be put into practice compensatory measures that prevent the spread of corruption: (a) wage growth, education and urbanization (b) improvements in transportation and communications technology, (c) developing the mass-media, (d) improvements in managerial skills and accounting, (e) increasing the capitalist class, the urban middle class and the urban labour force, (f) increasing pressure on government spending.

The level of corruption has been put in relationship with the level of foreign direct investments too. Rose-Ackerman (1999) argues that foreign direct investment is deterred by high levels of corruption. Corruption allows the existence of an informal sector, thus the business sector offers fewer opportunities for honest businesses, including foreign investment. Mauro (1995) shows that high levels of corruption are associated with lower levels of investment.

Burdensome bureaucratic rules can be regarded as exogenous, and thus corruption helps in avoiding regulations and increases both the welfare of bureaucrats and of their clients. However, bureaucratic regulations can be chosen endogenously by bureaucrats to extort their customers, such a phenomenon, rather having negative effects on the economy and foreign investment. Thus we can state that there is a link between the level of corruption and of bureaucratic regulations (Radu, 2010). Mauro (1995) put together an index of bureaucratic efficiency, based on the answers to two questions, the regulations' level and the efficiency of the justice system. This index is negatively associated with the level of investment.

Another relationship is the one between corruption and poverty. Widespread, corruption tends to be associated with widespread poverty, but there is no clear sense of causality. Johnston (2007: 43) believes that some countries remain poor because they are corrupt, but, they can also experience a pervasive corruption just because they are poor. Chertwynd et al

(2003) argue that the phenomenon of corruption does not cause poverty directly, but indirectly, through the consequences it has on the economy and governance. Corruption discourages investment, reduces the quality of public infrastructure, affects tax collection, reduces the capacity of public institutions, limits citizen participation, etc., all of these having an impact upon poverty.

Jong-Sung and Khagram (2005) argue that economic factors are often considered to be the main causes of corruption. For example, the rich have greater motivation and more opportunities to expose corrupt practices, while poor people are more vulnerable to being exploited and are less able to regard the rich as responsible for their decisions and actions.

Eiras (2003) believes that in some cases, corruption reflects not so much a lack of ethics, as reflecting a lack of economic freedom. In order to better understand the link between corruption and economic freedom, first we should correctly perceive the concept of economic freedom, and only then explain how its absence facilitates corruption. Beach and Kane (2007) argue that economic freedom is the absence of government coercion or constraint on the production, distribution, consumption, or goods and services beyond the necessary extent so that citizens protect and maintain liberty itself.

Rose-Ackermann (1999) believes that economic freedom and corruption are phenomena for which the functionality and quality of governance of a country is a determining factor. Government may impose restrictions on free trade through taxes or bureaucratic regulations, which creates the possibility that public official to take bribes, or engage in similar activities. To avoid these restrictions, some people will be willing to pay bribes to get what they ask. On the other hand, a free market can also be used to increase the pressure of illegal means, in order to stay one step ahead of the competition.

Graeff and Mehlkop (2003) argue that different types of improvements in economic freedom have different results on corruption, depending on the welfare of a country. The authors indicate that the legal structure affects corruption additionally in the rich countries, while access to money is noteworthy for poor countries. Billger and Goel (2009) show that among the most corrupt nations, greater economic freedom does not seem to reduce corruption.

These types of more general correlations, that we have highlighted so far, represent only a small part of the multitude of possible correlations. These different approaches to corruption, as a social, political and economic phenomenon, cause a series of difficulties for transposition in indicators of measuring the phenomenon. Moreover, indicators of corruption differ in their conceptual dimensions, some having larger dimension than the others.

However, because corruption can be evaluated in a variety of ways, we identify a number of criticisms and questionings to this. Without going into the details of the debates on the advantages and drawbacks of different methods, it is important to mention that there are different aspects of corruption that can be measured unambiguously, such as frequency of occurrence, types, costs and effects, contributing factors or perceptions of the phenomenon. The methods used range from identifying target groups, case studies and field observations, to making studies, reviews and evaluations of institutions, their provisions and practices. Perception-based surveys are probably the most widely used internationally.

The rapid expansion of corruption has attracted the attention of numerous researchers, and the public, businesses and governments. In order to prevent and combat this extremely complex social phenomenon, internationally spread, several international bodies took the lead in measuring corruption. Among the most famous ones, there are the Transparency

International (TI), the World Economic Forum (WEF) and the World Bank (WB).

The most important indicators used to measure corruption by Transparency International are the Corruption perception index (CPI), which ranks 150 countries according to the degree to which corruption is perceived existence among public officials and politicians and two surveys, the Global Barometer of Corruption (GBC) and the Bribe Payers Index (BPI).

Among the three types of indicators, differences are placed in the subjects' area in opinion polls and in the area where corruption occurs. Thus, while the CPI assesses the levels of perceived corruption in the public sector, from the perspective of residents and non-residents, the BPI presents the experts' opinions of the business environment on the trends of companies in major exporting countries to bribe abroad, i.e. on the "supply "of corruption, and GBC presents the general public views on corruption, particularly in the light of individual experience.

World Economic Forum (WEF), an international non-profit body, measures corruption in the world, as part of Global Competitiveness Report (GCR). Its aim is to rank countries based on their competitiveness and corruption. It is measured as one of the indicators of a competitive business environment.

Worldwide Governance Indicators (WGI) of the World Bank (WB) available since 1996, are another well-known source of information on corruption worldwide. WGI is a database of composite indicators assembled by the World Bank through multiple investigations, and the individual indicators released by experts. Indicators include political stability and absence of violence, government efficiency and control of corruption.

The three examples of data sources on corruption show that corruption measurement is mainly based on perceptions of corruption, i.e. the respondents' subjective judgment. Such

data are easily criticized as subjective data do not provide valid information, especially useful in international comparisons.

3. METHODOLOGY AND DATA

To achieve a higher degree of relevance in measuring corruption, this paper attempts to outline an analysis based on questionnaire on the perception of corruption in Romania. The questionnaire was developed in Google Docs and was administered via email and social networks. The respondents were asked to evaluate certain statements and express their agreement or disagreement regarding these statements.

In developing the questionnaire we used nominal item type and item Likert-type scale. A Likert item is a statement where the respondent is asked to evaluate considering any objective or subjective criteria; in general being tested the level of agreement or disagreement with that statement. The scale is symmetric, as it has an equal number of positive and negative positions, relative to a neutral position. In this case we used a five-position scale: strong disagreement, partial disagreement, neither agreement nor disagreement, partial agreement, strong agreement. The suggested items were adapted, on the one hand according to the Special Eurobarometer Surveys - Corruption Report (Special Eurobarometer, required by the European Commission, on the attitudes of Europeans towards corruption, the publication of February 2012 contains the survey and its results), and Global Corruption Barometer issued by Transparency International, and a number of items were shaped by the author, considering the literature studied.

The items were grouped into five sections through which we have analyzed the respondents' perception on various aspects of corruption, as follows:

- Section I: aims to identify respondents' perception on the seriousness and extent of spread of corruption in Romania;
- Section II: aims to identify respondents' perception on the corruption level in key institutions and sectors in Romania;
- Section III: aims to identify respondents' perception on the reasons for the existence of corruption in Romania;
- Section IV: aims to identify respondents' perception on certain negative consequences that may arise due to the existence of corruption;
- Section V: aims to identify respondents' perception on the measures necessary to reduce corruption in the Romanian society;

The questionnaire has also two introductory questions seeking respondents' assessments of the level of corruption in the past and its developments thereafter. *The questionnaire was completed by 118 respondents aged between 18 and 25 years, who were divided according to several socio-demographic variables: gender, education and the respondents' quality of employee.*

The items in the survey focused on the respondents' perception on corruption and less on their experience, as we believe that studies based on the experience of interviewees may be influenced by their fear of answering honestly, especially if they were the directly involved in corrupt transactions.

4. RESULTS

This section presents the results of the questionnaire on each section. Regarding the respondents' views on corruption, the results of the current status and prospects of the next three years are as follows: 49% of respondents consider that corruption has increased, while 42% believe that it was rather constant; about 39% of the respondents are optimistic and consider that the situation will improve, and 24% do not believe that corruption will vary in the next three years.

After analyzing *Section I* of the survey, relating to the respondents' perception of the severity and the extent of corruption, we found that: most respondents consider that corruption in our country is a major problem (97%), 82.11% of the respondents believe that in our country corruption is more widespread than in other Member States, and 70% of the respondents believe that corruption affects their everyday life, in this case there is also a significant percentage of neutral responses of 18.64%.

Analyzing the spread of corruption in the levels of administration, 71% of the respondents believe that there is corruption both in local and national institutions in Romania and, only 9% of the respondents strongly agree with the existence of corruption in EU institutions, in this case there is a large number of neutral responses (33.34%). These results reveal a perception strongly influenced by the belief that, in Romania, corruption is widespread. Regarding the respondents' perception on the prevalence of corruption, bribe giving and taking, and the use of power for personal gain among employees of several institutions, we found a strong agreement on corruption among health care system workers 55 %, and among customs employees, 46%. On the same institution, only 32 % of the respondents believe that employees in education are involved in corruption, while the high percentage of neutral responses is of 31%.

After analyzing *Section II* of the survey, on the respondents' perception of corruption aimed at several institutions, we have the following results: corruption is *high* and *very high* at the level of political parties (96.49%), Parliament (92.37 %), Government (90.68%) and healthcare system (86.26%). We can notice that the institutions involved in politics, are perceived by the population as the most corrupt ones. On the opposite side are the business sector (55.93%), media (60.17%) and the system of education (64.11%).

After analyzing *Section III* of the survey on the grounds that promote corruption, strong agreements recorded the items relating to ineffectiveness of the measures taken by the Government to combat corruption (77%), lack of transparency in public spending (72%), attitude of some people who think that by giving money /gifts get instead special treatment (71%), failure to correctly apply the laws by institutions that should deal with sanctioning corruption (70%). Reasons such as "corruption is inevitable, it has always existed" and the precarious socio-economic conditions, recorded the lowest percentage of respondents who felt that the agreement these factors have a low influence on corruption.

Among the possible consequences of corruption, according to the answers obtained, the respondents consider that the most important ones are the decreased prestige of law, implicitly of the law enforcement authorities (66%), lack of credibility of those in power (62%), demoralization of honest citizens (60%), and enrichment without any work of certain people (60%).

Analyzing *Section V* of the questionnaire, which seeks respondents' perception on the measures necessary to reduce corruption; we found that most respondents consider that corruption can be reduced: 30% totally agree and 41% partially agree. A breakdown of these results by socio-demographic variables shows that the percentage of those who strongly agree is higher for male respondents, and 36% among those respondents who have a job 34%.

Regarding the measures taken to reduce the level of corruption, we can state that the most urgent measures are considered to be: a more severe punishment of the acts of corruption (71.19%), a more effective involvement in reducing corruption of the institutions of control (89.51%), and changing attitudes of citizens (77.12%). Regarding trust in institutions we noticed that respondents

trust most in the fight against corruption in civil society (21%), and in international bodies (19%). On the opposite side are the institutions involved in politics, government (3%) and Parliament (1%).

5. CONCLUSIONS

The massive amount of research studies in the literature shows that corruption is an extremely complex social phenomenon, spread worldwide. Regarding this survey, research results are consistent with previous research, such as Eurobarometer Special Surveys - Corruption Report and Global Corruption Barometer issued by Transparency International. Most items on the perception of corruption have received strong agreement from the respondents, due to the fact that in Romania, there is a strong perception characterized by the belief that corruption is pervasive.

We believe that a significant influence on respondents' perception has the mass media, because it is the primary means by which young people have access to information about corruption, thus their perception is shaped by the way in which information is transmitted.

We consider that this study relates some limitations, due to the correct interpretation of what survey respondents mean by corruption. Each survey operates with its own understanding of corruption and seeks to assess the "extent" of corruption. Given that corruption was rated on a scale from low to high (or some variation thereof), we cannot know whether respondents share a common assessment of what constitutes a particular location on such a scale: what seems to be a low level of corruption to one person, may look larger than to the other.

We observe that corruption thrives in Romania because of disorganization and lack of networking between groups, no matter of their kind. An important solution to reduce corruption is to encourage and facilitate young people a change in

education of the correct perception of this phenomenon. This creates a positive environment for social intra-group capital, young people are motivated about the benefits of teamwork for a common goal, ensuring a group environment that stimulates development of interpersonal trust, teamwork and civic values that make a society to function and thrive. Motivating young people to be partners with other governmental and non-governmental bodies, by using work for the community's good, they are encouraged to become active citizens, able to withstand the challenges of corruption and fight against it.

6. REFERENCES

- [1] Andersson, S., & Heywood, P. (2009). The Politics of Perception: Use and Abuse of Transparency International's Approach to Measuring Corruption, *Political Studies*, vol. 57, 746-767.
- [2] Arvas, A., & Ata, Y. (2011). Determinants of economic corruption: a cross-country data analysis, *International Journal of Business and Social Science*, vol.2(13).
- [3] Beach, W., & Kane, T. (2007). Methodology: Measuring the 10 Economic Freedoms. Retrieved from <http://www.heritage.org/research/features/index/downloads/index2007.pdf>.
- [4] Billger, S. M., & Goel, R. K. (2009). Do existing corruption levels matter in controlling corruption? Cross-country quantile regression estimates, *Journal of Development Economics*, vol. 90(2), 299-305.
- [5] Chertwynd, E., Chertwynd, F., & Spector B. (2003). Corruption and Poverty: A review of recent literature, Management Systems International Retrieved from <http://www.u4.no/recommended-reading/corruption-and-poverty-a-review-of-recent-literature/>.
- [6] Dancikova, Z. (2012). Costs of corruption, Transparency International Working Paper.
- [7] Eiras, A.I. (2003). Ethics, corruption and economic freedom, *Heritage Foundation Working Paper no 813*.
- [8] Eurobarometru, (2012). Corruption Report, Special Eurobarometer 374, Retrieved from http://ec.europa.eu/public_opinion/archives/ebs/ebs_374_en.pdf.
- [9] Graeff, P., & Mehlkop, G. (2003). The Impacts of Economic Freedom on Corruption: Different Patterns for Rich and Poor Countries. *European Journal of Political Economy*, 19, 605-620.
- [10] Johnston, M., Heidenheimer, Arnold J., Levine, V.T. (1989). *Political Corruption. A Handbook*, New Brunswick: Transaction Publishers.
- [11] Jong-Sung, Y. & Khagram, S. (2005). A Comparative Study of Inequality and Corruption. *American Sociological Review*, 70, 136-157.
- [12] Kumar, A., (2011). Interplay between Corruption and Economic Freedom, Centre for Civil Society *Working paper, nr. 254*, Summer Research Internship Programme 2011, Retrieved from http://ccsinternship.files.wordpress.com/2011/03/254_interplay-between-corruption-and-economic-freedom_aditi-kumar.pdf.
- [13] Lambsdorff, J. (1999). The Transparency International Corruption Perception Index, *Transparency International*, Working Paper.
- [14] Mauro, P. (1995). Corruption and growth. *Quarterly Journal of Economics*, vol 110(3), 681-712.
- [15] Nye, J.S. (1967). Corruption and political development", *American Political Science Review*, vol. 61 (2), 417-427.
- [16] Radu, N. (2010). *Corup ia i politicile anticorup ie*, Polirom, Iasi.
- [17] Rose-Ackerman, S. (1999). *Corruption and Government. Causes, Consequences and Reform*, Cambridge: Cambridge University Press.
- [18] Rose-Ackerman, R. (1978). *Corruption. A Study in Political Economy*, London/New York: Academic Press.
- [19] Ugur, M., & Nandini, D. (2011). Evidence on the economic growth impacts of corruption in lowincome countries and beyond. EPPI-Centre, *Social Science Research Unit, Institute of Education*. University of London.
- [20] United Nations Development Programme, (2008). A Users' Guide to Measuring Corruption, Retrieved from http://www.undp.org/content/dam/aplaws/publication/en/publications/democratic-governance/dg-publications-for-website/a-users-guide-to-measuring-corruption/users_guide_measuring_corruption.pdf.
- [21] The World Bank Group, (1997). Helping Countries Combat Corruption: The Role of the World Bank, The International Bank for Reconstruction and Development/World Bank Retrieved from <http://www1.worldbank.org/publicsector/anticorrupt/corruptn/coridx.htm>.