

The Business Perspective on Political Corruption

An Improved Measure of Political Corruption in Newly Industrialized Countries

A Thesis Presented by Khushi D. Desai

To the Department of Political Science at the University of Michigan
In Partial Fulfillment Of The Requirements For The Degree Of
Honors Bachelors of Arts

Advised by:

Norman D. Bishara, Assistant Professor of Business Law and Business Ethics

Abstract

As a major social, political, and economic issue affecting all countries, corruption has become an increasingly studied topic over the past decade. Corruption undermines democratic institutions, slows economic development and contributes to governmental instability.

This paper explores the implementation of a new two-part research methodology, a combination of interviews and mass web surveys, to gain insight into the business perspective of political corruption.

Due to the illicit and socially undesirable nature of corruption, researchers face many challenges in studying corruption, which are exacerbated by systemic issues in newly industrialized nations. This thesis comments on a few of these challenges, including conceptualization differences, studying perceptions vs. experiences, inaccessibility to accurate resources and available samples, mistrust and potential concealment of information, ethical researcher duties, and legal implications for respondents. A discussion on existing corruption measurements is provided before the proposed research methodology is described and critically evaluated.

Table of Contents

ACKNOWLEDGMENTS	4
PREFACE	5
INTRODUCTION	6
UNDERSTANDING CORRUPTION	8
DEFINITIONS	8
DETERMINANTS	11
EFFECTS	12
TRENDS	15
VARIATION	16
CORRUPTION METHODOLOGY	20
RESEARCH CHALLENGES	21
CONCEPTUALIZATION DIFFERENCES	22
PERCEPTIONS VS. EXPERIENCES	23
INACCESSIBILITY TO RESOURCES AND SAMPLES	24
MISTRUST AND POTENTIAL CONCEALMENT OF INFORMATION	24
ETHICAL DUTIES - RESEARCHERS	25
LEGAL IMPLICATIONS - PARTICIPANTS	26
EXISTING CORRUPTION MEASURES	28
CORRUPTION PERCEPTIONS INDEX	28
CONTROL OF CORRUPTION INDEX	29
POLITICAL RISK INDEX	30
BUSINESS ENVIRONMENT AND ENTERPRISE PERFORMANCE SURVEY	31
PROPOSED RESEARCH METHODOLOGY	32
STEP 1: PILOT STUDY INTERVIEWS	34
STEP 2: MASS DATA COLLECTION WEB SURVEY	35
SURVEY STRUCTURE	36
CONCLUSIONS	46
BIBLIOGRAPHY	47
APPENDIX: SURVEY	53

Acknowledgments

I would first and foremost like to express my sincere gratitude to my professor and mentor, Norman Bishara, who took a chance as my advisor and gave me so much of his time, energy, patience and encouragement. Without his invaluable comments and constant support, this thesis wouldn't have been possible. Thank you for believing in me and inspiring me to make a difference in the world.

I would also like to thank Professor Mika LaVaque-Manty whose pure knowledge and driven spirit persuaded me to major in Political Science. Working on this thesis with you has been a truly challenging and enlightening educational experience

Special thanks should also be given to my classmates in Polsci 493 and to Lisa Holland, a director at the Institute for Social Research, for their insightful questions and suggestions.

Finally, I would like to express my heartfelt gratitude to my friends and family for their unconditional support and for bearing with me as I spent a majority of my weekends and vacations in front of my laptop or at the library.

Preface

Moving to Mumbai, India from my little West Bloomfield, MI bubble was eye-opening to say the least. Corruption was something I had only heard of on the news, but had never really experienced. And yet I found myself surrounded by instances in corruption, police officers stopping cars, bureaucrats charging extra fees, and schools selling seats! My father, an owner of a construction company, told me about the number of times public officials have requested him to pay unofficial “fees” (bribes) to obtain a permit he should have already received. These experiences sparked my interest in studying corruption in developing nations.

I was originally interested in studying why corruption varies across different sectors. For this, I developed an interview questionnaire to study the corruption perceptions and experiences of managers at construction and IT firms in India. However, through the process I stumbled upon the many methodological problems of studying an illicit topic. As you will see below, my thesis evolved to cover the issues of investigating corruption in newly industrialized countries and how this translates to ineffective policy making.

Introduction:

Over the past few decades, corruption has made it to the forefront of political agendas. Considered the root cause of all evils, corruption has played a major role in many issues, including the Arab Spring, South Sudan violence, Philippines' deforestation, India's poverty, and the Syrian Civil War, to name a few.

The literature provides a general consensus that corruption has numerous negative impacts on economic growth, stability, morality, political participation, and political development.¹ Corruption can lead to internal adverse consequences for the country, including undermined public trust in the government, a waste of public resources and money, and inefficiencies in operations. It also has implications in how other countries perceive countries with high levels of corruption, in terms of reputational damage and risk of investment. "Globally, the World Economic Forum has estimated that the cost of corruption is about US\$2.6 trillion a year. Widespread corruption deters investment, weakens economic growth and undermines the rule of law."²

In newly industrialized countries, corruption serves as one of the major obstacles to increased development. Firstly, higher perceived corruption tends to lower investment and stunt growth.³ Furthermore, the impacts of corruption disproportionately affect the most vulnerable people in society, increasing consumer prices and making it more

Newly Industrialized Countries
China
India
Brazil
Mexico
South Africa
Indonesia
Malaysia
Philippines
Thailand
Turkey

¹ Shleifer and Vishny "Corruption." *The Quarterly Journal of Economics*, (August 1993), Web. 20 March 2013. <<http://www.economics.harvard.edu/faculty/shleifer/files/corruption.pdf>>

² "Why exposing and preventing corruption is important." *Independent Commission Against Corruption*. <<http://www.icac.nsw.gov.au/about-corruption/why-expose-corruption>>

³ Mauro, Paolo "Corruption and Growth." *The Quarterly Journal of Economics*, Vol. 110, No. 3 (Aug., 1995), pp. 681-712 <<http://homepage.ntu.edu.tw/~kslin/macro2009/Mauro%201995.pdf>>

difficult to reduce poverty levels. The socio-economic conditions and political shortcomings in these nations create an environment more conducive to increased corruption. With exponentially increasing populations and evolution in technology, the development of these countries is very important for global growth, increasing the need for anti-corruption strategies targeted towards these areas.

In order to eradicate corruption, however, we must first have a comprehensive understanding of the problem. The existing measures of corruption, while functional, have failed to achieve this. A reason for this is that the findings of existing indices have been misinterpreted and misapplied in the literature. Additionally, the lack of transparency in the governments of developing nations results in the inaccessibility of information, especially concerning illicit topics. Explored in greater detail below, there are many other challenges researchers face as they try to further study and measure corruption. To address these issues, I have developed a new two-part corruption methodology using a combination of research methods and aspects from existing indices, in order to demystify the business side of political corruption. My survey aims to go beyond simply uncovering the extent of the problem and intends for the results to direct policy-outcomes and new initiatives to combat corruption in newly industrialized countries.

Understanding Corruption

Definitions

Although there is general agreement that corruption is a major problem, there is no consensus on how corruption is defined. In the literature, some definitions focus on the moral aspects of corruption. For example, the Merriam-Webster dictionary defines corruption as the “impairment of integrity, virtue, or moral principle.”⁴ However, other definitions are sector-based. For example, the International Monetary Fund (IMF) defines corruption as “the abuse of public authority or trust for private benefit.”⁵ Transparency International, one of the leading organizations in the fight against corruption, states that corruption is the “abuse of entrusted power for private gain.”⁶ Both of these definitions focus solely on the public sector, ignoring corruption wholly within in the private sector. A more encompassing definition from the European Civil Law Convention on Corruption is the “requesting, offering, giving or accepting, directly or indirectly, a bribe or any other undue advantage or prospect thereof, which distorts the proper performance of any duty or behavior required of the recipient of the bribe, the undue advantage or the prospect thereof.”⁷

One of the most cited definitions of public-office based corruption, i.e., regarding the violation of rules by officials, is that of Nye: “Corruption is behaviour which deviates from the formal duties of a public role because of a private-regarding (personal, close

⁴ "Corruption." *Merriam-Webster.com*. Merriam-Webster, 2013. Web. 19 March 2013.

⁵ “The IMF and Good Governance” *International Monetary Fund*, 2013. Web. 19 March 2013. <<http://www.imf.org/external/np/exr/facts/gov.htm>>

⁶ “What is the Corruption Perceptions Index?” *Transparency International*, 2012. Web. 19 March 2013 <http://www.transparency.org/cpi2011/in_detail#myAnchor3>

⁷ Civil Law Convention on Corruption CETS No.: 174. (2003). Web. November 2013. <conventions.coe.int>

family, private clique) pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence.⁸

For the purposes of this article, I will conceptualize corruption as the abuse or misuse of position and/or authority resulting in some cost-reducing (to the briber) or benefit-enhancing impact, through activities such as (but not limited to) bribery⁹, influence peddling, embezzlement, or patronage, occurring on many different scales.

In the literature, corruption has been commonly classified into three main scales: petty, grand, and systemic. Petty corruption is the everyday bribery in connection with the implementation of existing laws, rules, and regulations.¹⁰ Grand corruption occurs when political-decision makers abuse their policy-formation authority in order to sustain power, status and wealth.¹¹ Systemic corruption is when corruption is integrated into and sustained by the economic, social and political system.¹²

Political corruption, the use of power by government officials for illegitimate private gain, is visible in each level and is the main type of corruption studied in this paper.¹³

Political corruption occurs at the interface between the public and private sphere and can manifest in many different forms.¹⁴ State capture is defined as “shaping the formation of the basic rules of the game (i.e. laws, rules, decrees and regulations) through

⁸ Nye, Joseph. “Corruption and Political Development: A Cost-Benefit Analysis.” (1967) *American Political Science Review*, 61 (2): 417-427.

⁹ Bribery, in this context, is loosely defined as the offering of goods or services in order to gain an unfair advantage.

¹⁰ Glossary. *Anti-Corruption Resource Centre*. Web. April 2013. <<http://www.u4.no/glossary/>>

¹¹ *ibid.*

¹² *ibid.*

¹³ Chinghamo, Obert and Gabriel Shumba. “Institutional working definition of corruption.” 2007.

¹⁴ Vargas-Hernandez, Jose. “The Multiple Faces of Corruption: typology, forms and levels.” 2009. Pg. 10. <<http://www.ameppa.org/upload/Typology.pdf>>

illicit and non-transparent private payments to public officials.”¹⁵ Examples of this phenomenon include if a particular telecommunication company bribes the government to shape state laws in a way that would privilege their entrance into a particular market but hinder another player’s access or if a firm pays a judge to deliver a specific court opinion which would help their business activities. State capture has been increasingly studied, most notably by the 1999 Business Environment and Enterprise Performance Survey (BEEPS) and in a broader context, the World Bank’s Control of Corruption Index (CCI).

State capture is typically contrasted with administrative corruption, defined as “private payments to public officials to distort the prescribed implementation of official rules and policies.”¹⁶ The main difference between the two is that state capture occurs at the input/legislative side of the political process, whereas administrative corruption takes place at the output/executive side. Examples of administrative corruption include paying bribes to government officials to overlook infractions of existing regulations or giving “grease payments” to gain licenses or permits. This form of corruption benefits both the bureaucrats who receive the bribe money and the businessmen who bypass regulations.

Because this behavior is so hard to measure, administrative corruption has not been the focus of corruption research. However, it is clear that administrative corruption is the most common form of petty corruption and has severe impacts on many different businesses. Furthermore, a corrupt governing body can have widespread societal effects. The research methodology in this paper aims to identify the business-side of administrative corruption, investigating the reasons businesses are forced to pay bribes

¹⁵ Hellman et al. “Measuring Governance, Corruption, and State Capture.” *The World Bank*, April 2000. Pg. 3. Web. 20 March 2013. <<http://unpan1.un.org/intradoc/groups/public/documents/un-dpadm/unpan044602.pdf>>

¹⁶ *ibid.*

and what it would take for them stop engaging in this form of corruption. The experience-based results will allow for the creation of sector-specific anti-corruption policies.

Determinants

There are many different causes of corruption. On a small-scale level, petty corruption can be caused by personal motivations related to wanting an unfair advantage of avoiding a fine or penalty.¹⁷ Systemic and grand corruption involves loopholes in parts of the economic, social, and political system.¹⁸ A KPMG report (2011) on Corruption in India suggests that high taxes, excessive regulation bureaucracy, and a lack of transparency regarding government processes and paperwork are major causes of corruption.¹⁹ In order to avoid paying high taxes, people declare lesser incomes, and the amount on which taxes are not paid becomes black money. Because of the lack of transparency of laws and regulations, and the discretion left to public officials, people spend this black money in exchange for favors, hence increasing corruption.

In his paper “Corruption Around the World,” Vito Tanzi discusses the economic issues behind corruption, such as public expenditure and the government-controlled provisions of certain goods and services. “Because of the discretion that some high-level public officials have over decisions regarding public investment projects, this type of public spending can become much distorted, both in size and in composition, by

¹⁷ Fabrega-Lacoa, J. “Who is who in petty corruption: The rationality behind small bribes.” The University of Chicago, 2009. Pg. 198.

<<http://search.proquest.com.proxy.lib.umich.edu/docview/305050302?accountid=14667>>

¹⁸ Glossary. *Anti-Corruption Resource Centre*. Web. April 2013. <<http://www.u4.no/glossary/>>

¹⁹ KPMG. “Survey on Bribery and Corruption: Impact of Economy and Business Environment.” (2011): Web. 23 Feb. 2013

<http://www.kpmg.com/IN/en/IssuesAndInsights/ThoughtLeadership/KPMG_Bribery_Survey_Report_new.pdf>.

corruption.”²⁰ When the government controls the provisions of goods and services, public employees are responsible for rationing when there is a limited supply. In this case, people who want these goods would be willing to pay a bribe to get access to them, resulting in corruption. He also places a large emphasis on the judicial matters and resulting corruption, such as the lack of clear laws or the lack of penalties for corrupt behaviors, especially those by public officials.²¹

As seen from above, the literature has outlined many different factors that lead to corruption. To summarize, we see that high taxes, excessive regulation bureaucracy, a lack of transparency regarding government processes, discretion of public officials in regards to expenditure, and the government-controlled provisions of certain goods and services are all determinants of corruption. It is important to note that all of these factors are products of government intervention.

Effects

The literature has long established that corruption produces a plethora of negative consequences.

One of the largest consequences of corruption agreed upon by researchers is its impact on investment and economic growth. Rose-Ackerman argues that high levels of corruption are associated with lower levels of investment and economic growth.²² The theoretical view behind this claim is that paying bribes to corrupt government bureaucrats to get favors, such as permits, investment licenses, tax assessments, and police

²⁰ Tanzi, Vito. “Corruption Around the World: Causes, Consequences, Scope and Cures.” (1998): 45.4. International Monetary Fund. Pg 568

²¹ Ibid., pg 574.

²² Rose-Ackerman, Susan. "Political Corruption and Democracy" (1999). Faculty Scholarship Series. Paper 592. <http://digitalcommons.law.yale.edu/fss_papers/592>

protection—is generally viewed as an additional cost of doing business or a tax on profits. As a result, corruption can be expected to decrease the expected profitability of investment projects. Investors will therefore consider the level of corruption in a host country before making decisions to invest abroad. This is the same argument used by Campos and Pradhan (1997) in showing that as corruption increases, Foreign Direct Investment (FDI) decreases. This is a significant finding for developing countries, in particular. Mauro’s (1995) large cross-country study demonstrates that corruption reduces investment, and this, in turn, reduces national economic growth.

Corruption also has negative impacts on the general public. For the consumer, corruption leads to increased prices. “When entrepreneurs and businessmen are required to pay bribes before necessary permits are issued, they tend to view it as a cost of doing business and therefore pass that cost onto consumers.”²³ Corruption can also undermine existing judicial systems, denying citizens access to justice and the right to a fair and impartial trial. “Both petty bribery and political influence in the judiciary erode social cohesion, and ruin the capacity of the justice system to fight against corruption.”²⁴ As one can see from above, the impacts of corruption extend far outside the original payer and payee.

It is important to note, however, that some work has also been done on the alleged positive effects of corruption. Leff (1964) argues that corruption can be efficiency enhancing because it removes government-imposed rigidities that hinder investment and

²³ Boham, Hector and Sam Rockson Asamoah. “10 ways in which corruption hampers economic development.” Corruption and Fraud Audit Consortium, Ghana Ltd., 2011. Web. 17 April 2013.
<<http://www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=207109>>

²⁴ “Central America Forum Aims To Curb Corruption’s Impact.” *Transparency International*, 2011. Web. 19 April 2013.
<http://www.transparency.org/news/feature/central_america_forum_aims_to_curb_corruptions_impact>

interfere with other economic decisions favorable to growth.²⁵ In a way, corruption “acts like oil that greases and facilitates the engine of economic growth as it helps government officials to make the process of project approval more efficient.”²⁶ Beck and Maher (1986) developed models that show that, in bidding competitions, those who are most efficient can afford to offer the highest bribe. Therefore, bribes can promote efficiency by assigning projects to the most efficient firms.²⁷ Bribery is also essential to sustain the small businesses that operate illegally in order to avoid the strict licensing restrictions.²⁸ Houston (2007) suggests that corruption can serve as a benefit to the public if a company, in lieu of paying a bribe, must invest in basic infrastructure services that the government is unwilling or unable to provide.²⁹ In my opinion, the argument underlying all of these claims seems to be that corruption is a quick fix for systemic issues. In essence, bribery offers a way to get around the fundamental problems posed by existing governmental rules and regulations. However, following this logic, if we find a way to improve government efficiency, for example by reducing government intervention and unnecessary bureaucracy, creating standardized procedures, and/or decreasing interactions with public officials, there won’t be any need for corruption. The survey outlined in this paper aims to uncover the most problematic government inefficiencies from a business viewpoint.

²⁵ Leff, N. H. “Economic Development through Bureaucratic Corruption.” (1964) *The American Behavioral Scientist* 8 (2): 8–14.

²⁶ Anoruo, Emmanuel and Habtu Braha. “Corruption and Economic Growth: The African Experience.” (2005) pg 1.

²⁷ Beck, P.J. and Maher, M.W.(1986). "A comparison of Bribery and Bidding in Thin Markets," *Economics Letters*, 20, 1-5

²⁸ De Soto, Hernando. “The Other Path: The Economic Answer to Terrorism.” (1989) New York: Harper and Row.

²⁹ Houston, Douglas. “Can corruption ever improve an economy?” (2007) *Cato Journal* 27(3): 329.
<<http://www.cato.org/sites/cato.org/files/serials/files/cato-journal/2007/11/cj27n3-2.pdf>>

Trends

Transparency International collects research on perceptions of country analysts, business executives, and the general public across countries, through their corruption indices: the Corruption Perceptions Index and the Global Corruption Barometer.³⁰ “For the comparative analysis of corruption, [CPI] identifies the various determinants of corruption such as education, real per capita GDP, income inequality, unemployment rate, the type of state and economic freedom, which explain differences in corruption across countries.”³¹

A high level of education helps generate moral values, increases nationalism and a sense of civic duty, and raises the public’s awareness of their rights and duties. In developing countries, most citizens are not aware of their public entitlements and this ignorance provides opportunities for high levels of corruption in developing countries. Thus, corruption will be lower where populations are more educated and literate.³²

Another factor linked with the level of corruption is income inequality. While richer people have the resources to pay bribes and demand services, the poor are more vulnerable to extortion and typically have fewer resources to exert any influence over the rich or even have access to their deserved services.³³

Saha et. al (2007) also argues that when unemployment is high, the demand for stable sources of income is high, and so, people are willing to make huge investments to secure an earning position with stability and reasonable income opportunities.

³⁰ “FAQs on Corruption.” *Transparency International*, 2012. Web. 20 March 2013.
<http://www.transparency.org/whoweare/organisation/faqs_on_corruption>

³¹ Saha, Shrabani and Rukhmani Gounder. “Causes of Corruption: A Cross-Country Analysis Evaluation” Massey University, New Zealand 2007 (pg 3)

³² *ibid.*, pg 4.

³³ *Ibid.*

Variation

There has been an increase in the literature examining how corruption varies on multiple levels. Some common themes involve investigating how corruption levels differ across countries, economic systems, political systems, and electoral systems.

Much of the research on corruption focuses on cross-national variation. Studies have generally undertaken a cross section of countries where many variables have been utilized to estimate the determinants of corruption. Mauro (1995) uses cross-country subjective measures of corruption to show that corruption is negatively associated with private investment and growth.³⁴ Ades and Di Tella (1999) argue that the amount of corruption is determined partially by the level of competition and competition and corruption are negatively related.³⁵ Rijckeghem and Weder (1997) have estimated the impact of public-private wage differentials on corruption and found a significant negative relationship between public sector wages and corruption for a sample of 23 countries.³⁶ Xin and Rudel (2004) explain variations across nations in the incidence of political corruption.³⁷ These are a few examples showing how cross-country analysis can be fruitful in determining the different indicators of variation in corruption. However, it is important to remember that the measurements of perceptions through cross-country surveys potentially suffer from bias as people tend to systematically over or underestimate the extent of problems.³⁸ Additionally, while cross-country analyses may be helpful in recognizing regional or systematic patterns, country-specific research is

³⁴ Mauro, 1995

³⁵ Ades, Alberto and Rafael Di Tella. "Rents, Competition, and Corruption." *The American Economic Review*, 1999: 89(4) <<http://conferences.wcfia.harvard.edu/files/gov2126/files/aerentscorruption.pdf>>

³⁶ Rijckeghem, Caroline and Beatrice Weder. "Corruption and the Rate of Temptation: Do Low Wages in the Civil Service Cause Corruption?" *International Monetary Fund*, 1997. WP/97/73.

³⁷ Xin, X. and Rudel, T. K. "The Context for Political Corruption: A Cross-National Analysis." *Social Science Quarterly*, 2004. 85: 294–309.

³⁸ Hellman et. al., 2000

necessary in order to investigate the extent and specifications of the corruption problem so that effective policies can be created, targeting the exact problem.

A new wave of research investigates the variation of corruption across economic systems. For example, Treisman (1998) examines how perceived corruption levels compiled from business risk surveys for the mid-1990s change across countries with differing levels of economic development. He found that “economic development was indeed associated with lower corruption; the higher a country's GNP per capita, the lower was its corruption rating.”³⁹ Interestingly enough, he also observed that a country with a federal structure exhibits higher levels of corruption than a unitary one, developing a relationship between political structure and variation in corruption.⁴⁰ Saha and Gounder (2007) explore how corruption varies across 100 countries, categorizing them based on economic systems. Their research shows that “developed countries are succeeded in controlling corruption with help of economic development along with economic and political freedom.”⁴¹ Their findings also suggest that “the influence of democracy in controlling corruption increases with the introduction of economic freedom,”⁴² observing how the type of government also influence level of corruption.

Another level at which variation in corruption can exist is dependent on the political system of the country. Although from Saha and Gounder (2007) we see a correlation between democratization and a decrease in corruption, Amundsen's (1999) analysis suggests that the effect of “democratization in curtailing corruption is not too

³⁹ Triesman. “The Causes of Corruption: A Cross-National Study.” *Journal of Public Economics*, 1998. Pg 17

⁴⁰ Triesman 1998, Pg 18

⁴¹ Saha, Gounder 2007, pg 12

⁴² *ibid*

strong according to the statistics available.”⁴³ However, he later finds that “economic and political competition, transparency and accountability, coupled with the democratic principles of checks and balances, are necessary deterrence instruments,” proposing that democratization is necessary in order to reverse corruption levels.⁴⁴

Electoral systems are another recently examined category in which we can perceive variation in corruption. The first researchers to investigate the relationship between corruption and electoral rules were Persson, Tabellini, and Trebbi (2000). They argue that “larger voting districts — and thus lower barriers to entry — are associated with less corruption, whereas larger shares of candidates elected from party lists — and thus less individual accountability — are associated with more corruption.”⁴⁵ Around the same time, Kunicova and Rose-Ackerman (2001) analyzed how different electoral rules influence corruption. They concluded, “closed-list proportional representation systems are most susceptible to corruption relative to open-list proportional representation and plurality systems.”⁴⁶ This means that when citizens are able to only vote for political parties as a whole and have no influence over the individual candidates elected (closed-list) there tends to be more corruption.

Logically, it is clear that a lack of electoral transparency and accountability, especially pertaining to the use of black money in campaigns or violence to influence or intimidate voters, can lead to increased corruption. The most recent study published on this topic was “Political Competition, Electoral System and Corruption: the Italian case”

⁴³ Amundsen, Inge. “Political Corruption: An Introduction to the Issues.” *Chr. Michelsen Institute*, 1999. Pg 29
<http://www.consocia.org.br/uploads/biblioteca_arquivos/122/arquivo_05f01e79ad.pdf>

⁴⁴ *ibid.*

⁴⁵ Persson, Tabellini, Trebbi “Electoral Rules and Corruption.” *European Economic Association (2000)* Pg 1

⁴⁶ Kunicova, Jana and Rose-Ackerman, Susan. “Electoral Rules as Constraints on Corruption: The Risks of Closed-List Proportional Representation” *European Economic Association (2001)* Pg 1, Pg 25.

by Alfano, Baraldi, and Cantabene (2012). By employing the case study method to study politics in the Italian regions, they add to the corruption literature by suggesting that “beside a *direct* effect of the proportionality degree of electoral system on corruption, an *indirect* effect matters: political competition is a channel through which electoral system affects corruption.”⁴⁷ Once the degree of political competitiveness increases past a certain threshold, the effects are reversed and corruption is decreased rather than increased, and thus the magnitude of how the corruption level moves is also important to examine.

As seen above, variation in corruption has been studied in multiple ways. However, I am interested in creating a survey that examines the extent of corruption across sectors. While the sector-by-sector analysis has not been utilized much in the corruption literature, I believe it is important to consider for many reasons. By breaking the problem down based on sector-type, I can use the expertise and experiences of individuals (ideally, business managers) in particular sectors to gather information on specific challenges they are facing in relation to corruption in their interactions with public officials. With this information, I can then identify the points of government interference into a particular sector most susceptible to political corruption and suggest anticorruption strategies tailored specific to country contexts.

⁴⁷ Alfano, Baraldi, Cantabene. “Political Competition, Electoral System and Corruption: the Italian case.” *Munich Personal RePEc Archive* Paper No. 41480. (Sept. 2012) pg. 18 < <http://mpa.ub.uni-muenchen.de/41480/>>

Corruption Methodology

As corruption has become an increasingly researched topic, various measures of corruption have been created. It is important to recognize that corruption is usually intentionally hidden and therefore is very hard to measure directly. Because corruption can be defined in many ways, it is hard to procure a measurement for corruption that answers to the critiques of all possible definitions.

In the literature, there are many indices that have been used to measure various aspects of corruption. For example, Transparency International's Corruptions Perceptions Index,⁴⁸ Bribe Payers Index,⁴⁹ and Global Corruption Barometer,⁵⁰ have all used public opinion surveys to measure perceptions of corruption. The Political Risk index from the International Country Risk Guide (ICRG) uses country experts to evaluate the corruption risk of conducting business in a given country by examining the length of time a government has been in power continuously.⁵¹ The World Bank's Business Environment and Enterprise Performance Survey (BEEPS) assess views of the business environment and "the ways that government policies, rules, and procedures are implemented in practice."⁵²

Yet even as all these measures exist, we do not have a comprehensive picture of the corruption problem, it's prevalence in newly industrializing countries, and how to fix

⁴⁸ "Corruption Perceptions Index." *Transparency International*. Web. 20 March 2013.
<http://cpi.transparency.org/cpi2012/in_detail/>

⁴⁹ "Bribe Payers Index." *Transparency International*. Web. 20 March 2013.
<http://bpi.transparency.org/bpi2011/in_detail/>

⁵⁰ "Global Corruption Barometer." *Transparency International*. Web. 20 March 2013.
<<http://gcb.transparency.org/gcb201011/>>

⁵¹ "International Country Risk Guide Methodology." PRS Group. Web. 20 March 2013.
<http://www.prsgroup.com/ICRG_Methodology.aspx#Background>

⁵² "Business Environment and Enterprise Performance Surveys (BEEPS) FAQ." *The World Bank Group*, 2006. Web. 20 March 2013.
<<http://www1.worldbank.org/publicsector/anticorrupt/feb06course/beePS%20Frequently%20Asked%20Questions.pdf>>

it. The existing indices vary in their effectiveness based on the research method used, the size and expertise of the subject pool, and the variables considered. Furthermore, researchers face many challenges when trying to study corruption because of its illicit nature. I experienced this struggle when I first tried to survey sector-specific corruption experiences in India and constantly faced some of these issues, including low levels of participation, differences in conceptualizations of corruption, and apprehension of legal implications. This drove me to the first part of my thesis, developing a list of general challenges that seemed to hinder successful corruption data collection, specific to newly industrialized countries. I then evaluated existing corruption indices and examined the strengths and weaknesses within their research methodologies. Finally, I propose a two-part research methodology that, I argue, resolves many of the exposed issues and will help advance the way we study corruption today.

Research Challenges

During my first attempt at studying sector-specific corruption in India, I stumbled upon numerous obstacles. It was strange that many of the businessmen I surveyed were very interested in discussing their experiences with me, and yet were so reluctant in giving me any detailed information or signing an informed consent form. On the other hand, some companies flat out refused to meet with me, brushing away my calls with a “no one in the office is available to meet with you regarding this topic,” even when I insisted that the information would be used solely for educational purposes.

Reflecting back, there are many things I could have done differently in order to avoid some of these issues. Before I go on to discuss a new methodology that would take

care of these issues, it is necessary to first identify the general difficulties researchers face when studying illicit topics in newly developed nations. Below I have created six themes that encompass difficulties related to corruption research:

1) Conceptualization Differences

As seen from the Definition section in the *Literature Review*, corruption can be conceptualized in many different ways. Furthermore, several types of corruption, ranging from sporadic to systemic, political to judicial, and petty to grand, can be used when describing similar phenomena. Many times researchers themselves misuse conceptualizations, thereby further diluting the existing literature.

The newly industrialized countries differ in their definitions of corruption as well, suggesting that individuals taking a cross-country survey, for example, may answer questions differently based on their cultural or social notions of corruption. This poses a threat to the reliability of the data, especially when aggregate information is reported. Another problem specific to these nations is that when corruption is engrained in the culture, the behavior that one society may consider corruption, another may consider a normal business practice. Additionally, if these business practices have benefitted them in the long run, the behavior becomes part of a competitive advantage.

With several definitions available, researchers must be sure to describe the phenomena they are speaking to in their survey and include definitions and examples where possible.

2) Perceptions vs. Experiences

Corruption *perception* indices, such as Transparency International's Corruption Perception Index (CPI), the corruption index of the International Country Risk Guide (ICRG), or the World Bank's Control of Corruption index (CCI), are routinely interpreted as measures of corruption *experience*. Concluding trends and patterns from these databases can only be applied to general perception theories, not to statements about corruption occurrences. Perceptions are impacted by many biases: news, media, selective attention, social desirability, level of education, and other cultural, economic, and political factors. A study on corruption in eight African countries found a variety of biases in the perceptions of country experts relative to the experiences of ordinary.⁵³ Furthermore, the aggregate nature of perception indices tells us little about the relationship between corruption and individual agents, such as firms or service providers.

Because corruption is typically hidden, perception indices give us a proxy for corruption. Indices that measure perception can be very influential on factors affected by perception, such as risk assessment for investment. On the other hand, policies to improve existing systems cannot be created solely on the basis of perceptions. This is why measuring corruption experiences accurately is also important. Some research has used objective measures such as finding data on procurement practices or budget procedures that may create opportunities for corruption or have asked for information on actual experiences, such as bribe payment amounts, number of acts witnessed, and actual percentages of corrupt bureaucrats. These again, however, may not lead to precise and

⁵³ Razafindrakoto, M., Roubaud, F. "Are international databases on corruption reliable? A comparison of expert opinions surveys and household surveys in sub-saharan Africa" 2010, *World development*, August, 38(8): 1057-1069.

accurate data when considering the systems in developing and newly industrialized corruption.

Due to the illicit nature of corruption, a combination of corruption experiences and perceptions must be studied to obtain a thorough picture of the situation.

3) Inaccessibility to resources and samples

Without the proper systems and organizations in place, it is hard to ensure a representative population sample. This poses a problem in newly industrializing nations where access to information is not as developed and transparency is lower compared to other countries. Furthermore, reaching out to people and asking them if they would be willing to take a survey on corruption is not a reasonable research method. In countries where corrupt behaviors have been engrained in the culture and are only now becoming classified as wrong, people will be resistant to answer questions out of fears of public shaming and legal implications.

4) Mistrust and Potential Concealment of Information⁵⁴

In the case of sensitive questions, without the proper trust or relationship, it is nearly impossible to obtain meaningful participation or truthful responses. Corruption is a taboo topic, both socially unacceptable and illegal, and thus respondents rather disengage than engage. Researchers need to actively work hard to ensure participation and provide an incentive for honest answers. It can be beneficial to explore the intentions behind research and discuss the benefits of participation, such as whether the research will direct policy initiatives or will be used to increase investment into the national economy.

⁵⁴ Lee, R. M. *“Doing research on sensitive topics.”* (1993) London: Sage Publications.

Another factor to think about here is the responsibility of the respondents to remain loyal to their business relationships and connections. Political corruption usually benefits public officials at the expense of businesses or individuals. A typical example of this is a bureaucrat refusing to provide the required documentation for a permit until a “fee” is paid. In this case, there is no state-mandated policy or evidence for such a fee but the business is still forced to pay, i.e., the business is being exploited. However, there are many instances where both parties mutually benefit as a result of the bribe, as in collusion in administrative corruption. For example, a corrupt civil servant accepts a bribe to approve building plans that do not meet regulations. Here, the government employees gains extra money with a low risk of any punishment or penalty and the building contractor is able to continue work with his original plans, regardless of it’s actual legality. In these cases it is likely that information about experiences won’t be disclosed because businesses know that they enjoyed benefits at a lower cost compared to redesigning or re-planning. This collusion is common across newly industrialized nations and is furthering the cycle of corruption.

5) Ethical Duties (for researchers)

When answering questions related to corruption behaviors, participants are vulnerable to the risk of psychological harm and/or legal implications. Because of this, researchers have an ethical duty to take all possible measures to protect the rights and privacies of their subjects. US Federal law and select international organizations have mandated that research involving human subjects is subject to approval from an ethics committee or institutional review board (IRB). These time-consuming processes can

serve as a severe obstacle for researchers investigating corruption, even if they have no intention of releasing the data or citing specific information. However, because such sensitive data can have drastic legal implications for respondents, researchers must consider this risk while designing the survey.

In newly industrialized nations, the use of ethics committees has not widespread in the area of sensitive social science research. Additionally considering the distrust and lack of transparency between governments and their citizens, there is no guarantee that individuals have not been misled into the admission to certain behaviors (regardless of whether any crime has been committed). In fact, this is a common issue in newly developed and developing nations with police corruption.

In order to comply with legal and ethical research obligations to participants, it is important to ensure security of answers, anonymity, respect of privacy, and a research method design that effectively reduces risks for respondents.

6) Legal implications (for participants)

Surveys involving illicit or sensitive questions, including questions about experiences with corruption and bribery, tend to produce low response rates. Tourangeau and Yan (2007) point to three reasons this may occur: intrusiveness, threat of disclosure, and social desirability.⁵⁵ In the case of intrusiveness, corruption questions are considered “taboo” and are seen as an invasion of privacy. Participants who find the researcher overreaching in their role will more likely withdraw entirely or skip a larger number of questions. Threat of disclosure is also a big worry for participants in corruption studies.

⁵⁵ Tourangeau, Rojer and Ting Yan. “Sensitive Questions in Surveys.” (2007) *Psychological Bulletin*, Vol. 133, No. 5, 859-883

When answering questions about an illegal topic, many subjects are undoubtedly worried about legally implicating themselves with their answers. If there is any chance that disclosed information could result in harm, subjects are likely to be nonresponsive. Finally, corruption surveys often comprise of questions that elicit socially unacceptable answers. A manifestation of social desirability bias, individuals who engage in corruption fear that as a consequence of their answers, they will face social disapproval, and thus answer in dishonest ways or withdraw from participating.

While these issues stand in the way of corruption research, there are ways to overcome these obstacles. For example, researchers can help avoid intrusiveness by speaking to the purpose and goals of their study and achieving a balance between asking direct, straightforward questions with no intention of tricking the participant and asking broad questions that subjects can feel free to answer any way they'd like and/or refuse to answer if they so wish. The risk of disclosure and effects of the social desirability bias can be minimized by taking security measures and extra precautions to ensure that no information is leaked, and by explicitly stating who will see and have access to data and how it will be reported in the final product/article.⁵⁶ Additionally, framing questions in a manner that does not evoke anxiety about legal repercussions would be helpful.

In newly industrialized nations, there is often a large level of government distrust and so explicitly stating your affiliation, the purpose of your research, sponsorship information, and who has access to your data will be helpful in building trust with the participant. By acknowledging the concerns that subjects may have and allowing space for off-the-record questions, the fear of legal implications may decrease enough for the

⁵⁶ Miller, Patrick. "Tipsheet – Sensitive Questions." *DISM Duke Initiative on Survey Methodology*. Retrieved from: <http://www.dism.ssri.duke.edu/pdfs/Tipsheet%20-%20Sensitive%20Questions.pdf>

participant to at least look through the survey questions and see if they would like to participate.

An Evaluation of Existing Corruption Measures

A variety of indices created to measure this illicit topic have proved to be beneficial in uncovering some information about the prevalence and effects of corruption. However, a further review of these measurement tools reveals many weaknesses that result in a misrepresentation of information in the literature. In the following sections, I have described and evaluated existing corruption indices from criticisms reported throughout the literature.

There are many other indices, besides those described below, which have been used to measure aspects of corruption, such as the Bribe Payers Index (BPI), the Global Corruption Barometer, Global Integrity Index, and International Crime Victim Surveys. However, these do not exactly measure corruption from the same perspective as I plan to in my research, but instead measure government accountability, transparency, and citizen oversight and focus on different populations.

Transparency International's Corruption Perceptions Index (CPI) ⁵⁷

Transparency International ranks countries annually by their perceived levels of corruption, as determined by expert assessments and opinion surveys, on a scale from 0 (highly corrupt) to 100 (very clean). This was one of the first indices to actually break taboo and put the issue of corruption on the international policy agenda. It is important to

⁵⁷ "Corruption Perceptions Index." *Transparency International*. Web. 13 Feb. 2013. <<http://cpi.transparency.org/cpi2012/>>

note that CPI only measures corruption perception, which is a statistical proxy for actual corruption.

The CPI was the first to come up with a level playing field of comparing disparate and distinct countries on the same scale. The resulting international shame encouraged a race towards lower levels of corruption. However, there is no consideration of countries with differing levels of development. So for example, the CPI does not consider the effect that poverty has on corruption levels. Furthermore, because the subject pool is business people and experts, they are more likely to have first-hand experience and reliable second-hand knowledge of corrupt practices compared to a random population sample. While this is a strong advantage of the index, it also generates a sample bias and selection effect problem. Much of the sample is overwhelmingly male and economically advantaged, thus ignoring the experiences and perspectives of most women, and of the poor and disenfranchised. The scale has also been criticized for being culturally biased and aligning with western morals, as it has a very culturally subjective definition of corruption. These general shortcomings could be avoided with a more targeted category of countries, either regional or by developmental levels, rather than a broad cross-country analysis.

World Bank's Control of Corruption Index (CCI) ⁵⁸

The Worldwide Governance Indicators (WGI) measures the Control of Corruption Index (CCI). The WGI is a research dataset summarizing the views on the quality of governance provided by a large number of enterprise, citizen and expert survey

⁵⁸ "Enterprise Surveys." *The World Bank*, 2012. Web. 13 Feb. 2013 <<http://www.enterprisesurveys.org>>

respondents in industrial and developing countries. Data is gathered from a number of survey institutes, think tanks, non-governmental organizations, international organizations, and private sector firms. The CCI is an aggregation of various indicators that measure the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests. The Index ranges from -2.5 (for very poor performance) to +2.5 (for excellent performance).

While the definition itself is fairly precise, the data aggregated into the Worldwide Governance Indicators is based on any available polling; thus, the questions included range from "is corruption a serious problem?" to "how would you describe the public access to information?" The other problem with this is that different questions are used for different countries and so there is no consistency in which data is used and for which country. Despite these weaknesses, the global coverage of these datasets has led to their widespread adoption, most notably by the Millennium Challenge Corporation.

International Country Risk Guide's Political Risk Index⁵⁹

The economics literature commonly uses a component of the Political Risk index from the International Country Risk Guide (ICRG). While there are multiple political risk components under the guide, there is a 6-point corruption risk assessment that is utilized when measuring corruption. The low score (0) represents a very high risk, whereas a high score (6) means the risk posed by corruption is minimal. A team of country-experts examine how long a government has been in power continuously to determine the

⁵⁹ "International Country Risk Guide Methodology." PRS Group. Web. 13 Feb. 2013. <http://www.prsgroup.com/ICRG_Methodology.aspx#Background>.

corruption risk. While the measure takes financial corruption into account, through demands for special payments and bribes connected with import and export licenses, exchange controls, tax assessments, police protection, or loans, the index is more concerned with actual or potential corruption in the form of excessive patronage, nepotism, job reservations, 'favor-for-favors', secret party funding, and suspiciously close ties between politics and business.

This index is directed more towards evaluating the risk of doing business in a given country. The ICRG corruption component measures the risk posed by corruption to the private sector, not the incidence or scale of corruption per se. The strengths are that it covers a wide range of countries and also is consistently analyzed with monthly updates of the data set. However, this methodology is very narrow and the extent of certain governmental conditions is not a strong indicator of corruption levels. There has been a correlation seen between the level of institutionalization of a country and the points allotted, showing the skew of information.

Business Environment and Enterprise Performance Survey (BEEPS)⁶⁰

The Business Environment and Enterprise Performance Survey (BEEPS) is a survey of business firms assessing corruption and other problems faced by businesses in Europe and Central Asia (ECA). The survey covers almost every country in the region, and does so every three years. The BEEPS relies on information provided by local businesspeople asked a range of concrete questions, covering the business environment,

⁶⁰ “Business Environment and Enterprise Performance Surveys (BEEPS) FAQ.” *The World Bank Group*, 2006. Web. 13 Feb. 2013. <<http://www1.worldbank.org/publicsector/anticorrupt/feb06course/beePS%20Frequently%20Asked%20Questions.pdf>>.

public services, legal services, etc. The survey conceptualizes corruption into state capture and administrative corruption, as described above. The BEEPS provides insights on the separation of power of the state and economic interests, allowing unique views of state-firm relations, for example, a weak state captured by powerful economic interests. However, it has been criticized that this conceptual division of state and society is not realistic considering that state representatives and certain members of society often share common interests and engage in cooperative relations, blurring the line between the two. However, it is a strong indicator of the different types of corruption. Another strength of BEEPS is that the questionnaire steers clear of pure perception questions, asking instead about specific aspects of the business environment as they affect their firm or similar firms. It also allows for examination of changes over time and focuses on the different types of corruption, how much, how frequent, to which sorts of government officials, etc., as well as an examination of which firms are most impacted, etc. which is more conducive to my research. Because it is an original source of data, it offers several useful features not found in aggregate indicators (such as the CPI and CCI).

Proposed Research Methodology

As seen from the previous section, while many aspects from each of these indices have been beneficial to the growth of corruption research, the design and implementation have given rise to many criticisms. It is important to note, though, that the primary aim for many of the existing measures has been to uncover the prevalence and magnitude of the problem.

My survey aims to go beyond simply uncovering the extent of the problem and intends for the results to direct policy-outcomes and new initiatives, the next step in eradicating political corruption. As political administrative corruption occurs at the intersection between the public and private sphere, there are two very important points to investigate: 1) what would it take for businesses to stop engaging in corruption and 2) what would it take for public officials to stop engaging in corruption. Due to the individualized nature of corruption, the literature points to a variety of reasons why public officials engage in corruption, e.g., low wages, poor working conditions, low penalties for getting caught, cultural and societal norms.⁶¹ However, while much theoretical research has been done on this point, the literature seems to lack information on the first. This is the gap my research intends to fill. By asking businesses for their thoughts on corruption as a problem and their assessment of how their experiences compare to others, we are gaining insight into an essential side of political corruption. If we can collect sector and country-specific information, it becomes easier to create specific anti-corruption policies and regulations. Additionally, while there has been increased awareness of the negative effects of corruption, many companies do not have the knowledge or resources to figure out how to work in an uncorrupt environment. Furthermore, why would companies simply stop engaging in corruption without any guarantee that their competitors will as well? The results from this new methodology will give policy makers insight into what needs to change on the government side for businesses to not consider corruption a daily part of business. For example, if regulations are streamlined and interaction with bureaucrats is minimized, assuming that the survey

⁶¹ Graf Lambsdorff, Johann. "Consequences and causes of corruption: What do we know from a cross-section of countries?" (2005). Passauer Diskussionspapiere: Volkswirtschaftliche Reihe, No. V-34-05

results indicate a need for this, businesses would have increased confidence that there is no need or opportunities for competitors to pay bribes.

The proposed survey described in detail below has incorporated many of the positive features from existing corruption indices and has been created in an attempt to overcome the featured drawbacks and researcher challenges described in the sections above. Below, I have designed a two-step research method that combines the interview and survey research methods for a comprehensive picture of the business component in political corruption. The methodology aims to collect both qualitative and quantitative data, on a large scale in newly industrialized nations.

Step 1: Pilot Study Interviews

In this step, face-to-face interviews are conducted with businesses across a variety of sectors. For a cross-country analysis, at least 5-10 mid-sized companies from every sector across regions in at least five different newly industrialized countries should be interviewed to gain insight into how the questions will be interpreted in each setting. If the survey is intended to study a particular sector or country, the sample size should be proportional and representative of the target population. The proposed survey will serve as the basic structure of the interview, but the flow will be more conversational. The first part of the interview will include an introduction, general relationship/trust building when asking about the business in general and the manager's background, and the questions investigating corruption perceptions. Because of the sensitive nature of the more experience-based corruption questions and to lessen social desirability bias and privacy concerns that result in face-to-face interviews, the interviewer will leave the room and the

subject will be asked to complete the more experience-based corruption question section online. The interview will then return to the room with a blank copy of the survey or follow up with a phone call in order to collect feedback on the survey. After this step is completed, the survey will be revisited and closed up where possible in order to shorten the time needed and length of the survey. This is important in order to prevent low response rates and high withdrawal rates from the mass web surveys involved in the next step.

Step 2: Mass Data Collection Web Survey

The next step is to send out the new survey to a large number of respondents through the Internet. I chose this method because online surveys are inexpensive, can reach large audiences quickly, provide flexibility for participants (in terms of when and where the survey is taken), have rapid deployment and return times, and are more convenient for data analysis.⁶² Web surveys have also been increasingly used to study sensitive topics. This is because respondents are more willing to disclose private information about themselves in web surveys where the pressure of maintaining a positive image in front of a human researcher is minimized.⁶³

In order to identify the companies that need to be surveyed, the research team needs to first collect general demographic information from a variety of sources, including databases that hold lists of industry-specific companies across countries, government websites, service websites, ministry information, and industry-wide organizations. Then the massive list must be reduced according to a set of parameters and

⁶² Couper, Mick. "Designing Effective Web Surveys." (2008) New York: Cambridge University Press.

⁶³ Miller, Patrick. "Tipsheet – Sensitive Questions." *DISM Duke Initiative on Survey Methodology*. Retrieved from: <http://www.dism.ssri.duke.edu/pdfs/Tipsheet%20-%20Sensitive%20Questions.pdf>

then formed into representative lists of companies of all different sizes and corporate structures. Finally, it is important to call the company office, introduce yourself, your affiliation, and your research purpose and ask for email addresses of the employees in managerial positions who would have the most relevant information. The survey is intended for mid-level managers who can best speak to interactions with public officials, whether through first-hand experience or through knowledge of general political corruption experienced by subordinates. The managers can be considered experts in their industry, but are speaking from practical first hand knowledge. Sometimes framing the research as a study of the business environment or the interface between business and political institutions, rather than corruption, may increase participation. If possible, it would be better to connect with at least a few people over the phone before sending them the web survey so they can connect with a real person, building trust and increasing the likelihood of complete participation. Regardless of whether you can speak to someone over the phone, it is helpful to send an email introducing yourself and explaining the abovementioned information before the survey link. This is because the impersonal nature of web surveys can lead to cooperation problems and varied response rate, and so connect with the participant in any way can only help. Once results are in, the open-ended responses need to be coded into categories and the results analyzed for patterns, trends, and insights.

Survey Structure:

In my introduction section, I have included information about my affiliation, the purpose of my research, and what the survey is generally about. Being transparent is very

important when dealing with sensitive topics so that trust is built. Specifically writing that the questionnaire was designed to take 45 minutes will help when the managers know how much time to set aside to participate. This time may change as a result of pilot findings. The next few lines include information about the option to skip question and participate in an online video conversation. After that, I take some time to clarify my conceptualization of corruption and indicate that this is the definition the participant should keep in mind through out the survey. I chose this definition because it will put the focus on interactions with the government, making the businesspeople more likely to respond truthfully and worry less about implications for themselves. By clearly defining corruption, I avoid the problem of having a large variety of individual interpretations and conceptualizations of corruption. Finally I include the following paragraph:

“The questions have been framed in such a way that none of the answers you provide can be used to legally implicate you in any way. No one, besides the research team, will ever be able to link your identity to the answers provided below. Still, your participation in entirely voluntary and you may choose to withdraw from the survey at any time. Your answers will remain confidential and any reference to your responses will be kept anonymous in the final paper.”

This once again stresses the voluntary aspect of the survey and puts to rest some of the anxiety around privacy concerns.⁶⁴ I chose to include this after my conceptualization of political corruption so that additional attention is drawn and respondents are reminded of this immediately before beginning the survey.

The first few questions are standard demographic questions related to businesses. I chose to ask specifically about business structure and sector so that once results start

⁶⁴ Miller, Patrick. “Tipsheet – Sensitive Questions.” *DISM Duke Initiative on Survey Methodology*. Retrieved from: <http://www.dism.ssri.duke.edu/pdfs/Tipsheet%20-%20Sensitive%20Questions.pdf>

coming in, we could examine the data for patterns and outliers across these categories.

Other demographic questions include:

- location of company headquarters
- number of employees
- job title
- length of employment
- main duties
- supervisory responsibilities
- number of employees overseen

The last two questions in this section are important because in some sectors, mid-level managers are not the ones interacting with bureaucrats themselves, but still stay informed about the amount of bribes taken from their supervisees. Collecting this information can help code for questions later on in the survey alluding to bribe experiences.

The next section, comprised of four questions, asks for general information about corruption in business. I chose to include these questions towards the beginning so that the more intrusive questions occur in the middle, not too early scaring respondents away and not too late so as to risk ending the survey on an offending note. The first question is:

To what degree do each of the following serve as obstacles for your business?				
	Not an obstacle	Minor obstacle	Moderate obstacle	Major obstacle
Corruption in the legal and judiciary system	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bureaucracy and red tape	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Government officials	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Laws	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Taxes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transportation of goods/materials	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Threats from media and/or other organizations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Political Instability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Competitive Business Practices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Access to resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

This question is a general question aimed at collecting information on what businesses in particular sectors find most impeding, something political institutions should be aware of and take steps to improve. The next question asks: “How significant of a problem is corruption in this country relative to other perceived major issues faced by this country?” This is a perception question capturing attitudes towards corruption in light of national problems. I have left it open-ended because I think people will have interesting and unique answers, and closing it up may quench opinions. The final two questions in this section ask for both opinions and perceptions of corruption in business:

Please move the slider to represent your views on the following topic:

The use of corruption in business is

Useless		Useful
Harmful		Harmless
Ethical		Unethical
Necessary		Optional
Frequent		Infrequent

Complete the sentence: Corruption in my business has led to...
(choose all that apply)

<input type="radio"/> Increased efficiency	<input type="radio"/> Higher costs
<input type="radio"/> Decreased efficiency	<input type="radio"/> Improved reputation
<input type="radio"/> A gain in resources	<input type="radio"/> Harmed reputation
<input type="radio"/> A loss in resources	<input type="radio"/> Decreased investment
<input type="radio"/> Strengthened growth	<input type="radio"/> Increased investment
<input type="radio"/> Weakened growth	<input type="radio"/> Other
<input type="radio"/> Lower costs	<input type="text"/>

I included these questions to gauge attitudes towards corruption and impacts in businesses. If more positive impacts are chosen in response to the second question, it is more likely that the interactions with bureaucrats were beneficial to both parties, symbolizing an increased possibility of collusion. However, if more negative impacts are selected, it may mean that there have been many instances of extortion. Alternatively, this could signify social desirability bias.

The next three questions form the section on interactions with public officials. The questions in this section seem to be the most intrusive (relatively) as they are investigating corruption experiences. However, they have been framed in a way that the answers selected do not imply admission of guilt, but rather identify generally the amount of bribe requests (explicitly or otherwise), not bribes paid or expected.

During an average week, about how many times do you or anyone else in your office interact with a public official for their daily business dealings?

What was the main purpose of these meetings? Please choose all that apply.

- Obtain Permits
- Discuss Regulations
- Make Payments
- Find Projects
- Obtain Approvals
- Submit Designs
- Obtain Certification
- Acquire Licenses
- Review Tax Assessments
- Registrations
- Customs Procedures
- Public Procurement Contracts
- Other

During the length of a typical project, about how often was an informal gift or payment requested (explicitly or otherwise) at these meetings?

- Never
- Rarely
- Sometimes
- Often
- All of the Time

Once the pilot interviews are conducted, the first question (# of interactions) will be closed up. There is also a skip logic involved in this step: If the business does not

necessitate interactions with public officials, the following two questions are not applicable and thus the next question shown will be part of the next section. Additionally, I may alter the list of purposes after feedback from the pilot interviews, depending on if some answers are repeatedly not selected and if there are other behaviors I have not included.

The next section explores personal perspectives on corruption behavior, with questions such as:

- Would you report corruption if you encountered it? Why or why not?
- If you were asked for a bribe and refused, what would happen? Why do you think this?
- What parts of your business activities are most susceptible to corruption? Why?

These give more insight into the mind of businesspeople and culture of corruption.

Additionally, the survey probes for external reactions to corruption behavior with the following question:

Please answer the following to the best of your ability.

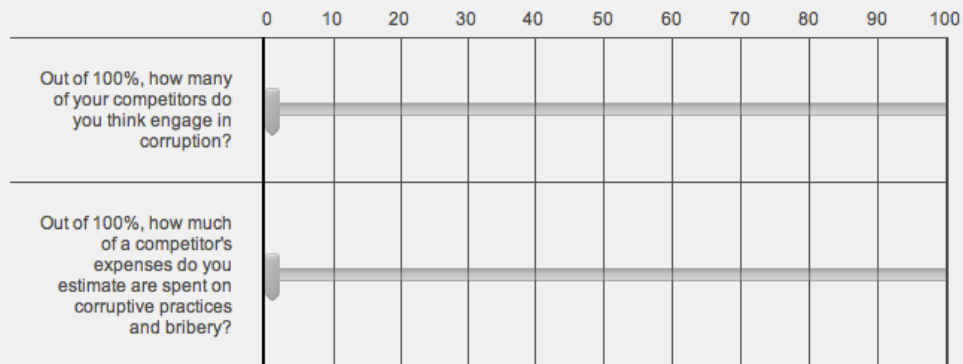
	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	No Response
Important people in society would understand if I engaged in corruption.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Important people in government want me to engage in corruption.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My family would understand if I engaged in corruption.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel in complete control of whether or not I will engage in corruption.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My coworkers most likely engage in corruption.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My government is effective at fighting corruption.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corruption has reduced my business's ability to access funds from overseas financial markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corruption has reduced my ability to access funds from domestic financial markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

The following section inquires about corruption behavior in competitors. Additionally, information gathered from this section will help researchers understand general perceptions of corruption within sectors. Even if participants aren't ready to provide information about their own corruption experiences, they are more likely to answer questions about their competitors. Subconsciously, the answers to these questions may reflect their own actual corruption behavior. The question, "what do you think would stop competitors from engaging in corruption?" is an example of this. The answers to this question will be very interesting to policy-makers and will provide great insight into administrative political corruption behaviors.

How often do your competitors engage in corruption?

- Never
- Rarely
- Sometimes
- Often
- All of the time

Please answer the following questions:



What do you think would stop competitors from engaging in corruption?

Finally, the last section consists of open-ended questions asking for the opinions of these firm managers on corruption.

- Thinking of your industry in general, how corrupt do you think your industry is compared to others? Please explain.
- How ingrained in your society is the acceptance of corruption?
- How significant of a problem is corruption in this country relative to perceived levels of corruption in other countries?
- Who should be responsible for stopping corruption in your nation? Why?
- Have any groups/organizations helped to effectively reduce corruption? If so, how? If not, why not?

- Have any national laws helped to effectively reduce corruption? If so, how? If not, why not?

These questions serve a variety of interests, from policy-makers to industry experts to political leaders and NGO-affiliates. It would also be interesting to find trends in these answers when analyzing data according to sector-type. The survey ends inviting other thoughts on corruption and restating my email address for questions, concerns, and feedback.

For the complete survey, please see the Appendix.

CONCLUSIONS

The newfound interest in studying corruption has led to the development of indices that are inadequate to measure political corruption. By avoiding research obstacles, such as differing conceptualizations and respondent apprehension of legal implications, and by balancing the strengths and weaknesses of existing research methods, the above-proposed methodology will help paint a comprehensive picture of political corruption.

While the negative effects of corruption are well known, businesses and bureaucrats still engage in this behavior. Results from the above-described methodology will provide insights into this paradox from the business perspective. The business view of political corruption will help inform policies for increased government efficiency and help create effective regulations. This paper is also intended to serve as an initiator for a conversation on government interference in newly industrialized countries.

Bibliography

Ades, Alberto and Rafael Di Tella. "Rents, Competition, and Corruption." *The American Economic Review*, 1999: 89(4)

<http://conferences.wcfia.harvard.edu/files/gov2126/files/aerentscorruption.pdf>

Alfano, Baraldi, Cantabene. "Political Competition, Electoral System and Corruption: the Italian case." *Munich Personal RePEc Archive* Paper No. 41480. (2012) pg. 18 <

<http://mpa.ub.uni-muenchen.de/41480/>>

Amundsen, Inge. "Political Corruption: An Introduction to the Issues." *Chr. Michelsen Institute*, 1999. Pg 29

http://www.consocia.cgu.gov.br/uploads/biblioteca_arquivos/122/arquivo_05f01e79ad.pdf

Anoruo, Emmanuel and Habtu Braha. "Corruption and Economic Growth: The African Experience." (2005) pg 1.

Beck, P.J. and Maher, M.W.(1986). "A comparison of Bribery and Bidding in Thin Markets," *Economics Letters*, 20, 1-5

Boham, Hector and Sam Rockson Asamoah. "10 ways in which corruption hampers economic development." *Corruption and Fraud Audit Consortium, Ghana Ltd.*,

2011. Web. 17 April 2013.

<<http://www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=207109>>

"Bribe Payers Index." *Transparency International*. Web. 20 March 2013.

http://bpi.transparency.org/bpi2011/in_detail/

“Business Environment and Enterprise Performance Surveys (BEEPS) FAQ.” *The World Bank Group*, 2006. Web. 20 March 2013.

<<http://www1.worldbank.org/publicsector/anticorrupt/feb06course/beePS%20Frequently%20Asked%20Questions.pdf>>

“Central America Forum Aims To Curb Corruption’s Impact.” *Transparency International*, 2011. Web. 19 April 2013.

http://www.transparency.org/news/feature/central_america_forum_aims_to_curb_corruptions_impact

"Corruption." *Merriam-Webster.com*. Merriam-Webster, 2013. Web. 19 March 2013.

“Corruption Perceptions Index.” *Transparency International*. Web. 20 March 2013.

<http://cpi.transparency.org/cpi2012/in_detail/>

De Soto, Hernando. “The Other Path: The Economic Answer to Terrorism.” (1989) New York: Harper and Row.

“Enterprise Surveys.” *The World Bank*, 2012. Web. 13 Feb. 2013

<<http://www.enterprisesurveys.org>>

Fabrega-Lacoa, J. “Who is who in petty corruption: The rationality behind small bribes.” The University of Chicago, 2009. Pg. 198.

<http://search.proquest.com.proxy.lib.umich.edu/docview/305050302?accountid=14667>

“FAQs on Corruption.” *Transparency International*, 2012. Web. 20 March 2013.

<http://www.transparency.org/whoweare/organisation/faqs_on_corruption>

Galtung, Fredrik. "Measuring the Immeasurable: Boundaries and Functions of (Macro) Corruption Indices." *Measuring Corruption*, 2005. Web. 13 Feb. 2013.

<http://miha.ef.uni-lj.si/_dokumenti3plus2/192804/Class_3_reading_-_Galtung.pdf>.

Giovannoni, Francesco and Nauro Campos. "Lobbying, corruption and political influence." 2006. IZA Discussion Papers, No. 2313.

<<http://hdl.handle.net/10419/33990>>

"Global Corruption Barometer." *Transparency International*. Web. 20 March 2013.

<http://gcb.transparency.org/gcb201011/>

Glossary. *Anti-Corruption Resource Centre*. Web. April 2013.

<http://www.u4.no/glossary/>

Graf Lambsdorff, Johann. "Consequences and causes of corruption: What do we know from a cross-section of countries?" (2005). Passauer Diskussionspapiere:

Volkswirtschaftliche Reihe, No. V-34-05

Hellman et al. "Measuring Governance, Corruption, and State Capture." *The World Bank*, April 2000. Pg. 3. Web. 20 March 2013.

<<http://unpan1.un.org/intradoc/groups/public/documents/un-dpadm/unpan044602.pdf>>

Houston, Douglas. "Can corruption ever improve an economy?" (2007) *Cato Journal*

27(3): 329. <http://www.cato.org/sites/cato.org/files/serials/files/cato-journal/2007/11/cj27n3-2.pdf>

"International Country Risk Guide Methodology." PRS Group. Web. 20 March 2013.

http://www.prsgroup.com/ICRG_Methodology.aspx#Background

Knowles, Stephen and Arlene Garces. "Measuring government intervention and

estimating its effect on output: With reference to the high performing Asian

- economies.” *Centre for Research in Economic Development and International Trade*, 2000. Pg 1.
- KPMG. “India Fraud Survey Report.” (2010): Web. 17 April 2013. Pg. 25
http://www.kpmg.com/IN/en/IssuesAndInsights/ArticlesPublications/Documents/KPMG_Fraud_Survey_2010.pdf
- KPMG. “Survey on Bribery and Corruption: Impact of Economy and Business Environment.” (2011): Web. 23 Feb. 2013
<http://www.kpmg.com/IN/en/IssuesAndInsights/ThoughtLeadership/KPMG_Bribery_Survey_Report_new.pdf>.
- Kraus, Karl. 20 March 2013 <<http://quotationsbook.com/quote/8577/>>
- Kunicova, Jana and Rose-Ackerman, Susan. “Electoral Rules as Constraints on Corruption: The Risks of Closed-List Proportional Representation” *European Economic Association* (2001) Pg 1, Pg 25.
- Lee, R. M. “Doing research on sensitive topics.” (1993) London: Sage Publications.
- Leff, N. H. “Economic Development through Bureaucratic Corruption.” (1964) *The American Behavioral Scientist* 8 (2): 8–14.
- Mauro, Paolo “Corruption and Growth.” *The Quarterly Journal of Economics*, Vol. 110, No. 3 (Aug., 1995), pp. 681-712
<<http://homepage.ntu.edu.tw/~kslin/macro2009/Mauro%201995.pdf>>
- Miller, Patrick. “Tipsheet – Sensitive Questions.” *DISM Duke Initiative on Survey Methodology*. Retrieved from: <http://www.dism.ssri.duke.edu/pdfs/Tipsheet%20-%20Sensitive%20Questions.pdf>

- Nye, Joseph "Corruption and Political Development: A Cost-Benefit Analysis." (1967) *American Political Science Review*, 61 (2): 417-427.
- Perrson, Tabellini, Trebbi "Electoral Rules and Corruption." *European Economic Association (2000)* Pg 1
- Razafindrakoto, M., Roubaud, F. "Are international databases on corruption reliable? A comparison of expert opinions surveys and household surveys in sub-saharan Africa", (2010) *World development*, August, 38(8): 1057-1069.
- Rijckeghem, Caroline and Beatrice Weder. "Corruption and the Rate of Temptation: Do Low Wages in the Civil Service Cause Corruption?" *International Monetary Fund*, 1997. WP/97/73.
- Rose-Ackerman, Susan. "Political Corruption and Democracy" (1999). Faculty Scholarship Series. Paper 592.
http://digitalcommons.law.yale.edu/fss_papers/592
- Saha, Shrabani and Rukhmani Gounder. "Causes of Corruption: A Cross-Country Analysis Evaluation" Massey University, New Zealand 2007 (pg 3)
- Sanwalka, Deepankar, and Rohit Mahajan. "Survey on Bribery and Corruption." KPMG India . Web. 13 Feb. 2013.
<http://www.kpmg.com/IN/en/IssuesAndInsights/ThoughtLeadership/KPMG_Bribery_Survey_Report_new.pdf>.
- Shleifer and Vishny. "Corruption." *The Quarterly Journal of Economics*, (August 1993), Web. 20 March 2013.
<<http://www.economics.harvard.edu/faculty/shleifer/files/corruption.pdf>>

- Stefes, Christoph H. "Measuring, Conceptualizing, and Fighting Systemic Corruption: Evidence from Post-Soviet Countries." *Perspectives on Global Issues*, 2007. Web. Web. 13 Feb. 2013. <<http://elibrary.worldbank.org/docserver/download/3968.pdf?expires=1360901519&id=id&accname=guest&checksum=1CDD00CC6867E1FE2502525F012ED7C2>>
- Tanzi, Vito. "Corruption Around the World: Causes, Consequences, Scope and Cures." (1998): 45.4. International Monetary Fund. Pg 568
- "The IMF and Good Governance" *International Monetary Fund*, 2013. Web. 19 March 2013. <<http://www.imf.org/external/np/exr/facts/gov.htm>>
- Tourangeau, Rojer and Ting Yan. "Sensitive Questions in Surveys." (2007) *Psychological Bulletin*, Vol. 133, No. 5, 859-883
- Triesman. "The Causes of Corruption: A Cross-National Study." *Journal of Public Economics*, 1998. Pg 17
- Vargas-Hernandez, Jose. "The Multiple Faces of Corruption: typology, forms and levels." 2009. Pg. 10. <<http://www.ameppa.org/upload/Typology.pdf>>
- "What is the Corruption Perceptions Index?" *Transparency International*, 2012. Web. 19 March 2013 <http://www.transparency.org/cpi2011/in_detail#myAnchor3>
- "Why exposing and preventing corruption is important." *Independent Commission Against Corruption*. <<http://www.icac.nsw.gov.au/about-corruption/why-expose-corruption>>
- Xin, X. and Rudel, T. K. "The Context for Political Corruption: A Cross-National Analysis." *Social Science Quarterly*, 2004. 85: 294–309.

Appendix: Survey

Default Question Block

Hello! I am a student at the University of Michigan studying Political Science and Psychology. As a part of my Political Science honors thesis, I am interested in studying corruption in developing nations.

During this study, you will be asked to answer questions about your perceptions and experiences with corruption. This questionnaire was designed to take approximately 45 minutes. If there are any questions you feel you cannot answer or that you do not feel comfortable answering, feel free to indicate this and move on to the next question. Alternatively, if at any point you are interested in participating in an online video conversation to provide more information or answer additional questions, please contact me at the email listed below.

This survey is designed to learn first-hand information about the prevalence and impacts of political corruption, herein simply referred to as "corruption," defined as the use of power by government officials for illegitimate private gain.

The questions have been framed in such a way that none of the answers you provide can be used to legally implicate you in any way. No one, besides the research team, will ever be able to link your identity to the answers provided below. Still, your participation is entirely voluntary and you may choose to withdraw from the survey at any time. Your answers will remain confidential and any reference to your responses will be kept anonymous in the final paper.

Thank you for your time, energy, and honesty.

For any questions, concerns, or clarifications, please contact Khushi Desai by email at khushid@umich.edu.

How would you best describe your business?

- Sole Proprietorship
- Partnership
- Limited Liability Partnership
- Cooperative
- Family Owned Business
- Private Limited Company
- Public Limited Company
- Public Sector Enterprise
- Unlimited Company
- Other

Which sector does your company belong to?

- Basic Materials (e.g., Chemicals, Minerals, Oil & Gas Drilling and Mining)
- Conglomerates
- Consumer Goods (e.g., Appliances, Beverages, Cleaning Products, Electronics, Packaging, Textiles)
- Financial (e.g., Insurance, Brokerages, Real Estate, Banks)
- Health-care (e.g., Drugs, Hospitals, Medical Laboratories)
- Industrial Goods (e.g., Aerospace/Defense, Construction, Wood Production, Waste Management)
- Services (e.g., Advertising, Dealerships, Broadcasting, Entertainment, Publishing, Airlines, Trucking)
- Technology (e.g., Software, Information Services, Internet Service Providers, Computers)
- Utilities (e.g., Electric, Gas, Water)
- Other

Where is the company headquartered? (City, Country)

How many employees work for this business? Please consider all full and part time employees at all locations.

- 0-5
- 6-15
- 16-25
- 26-35
- 36-45
- 46-55
- 56-100
- 100+

What is your job title?

How long have you been employed with this company?

Please describe your main duties.

Do you have any supervisory responsibilities?

- Yes
- No

If so, how many employees do you oversee?

To what degree do each of the following serve as obstacles for your business?

	Not an obstacle	Minor obstacle	Moderate obstacle	Major obstacle
Corruption in the legal and judiciary system	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bureaucracy and red tape	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Government officials	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Laws	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Taxes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transportation of goods/materials	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Threats from media and/or other organizations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Political Instability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Competitive Business Practices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Access to resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How significant of a problem is corruption in this country relative to other perceived major issues faced by this country?

Please move the slider to represent your views on the following topic:

The use of corruption in business is

Useless		Useful
Harmful		Harmless
Ethical		Unethical
Necessary		Optional
Frequent		Infrequent

Complete the sentence: Corruption in my business has led to...
(choose all that apply)

- Increased efficiency Higher costs

- Decreased efficiency
- A gain in resources
- A loss in resources
- Strengthened growth
- Weakened growth
- Lower costs

- Improved reputation
- Harmed reputation
- Decreased investment
- Increased investment

Other

During an average week, about how many times do you or anyone else in your office interact with a public official for their daily business dealings?

What was the main purpose of these meetings? Please choose all that apply.

- Obtain Permits
- Discuss Regulations
- Make Payments
- Find Projects
- Obtain Approvals
- Submit Designs
- Obtain Certification
- Acquire Licenses
- Review Tax Assessments
- Registrations
- Customs Procedures
- Public Procurement Contracts
- Other

During the length of a typical project, about how often was an informal gift or payment requested (explicitly or otherwise) at these meetings?

- Never
- Rarely
- Sometimes
- Often
- All of the Time

Would you report corruption if you encountered it? Why or why not?

Please answer the following to the best of your ability.

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	No Response
Important people in society would understand if I engaged in corruption.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Important people in government want me to engage in corruption.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My family would understand if I engaged in corruption.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel in complete control of whether or not I will engage in corruption.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My coworkers most likely engage in corruption.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My government is effective at fighting corruption.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corruption has reduced my business's ability to access funds from overseas financial markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corruption has reduced my ability to access funds from domestic financial markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If you were asked for a bribe and refused, what would happen? Why do you think this?

What parts of your business activities are most susceptible to corruption? Why?

How often do your competitors engage in corruption?

- Never
- Rarely
- Sometimes
- Often
- All of the time

Please answer the following questions:

	0	10	20	30	40	50	60	70	80	90	100
Out of 100%, how many of your competitors do you think engage in corruption?											
Out of 100%, how much of a competitor's expenses do you estimate are spent on corruptive practices and bribery?											



What do you think would stop competitors from engaging in corruption?

Thinking of your industry in general, how corrupt do you think your industry is compared to others? Please explain.

How ingrained in your society is the acceptance of corruption?

Not Ingrained

Slightly Ingrained

Moderately Ingrained

Severely Ingrained

How significant of a problem is corruption in this country relative to perceived levels of corruption in other countries?

Who should be responsible for stopping corruption in your nation? Why?

Have any groups/organizations helped to effectively reduce corruption? If so, how? If not, why not?

Have any national laws helped to effectively reduce corruption? If so, how? If not, why not?

Are there any other thoughts you'd like to share on corruption?

Thank you for your participation! Again, your answers will remain anonymous and confidential.

Please feel free to contact Khushi Desai at khushid@umich.edu with any questions, comments, and/or feedback!