

UNIVERSITY OF LJUBLJANA
FACULTY OF ECONOMICS

UNDERGRADUATE THESIS

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**THE CONNECTION BETWEEN GUANXI, CORRUPTION AND ETHICS IN THE
CHINESE BUSINESS WORLD**

Ljubljana, September 2012

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INTRODUCTION

As business with China is becoming more and more important, western businessmen have to take into consideration the style in which Chinese businessmen are interacting worldwide. That is why, the concept of “guanxi” has gained a lot of attention in the recent years. But this term is often perceived and linked to corruption. The phenomenon of corruption is typical and very well known in all world economies and systems and especially in the business world.

It can be said that corruption exists in all the countries of the world, but the main goal of my thesis is to show the difference between corruption, anti-corruption laws, business opportunities and conditions for doing business between the Chinese and the Western business world. In the European Union or the United States, for example, there is a low level of corruption, but the rules to make business are very different from the ones in China. In the Western world a businessmen does not need so much effort to start a business, or to conclude a contract like in China and also the costs are lower. It can be argued that the system, rules, terms and conditions are the same for everyone. In contrast to that in the Chinese business environment if you are not a member of “guanxi” you will have major problems in starting a business and entering into the market. From all that, two very complex questions arise. Are the business rules, terms and conditions in China and in the Western world really the same for everyone? Are modern economies really the ones which have the lowest level of corruption? In my thesis I will try to find the answers also to these questions.

Of course it is widely accepted that corruption affects the economic growth of each country in which it occurs. But this is not the case in all the countries. In some, this phenomenon does not occur in that way, or at least not to that extent. Those countries achieve a rapid growth under circumstances of widespread corruption. An adequate example of a country with high economic growth and a high level of corruption is China.

In the first section of my thesis, I will explain in detail the basics of corruption. Some definitions from different researchers of this phenomenon will be listed and accurately explained. Then the efforts for measuring corruption will be examined. Furthermore, I will also list some different types and concepts of corruption. Then the causes, consequences and economic aspects of this phenomenon will be accurately explained. Finally, I will present the efforts to fight against corruption.

In the second section, the term of “guanxi” is described. There is no exact translation of the word “guanxi” into English language which makes it necessary to provide a detailed explanation of what “guanxi” means. Also the different categorizations of “guanxi” like “rent-seeking guanxi” and “favour-seeking guanxi” are addressed. Furthermore, a short description of corruption and ethics in a business context follow. After the clarification of the key-terms I will continue with the implications that “guanxi” has on the ethics in the Chinese business world. Many different statements were published concerning the morality of the

“guanxi” phenomenon. This paper also gives an overview over those different opinions. Especially, with regards to the similarities between corruption and “guanxi” which is the main focus of this section. The westerners often have difficulties to distinguish those two phenomena. As primary data and sources are not available, secondary sources are used in this paper. In order to secure the up-to-date nature of the subject, which is not easy in China, due to its fast pace of changes, my research relies mainly on articles, sources from the internet and other secondary sources.

In this paper, I also intend to give an overview of “guanxi” like a typically Chinese occurrence, which impedes and prevents doing business in China. Particularly, when it comes to business with the government, “guanxi” is able to open doors to prestigious business opportunities. This is a big challenge to businessmen from other countries which are not familiar with this concept. In this context, the partnerships between Chinese and Western enterprises which do not have “guanxi” connections are more important than it seems from the Western perspective at the first glance.

1 CORRUPTION

First, an etymological explanation of the word corruption has to be made. It comes from the Latin word “corrumpo” which literally means to decompose, or to disintegrate, to lose value, to become putrid and useless. In other words, corruption means to lose purity or integrity. This wide understanding covers both objects and things, or it can be said animate or inanimate. However, when applied to human actions, the word corruption assumes an added meaning. Hornby and Wehmeier (2000, pp. 261) in *The Advanced Oxford Dictionary* define corruption as: “an act of dishonesty or an illegal behavior aimed at using public office for one’s private gain”.

It can be said that corruption has been a part of our economic and political life since ancient times. One example could be the old Roman Empire, where it was widely known that everything had a price, and that everything and everybody could be corrupted. In those times also political status and power were bought with money.

Also today corruption is a global problem and no country in the world is totally free of its menacing grip. Especially growing economies, where the democracy and the laws of the new economies are still evolving, are subject to the phenomenon of corruption. However, it is the level of its prevalence on one hand and the honest, committed readiness of the people in eradicating it on the other, that differentiates one country from another in the scale of Corruption Perception Index (hereinafter: CPI). Since 1995 Transparency International publishes the CPI index annually ranking countries “by their perceived levels of corruption, as determined by expert assessments and opinion surveys”. The CPI generally defines corruption as “the misuse of public power for private benefit”. As of 2012, the CPI ranks 182 countries “on a scale from 10 (very clean) to 0 (highly corrupt)”.

Nowadays we can find many different stories of corruption in the developed countries and especially in the developing ones from all over the world. But this phenomenon has received its deserved and significant attention among economists and international financial institutions only during the last few decades, given its implications for economic growth. Nowadays detailed analyses are implemented by the researchers on this topic, especially on the causes, implications and mechanisms of prevention of this phenomenon.

A lot of different literature can be found on the relationship between corruption and economic growth, and the general conclusion is that corruption slows down the long-term growth of an economy through a variety of channels. It hampers economic growth, disproportionately burdens the poor and reduces the effectiveness of investments and aid. In contrast to that, some other authors argue that corruption can have also a positive or beneficiary effect over economic growth, but this effect can occur only for a short period of time. In the long run corruption should have a detrimental impact on economic growth of a country. The cause of the increasing number of analyses and research of corruption lies in the growing number of corrupted governments and cases of corrupted government officials in high positions. The transition process has allowed them additional earnings with privatization and concentration of capital and inefficient use of foreign development aid in the developing countries.

Therefore, it can be said that this research area is still in a process of empirical research, and that there is no generally accepted definition of corruption.

1.1 Definitions of corruption

Corruption is a very wide, complex and it can be said also unclear term which needs to be accurately defined. In the past decade, the question of corruption definition absorbed a large part of time spent on discussions of corruption at meetings and conferences. This is a very difficult job to do, because there are as many definitions and clarifications of corruption as well as different international governmental, non-governmental organizations, agencies and authors, which are dealing with this problem. Hereafter I will first list definitions of corruption, as they are explained by the most widely known governmental and non-governmental organizations which fight against this widely spread phenomenon:

1. World Bank and The International Monetary Fund (hereinafter: IMF): The World Bank and IMF are international organizations founded to aid countries in their process of economic development with loans, advice and research. Both define corruption as “The abuse of public office for private gains” (World Bank, 1997; International Monetary Fund, 2012).
2. The Council of Europe Group of States against Corruption (hereinafter: GRECO): GRECO was established in 1999 by the Council of Europe to monitor States’ compliance with the organization’s anti-corruption standards. It defines corruption as “Corruption means bribery and any other behavior in relation to a person, who has been entrusted with

power in the public or private sector, and violates his obligations, arising from the position of a public official, a person employed in the private sector, independent agent or from any other position of power and who aims to obtain any illegal advantage for himself or for another person” (Greco, 1995, p. 27).

3. Transparency International (FAQs on corruption, 2012): Generally speaking Transparency International defines corruption as “the abuse of entrusted power for private gain”. They also classify this phenomenon in grand, petty and political, depending on the amounts of money lost and the sector where it occurs.
 - *Grand corruption*: Grand corruption consists of acts committed at a high level of government that distort policies or the central functioning of the state, enabling leaders to benefit at the expense of the public good.
 - *Petty corruption*: Petty corruption refers to everyday abuse of entrusted power by low- and mid-level public officials in their interactions with ordinary citizens, who are often trying to access basic goods or services in places like hospitals, schools, police departments and other agencies.
 - *Political corruption*: Political corruption is a manipulation of policies, institutions, and rules, of procedure in the allocation of resources and financing by political decision makers, who abuse their position to sustain their power, status and wealth.
4. Organization for Economic Co-operation and development (2007) (hereinafter: OECD): “Active corruption” or “Active bribery” is defined as paying or promising to pay a bribe, “passive bribery” is the offence committed by the official receiving the bribe. Of course, in a number of situations, the recipient may induce or force the briber, and in that sense, is the active party.
5. Asian Development Bank (hereinafter: ADB): “Corruption involves behavior on the part of officials in the public and private sectors, in which they improperly and unlawfully enrich themselves and/or those close to them, or induce others to do so, by misusing the position in which they are placed” (Asian Development Bank, 2010, p. 31).
6. European Bank for Reconstruction and Development (2012) (hereinafter: EBRD): “Corrupt Practice” means the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.
7. Commission for the Prevention of Corruption of the Republic of Slovenia (hereinafter: CPC): “Corruption means any violation of obliged and lawful practice by officials and responsible persons in the public or private sector, as well as the conduct of persons initiating such violations or by persons benefitting from them, for the purpose of ineligible benefit promised, offered or given directly or indirectly, or for the purpose of ineligible benefit demanded, accepted or expected for one`s own advantage or for the advantage of any other person” (Korupcija integriteta in etika, 2012).

In my thesis I will refer mostly to one definition of corruption, which is “The abuse of power for private benefit”. It is the simplest and most popular definition and it is used by the World Bank and from the non-governmental organization called Transparency International. This definition is also most widely used by the authors of literature that I will refer to in this paper. From this definition it should not be concluded that corruption cannot exist in the private sector activities. This phenomenon is widely spread also in large private enterprises, especially in the sector of procurement or even in hiring. It exists also in private activities regulated by the government. It should be clear that abuse of public power is in several cases not just for one’s private benefit but it can be for the benefit of one`s friends, party, tribe, class, family and others. Very often in some countries the return from corrupt activities goes to finance the political parties.

All the above mentioned and listed definitions are very similar. In fact, we cannot argue that there is a big difference between them. The essence of those definitions is almost the same in all the international organizations listed. However, each is lacking in some aspect, which for the purpose of this thesis is not as important for the definition of corruption as the essence of this phenomena, which is bribery of public officials with different gifts or money in exchange for different favours and services, with which a public official violates the rules, arising from his position.

Hereafter, also some definitions of corruption from different authors of books, economists, scholars and researchers on this topic will be given. I have to mention also that very few of them provide a direct definition of what corruption in their view is, which confirms the complexity of interpretation of this topic. Their aspects, ways of thinking, and explanations of this phenomenon are diverse, but we can find also parallels with the above mentioned definitions.

One of the most widely known researchers of corruption and author of books and publications is Robert Klitgaard (1997) who states that corruption is a word of many meanings, and that this vast concept has to be subdivided to explain it properly. At the broadest level, he defines corruption as the misuse of office for unofficial ends. His catalogue of corrupt act includes bribery, extortion, influence-peddling, nepotism, fraud, speed money, embezzlement and more. Those types of corruption will be explained further in this paper. He tends to think of corruption like an inappropriate act of the government, but also states that it exists in the private sector. Indeed, the private sector is involved in most government corruption. He argues that two analytical points have to be considered. In his opinion, corruption follows a formula:

Figure 1: Corruption formula

$$C = M + D - A$$

Source: R. Klitgaard, International Cooperation Against Corruption, 1997.

Corruption is equal to monopoly plus discretion and minus accountability. Whether the activity is public, private, or non-profit and whether you are in Washington or in Beijing, corruption can be found when someone has monopoly power over some goods or a public service, has discretion to decide whether you receive it, how much you get, and is not accountable. For second Klitgaard (1997) sees corruption as a crime of calculation, not passion. He claims that there are also saints who resist to all temptations, and honest officials who resist most. But when the size of the bribe is large and the chance to be caught is small, and the penalty if caught is modest, many officials will succumb to this temptation.

An earlier and commonly quoted definition from Nye (1967) also has to be mentioned. It has the same main concept like others, but it is far more detailed: "Corruption is behaviour which deviates from formal duties of public role because of private (personal, close family) pecuniary or status gains, or violates rules against the exercise of certain type of private-regarding influence."

It has to be said that various definitions that follow the concepts of Nye have weaknesses. The main is that it restricts corruption to the abuse of public power for private ends, while it is clear that corruption can frequently be traced to the interaction between state agents who grant licenses and private individuals or firms wishing to receive those licenses. It is also evident that corruption can and does occur also in the private, non-governmental sector. As an example, an employee of a large firm who is responsible for awarding contracts can take a bribe as easily as a government functionary. The second weakness of these Nye-type definitions is their reference to the rules that are used at that time. All the laws, regulations, and rules vary considerably over time and between different countries.

A later and very different definition is given by Alam (1989). This definition is based on the relationship between principals and their agents. In his view corruption may be defined firstly as a sacrifice of the principal's interest for the agent's and secondly like the violation of norms defining the agent's behavior. A weakness can be found also in Alam-type definitions. In those definitions the concept of corruption is directly related to the relationship between principals and their agents. An Alam's definition would be equally applicable to an agent who simply went to sleep during the afternoon and violating his principal's interests and the norms defining the agent's behaviour.

On the other hand Pellegrini (2009) has complemented the basic definition of corruption "the misuse of entrusted power for private gain" with the classic one from Nye (1967) mentioned above. In this way he wanted to make a new definition that is narrower than the moral one. At the same time it seems less clear than the legal one, but it is more useful for the purposes of economic analysis. His (Pellegrini, 2009) definition is: "Corruption is the misuse of entrusted power for private gain; it is behaviour which deviates from the formal duties of a given role because of private-regarding (personal, close family) pecuniary or status gains; or violates rules against the exercise of certain types of private regarding influence". This includes such behavior as bribery (use of a reward to distort the judgment of a person in a position of trust);

nepotism (bestowal of patronage by reason of ascriptive relationship rather than merit); and misappropriation (illegal appropriation of public resources for private-regarding uses)” (Banfield, 1958).

Susan Rose-Ackerman (2006) says that corruption occurs where private wealth and public overlap. In her opinion it represents the illicit use of willingness to pay as a decision making criterion. In the most common transaction a private individual or firm makes a payment to a public official in return for a benefit. Bribes increase the private wealth of officials and may induce them to take actions that are against the interest of their principals, who may be bureaucratic superiors, politically appointed ministers, or multiple principals such as the general public. But in her view illicit payments may sometimes flow also in reverse direction. Those people holding or competing for public office make cash payments to private individuals, firms or other officials to get benefits for themselves or their political parties.

From all those definitions and all those problems defining corruption we can conclude that also measuring corruption is a difficult job to do. When a high-level official steals millions of dollars for his or her own personal benefit, it is relatively easy to identify that as corruption. However, what if a parent gives a donation to a school in order to prevent the expulsion of a child? What if you live in a country in war where food supply is limited and you pay the officials a little bit of money under the table to get extra rations to feed your hungry family? It can be argued that corruption exists on different levels. Some also argue that a definition of corruption is impossible because it is a concept that is culturally determined and varies from one society to another. Some actions in one country can be viewed as bribery, but in others are not. One example is gift-giving to officials which may be expected in one country and prohibited by law in another. The private gain obtained by corrupt public officials, who have been entrusted with guiding and implementing public policy and service, is at the expense of both, the common good and of those who are not corrupted and are not cheating the system. Because of that corruption is widely viewed as an immoral practice and is increasingly condemned around the world.

1.2 Measuring corruption

With the advance of an increasingly globalised market, the scale of corruption and also the opportunities for it are rapidly growing. The resources for corrupt practices can be found in the size of corporations and their wealth, relative to nations. Because of the liberalization of the international financial markets the hiding and transferring proceeds of corruption are a lot easier. The East and West moves towards privatization have created new incentives for corruption on a scale never seen before. The reason for that is that the officials were not dealing just with the income of the state, but with its assets as well.

A vast variety of corruption measures are now available, which are different in breadth, methodology and quality. Also, there are many others under development. The first and longest-running efforts to measure corruption have been done by firms because of providing

risk assessments to international business. Some of those measurements rely on sample surveys, of the public at large, or of international business executives, others depend on expert assessments. One important thing about those sample surveys is that the sample sizes vary considerably. Some of those ask respondents to rate corruption levels on a scale, others ask about bribes, extortion, or other irregularities in specific governmental functions and some ask respondents of their own corruption experiences. All of those questions are dealing with aspects of a country's corruption situation, but one thing that is less clear is whether those different questions for different countries, reported in different units, produce results that are broadly comparable.

Wei (2001, pp. 3-4) argues that, by the nature of corruption (secrecy, illegality, variations across different economic activities), it is impossible to obtain precise information on the extent of corruption in a country. This difficulty also prevents the precise grading of a country according to their relative degree of corruption. He argues also that something that is called "abuse of power" or "corruption" in one country not necessarily represents the same in another. Countries have different rules, laws and policy. He lists also an example from the year 1990 in Thailand where a survey was done, which revealed that the Thai people are willing to accept a wider range of behaviour by government officials as "permissible" than in the United States or Western Europe where it would have been called "corruption"(Wei, 2001, pp. 3-4). Still, there are abuses of power that are considered "corruption" everywhere in the world. The same survey in Thailand also revealed that people, despite displaying a higher level of tolerance about corruption are still aware that corruption of public officials represents a major issue in their country. Most of them wished something could be done to reduce corruption. But in spite of all the problems associated to corruption measurement, one can still get useful information on the prevalence of corruption by surveying experts or firms in that country (Wei, 2001,pp 3-4).

Wei (2001, pp. 4-6) also divides "corruption ratings" in four types:

- *Corruption ratings based on "expert opinions"*
One example of that rating is the International Country Risk Guide Index (ICRG), which has been produced since year 1982 by Political Risk Services, which is a private international investment risk service. This index is based on the opinions of the "in-house experts" and in the ICRG index higher corruption indicates that "high government officials are likely to demand special payments" and "illegal payments are generally expected throughout lower levels of government" in the forms of "bribes connected with import and export licenses, exchange controls, tax assessment, police protection, or loans" (Wei, 2001). The ICRG index ranges from 0 (most corrupt) to 6 (least corrupt).
- *Corruption ratings based on surveys of firms and citizens*
Two well known examples can be listed in this category and those are the Global Competitiveness Report corruption index (hereinafter: GCR) and the World Development Report (hereinafter: WDR) corruption index. The GCR index was introduced in 2004 by

the World Economic Forum and it is a highly comprehensive index for measuring national competitiveness, taking into account the microeconomic and macroeconomic foundations of national competitiveness. It is based on surveys of managers from foreign firms in a host country in which they invest. On similar surveys, from the World Bank is based also the WDR corruption index. The biggest difference is that the WDR survey tends to cover more medium and small firms, whereas the GCR survey had more large firms (Wei, 2001).

- *Corruption ratings based on “a poll of polls” or a survey that is based on many different surveys*

The best known index in this category is the index produced annually by Transparency International, an international non-governmental organization dedicated to fight corruption worldwide. The Transparency International corruption index is called Corruption Perception Index (hereinafter: CPI) and is based on weighted average of more than ten surveys of varying coverage. These surveys and assessments include questions related to the bribery of public officials, kickbacks in public procurement, embezzlements of public funds and the effectiveness of public sector anti-corruption efforts. Perceptions are used because corruption is to a great extent a hidden activity that is difficult to measure. Over time, perceptions have proved to be a reliable estimate of corruption (FAQs on corruption, 2012). The CPI ranks countries from 0 (highly corrupt) to 10 (less corrupt). It is the most widely used and in many respects the most ambitious effort to measure and compare perceived levels of corruption (Johnstone, 2001, p. 160). Coverage was expanded from 41 countries in 1995 to 183 in 2011. The strongest point of CPI is reliability. Rather than employing just one or a few indicators, the data reflect personal view of a lot (thousands) of individuals, which are dealing with corruption in different ways and in a range of countries. The data is gathered in different ways. Given the links between corruption and basic political, economic and institutional processes, a reliable index should return broadly consistent values from one year to the next (Johnstone, 2001, p. 161).

- *Corruption ratings based on more “objective” and reliable data*

All the previous indexes are based on subjective judgment of the respondents. Contrary to that, indexes from this paragraph are based on quantitative business data from companies in countries where bribes to government officials are common. Wei (2001) states that such kind of data is very limited, because very few business people in a country would have admitted to have paid bribes to domestic officials as they constitute a criminal violation in most countries (even if bribery is common). The one and only example that I could find from this category is the Neumann index. This one is based on information obtained in 1994 by Peter Neumann for a German publication, the Impulse, from interviewing people with business experience in foreign countries, mainly German exporters (Wei, 2001). For each foreign importing country he interviewed on average 10 persons with a guarantee of strict confidentiality. The measure indicates the proportion of the transactions that involve bribe payments. It should be noted also that on that time for

German businessmen to bribe foreign government officials was not illegal according to German law. This index was no longer calculated in subsequent years.

From all that, now it is clear that a variety of different indicators exist to measure corruption. For those that are interested to research this field, and are interested in understanding it, like scholars, researchers, people and organizations who want to fight against corruption the variety of these indicators represent a clear advantage. The main reason is because weakness of some can be made up for the strength of others (Urrea, 2007, p. 6). Use of a variety of different indicators assures also a more contrasted assessment and better available information for researchers and project managers.

Despite a major improvement made in the last decades, corruption still faces the same obstacles that it did years ago. The indicators complexity has increased, but the challenges have remained the same. Every indicator has still some problems to deal with. In general, all these problems can be gathered under a few major problem groups. Those main problem types that summarize the challenges of corruption measurement are:

- *The perception problem*

Perception is very important when we are dealing with corruption measurement. The corruption perception of investment bankers, risk assessment firms or political consulting firms, have a big impact on business and political operations every day. It is also clear that perception is not enough. The demand for real data of actual corruption, from people involved in corruption and governance issues, is permanent. But the availability of these data is very scarce or I can say inexistent, because everyone involved in those activities tries to hide everything associated with that. Users of perception based indicators have to be aware of that problem and consequently interpret them carefully.

- *The error problem*

In corruption measurement the issue of error causes big problems and is still today one of the most challenging areas of debate. Corruption indices are mainly based on perceptions, which make measuring the error in corruption models a tough job. The social science is aware of those errors. An example is, when we make a prediction of neighborhood choice in relation with income level, this prediction will always include a level of confidence and margin of error. The person that is in charge of that research has to take into consideration the uncertainty of social science when expressing his conclusions and forecasts. We can say for these data (the level of income) that are precise, but in contrast if we want to do a corruption assessment we have to be aware that those data already include large margins of error, which makes this work a lot harder. It must be said also that today, the most know corruption indexes include also systems to manage error in their assessment. Examples of those indexes are the Corruption Perception Index and The World Governance Indicator.

- *The utility problem*

As it was explained before in this paper, the reason for boosting corruption research lies in the growing interest of the biggest international development agencies upon this issue. But corruption indicators have been largely criticized because of offering very broad corruption assessment, difficult to convert into concrete anticorruption efforts. From all aspects uncertain nature of corruption once again prevents measurements of corruption to be an easy source for straightforward solutions. One example is if we think of infrastructure development, where a comprehensive evaluation of a country's road network already contains and offers direct measures to solve such a problem. In contrast to that, corruption assessment does not offer any direct solution for particular problems. This has led (the gap between measurements and solutions) international agencies to develop a new category of governance indicators called "actionable" indicators. The main difference of these indicators is that they measure specific features of corruption that are directly linked to policy decisions. Despite that, these indicators arise several concerns. The first problem is that measurement does not necessarily mean utility. Second, the very nature of actionable indicators, national authorities interested in improving their corruption ranking (but not necessarily really want to fight against corruption), can act on those elements (for instance, a creation of a commission of anticorruption), but without effectively changing the situation of corruption in the country.

All those problems in corruption assessment show the complexity of measuring corruption, especially because of the lack of objective data, the error measurement problem and because measurements of corruption do not show direct solutions to resolve the problem of corruption. Therefore, it can be said that corruption measurement is still evolving and represents a sort of challenge for people involved in international business and those that are interested in measuring corruption for some other reason.

1.3 Types and concepts of corruption

Corruption takes many forms. Because there is no universally accepted definition of corruption, there is also no universal valid typology of corruption. Researchers have elaborated different classifications of corruption. In the following paragraphs I will show that the categorization of corruption types has been largely shaped by the definitional debates.

The first and the most common classification of corruption in the literature is that between "grand" and "petty" corruption (Rose-Ackermann, 1996), which is used also by The World Bank. This division arguably existed very early in the literature, Susan Rose-Ackerman was among the first to define the distinction between the two types. "Petty" corruption involves the exchange of very small amounts of money, the granting of minor favours by those seeking preferential treatment or the employment of friends and relatives in minor positions. The term "petty" is usually reserved for administrative or lower-level bureaucratic corruption, while the term "grand" corruption refers to "high-level" corruption by politicians or by higher-level government officials. Greed is considered the main motivating factor. Rose-Ackerman (1996)

states that the primary motivation behind administrative/bureaucratic corruption is nearly always pecuniary gain, while the motivation behind political corruption can either be pecuniary gain or the wish to remain in office. Also the impact of political corruption is very different from the impact of bureaucratic corruption. When we speak about “grand” corruption we have to be aware that it involves a substantial expenditure of funds with a big impact on a government budget and growth prospects, while “petty” corruption involves routine government transactions such as tax payments and permit allocation whose impact is not so big. We can look at this differentiation also from a principal-agent perspective and distinguish between these two types. In “grand” corruption, the corrupt politician has usually the role of the “agent”, and is accountable to all citizens who have the role of the “principal”. In “petty” corruption on the other hand, a corrupt bureaucrat has the role of the “agent” and the elected politicians are the “principals”.

Another differentiation of corruption is made by Thant Myint-U (2000, p. 41), who distinguishes corruption by the frequency or incidence with which it occurs in a society. He states that corruption could be rare, widespread or systemic. If it is rare, it is relatively easy to detect, isolate, punish and to prevent this phenomenon to become widespread. But if it becomes widespread then it represents a big problem, because it is very difficult to control and to deal with. Even worse than that is when it becomes systemic. In this case corruption is spread all over the country and takes hold of it. The peoples, institutions and rules behavior and attitudes become adapted to the corrupt way of doing things and consequently corruption becomes a way of life. The systemic type of corruption could have a devastating impact on the economy.

In the literature another useful distinction of corruption can be found, which is between well-organized and chaotic corruption (Mauro, 1998, p. 13). In a system where corruption is well-organized businessmen know who they have to bribe and the amount of the bribe. Because of that they are sure to obtain the favour for which they paid and a lot of uncertainty is taken out of corruption which is a big plus. A lot of researchers, scholars and literature authors also argue that well-organized corruption is less harmful because, under such a system a corrupt bureaucrat will take a clearly defined share of the company profit, which gives him an interest in the success of the firm. In contrast, under chaotic corruption there is a lot of confusion, because no one is exactly sure how much to pay to whom payment is to be made (Myint-U, 2000). In this confused state of the affairs, businessmen pay bribes to officials without the assurance that they will not have to pay additional bribes to some other officials down the line. Because of the unclear delineation of the authority and responsibility, the outcome of the bribe is uncertain. Moreover, also one corrupt official has no idea what the other corrupt official is charging. They are likely to make excessive demands, with the result that business activity will halt.

There are also many terms that are used in discussing corruption which represent the existing forms or manifestations of corruption (Amundsen, 1999). The main forms considered are bribery, embezzlement, fraud, extortion and favouritism.

- *“Bribery”*
This is the payment (in money or any kind) that is given or taken in a corrupt relationship. A bribe is a fixed amount, a certain percentage of a contract or any other favour in money which is usually paid to a state official who is in charge to make contracts on behalf of the state or can distribute in some other form benefits to companies, individuals, businessmen and clients.
- *“Embezzlement”*
This is the misappropriation of corporate or public funds or more essentially the theft of property by someone to whom it was entrusted. One example is when a state official steals from the public institution in which he or she is employed and from resources he is supposed to administer on behalf of the public. From the legal point of view embezzlement is not considered as corruption, but is included in the broader definition. In legal terms corruption is considered as a transaction between two individuals, one of them is a government official and the other a “civilian”, where the government official violates the rules of law for his own benefit in the form of a bribe. Embezzlement is regarded as a theft because, there is no “civilian” side involved directly. All the general public is deprived when public funds are embezzled, but no individual or private property is harmed or stolen, so individuals do not have the legal right to present them as victims.
- *“Fraud”*
This is an economic crime that involves some kind of trickery, swindle or deceit. It involves a manipulation or distortion of information, facts and expertise, by government officials positioned between politicians and citizens, who want to make a private profit. One example of fraud is when a public official, who is responsible for carrying out the orders or tasks assigned by his superiors, manipulates the flow of information to his private profit. It is also fraud when state agencies and state representatives are engaged in illegal trade networks, counterfeit and when public officials and politicians take a share for closing their eyes on economic crimes.
- *“Extortion”*
This is money or other resources extracted by the use of coercion, violence or the threats to use force. Both blackmailing and extortion are corrupt transactions where money is violently extracted by those who have the power to do it, but where very little is returned to the “clients” (perhaps only some vague promises of exception from further harassment). One very known and old example is the “protection” or “security” money extorted in the classical “mafia style”. In this case organized criminals use insecurity, harassment and intimidation to extort money from individual citizens, private businesses and public officials. Examples can be found also in public institutions where various government officials extract “under the table” fees and “gifts” from individual citizens as they approach the state as clients, customers, patients or something else. These practices can be interpreted as “informal” forms of taxation.

- *“Favouritism”*

This is a mechanism of power abuse implying “privatization” and a highly discriminatory distribution of state resources, no matter how these resources have been accumulated in the first place. It can be said that this is a natural phenomenon when people favour friends, family and anybody close and trusted. Favoritism is also closely related to corruption because it implies a corrupted distribution of resources. Also government officials and politicians, who have access to state resources and the power to decide the allocation of them, often use to give preferential treatment to certain people. Nepothism is also a special form of favouritism in which an office holder prefers his or her family members or friends. In the history many presidents have tried to secure their power position by employing family members on key political, economic and military security positions in the government.

1.4 The causes of corruption

Because of better detection and understanding of the effects and consequences of corruption we have to be familiar also with its causes. We have to discover the main reasons for corruption and in which conditions it flourishes. Causes and conditions that foster corruption are many and in most of the cases are related. The cause for acts of corruption is not just one but a combination of several.

In the literature a lot of different opinions, explanations and analyses of the causes of corruption can be found, but very few of them are useful. Most of the literature authors, scholars and researchers agree that the causes of corruption are almost always contextual, rooted in a country`s policies, bureaucratic traditions, political development, social and cultural system. We have to consider the traditions, political, social and cultural development and history, but this does not justify the existence of corruption. Corruption is also particularly difficult to control because of some characteristics of development and transition. It tends to evolve when institutions are weak and government policies generate economic rents. The normal motivation of public sector employees to work productively may be undermined by many factors, including low and declining civil service salaries and promotion not connected to performance. Other reasons are also dysfunctional government budgets, inadequate supplies and equipment, delays in the release of budget funds (including the salaries) and a loss of organizational purpose also may demoralize employees. This can also happen if senior officials and political leaders use public office for private gains, or if those who resist corruption do not have enough protection. There are also examples in some countries where pay levels were kept intentionally very low, because there was an informal understanding that staff would find their own way to earn some additional money.

Mauro (1998, p. 11) states in his paper entitled “Corruption: Causes, Consequences, and Agenda for further research” that the ultimate source of rent-seeking behavior is the availability of rent, corruption is likely to occur where restrictions and government intervention lead to the presence of such excessive profits. He also mentions some examples

such as the trade restrictions (tariffs and import quotas), favoritist industrial policies (such as subsidies and tax deductions), price controls, multiple exchange rate practices and foreign exchange allocation schemes and government-controlled provision of credit. In the case of natural resources like oil some rents may arise in the absence of government intervention. As known, supply of oil is limited by nature and the extraction cost is a lot lower than its market price. This difference in price and cost generate huge profits to those who extract oil, official who allocate extraction rights are likely to be offered bribes. In most of the cases corruption is more likely expected to take place when civil servants are paid very low wages and often have to take bribes to feed their family. Mauro (1998, p. 11) also argues that all of the above described hypotheses are empirically testable, because the data is available, but only a few have actually been tested. But from the ones already tested some conclusions can be drawn. The first one is that there is less corruption, where there have fewer trade restrictions, where governments do not engage in favoritist industrial policies, where natural resources are more abundant and where civil servants are paid better, compared with similarly qualified workers in the private sector.

Tanzi (1998, p. 10) on the other hand states that corruption is generally connected with the activities of the state and especially with the monopoly and discretionary power of the state. He disagrees with other authors of literature about corruption, who argue that if we reduce the size of the state (public sector), we will also reduce the amount of corruption. What about some countries such as Finland, Denmark, Sweden and the Netherlands which have the largest public sectors, measured as shares of tax revenue or public spending in gross domestic product and are between the least corrupt countries in the world? So if we just simply reduce the size of the state, we have not yet found a solution to the problem of corruption. It is not so important just the size of the public sector, far more important is how the state carries out its functions and how it operates. Certain aspects of government activities often create favorable conditions for corrupt practices. In his paper Tanzi (1998, p. 16) also lists different factors that promote corruption, which will be explained below.

- *Quality of bureaucracy*

The quality of bureaucracy varies widely among countries. In some, jobs in the public sector represent prestige and status. In others they do not. For some, working in the government represents a tradition and they are very proud of that. This is the reason for some bureaucracies to be more efficient, and not so vulnerable to corruption in comparison. Some analyses have been done which indicate that the less the recruitment and promotion is based on merit, the larger is the scope of corruption. The structure of the incentives and the tradition are the biggest causes for some bureaucracies to be a lot less corrupted in comparison to some others.

- *Wages in the public sector*

The level of the wages paid to the employees in the public sector is of big importance in determining the degree of corruption. One example of a country with little corruption is Sweden, where the attributes for low corruption go to the wages of the public sector,

which are 12-15 times higher than the salary of an average worker in the industry. But also two other types of corruption exist, first is corruption due to greed and second corruption due to need. So, it cannot be said that with increasing the level of the wages corruption will be extinct. Some of the public officials may still be corrupted, but the main reason for that could be also, that they want just to ensure their family a minimum for decent living. Or maybe, the bribes which are offered to them are so large, that they cannot refuse them. There are also many countries that have increased substantially the wages in the public sector in particularly sensitive areas, such as the tax administration and customs, to fight against corruption. The essence of this measure is to reduce the temptation for public officials to participate in corruption activities. For that reason they have also increased salary differentials to attract more fair, capable and hardworking individuals. One example is Singapore where the high level officials and ministers did have wages among the highest in the world. But these actions can have also a contrary effect. The ones who continue to be corrupt could now expect higher bribes. In this case, the higher wages have increased the opportunity cost to government officials for losing their job, and they still remain greedy. This can also mean that the number of corrupt acts has decreased, but the total amount of corruption money spent may not necessarily fall.

- *Penalty systems*

The probability that the person who commits a crime would be caught and the punishment imposed for that crime plays an important role in determining the probability that criminal or illegal acts would take place. This includes also corruption acts. In theory it can be said that if we increase the penalties on corruption acts for those who get caught, we could reduce corruption. From that statement we can understand that the penalty system and structure existing in a country represents a big impact on the amount and extent of corruption in that country. But now a question appears. If the higher penalties reduce the amount of corruption acts, they may also lead to demand for higher bribes in the corrupt acts that still take place. Although there is a large amount of corruption in the today world, very few people are punished for acts of corruption. But almost in all countries except a few, there is a big gap between the penalties specified in the law and the penalties that are effectively imposed. All the administrative procedures that have to be followed before a corrupted public employee is punished are also very complex and slow. In most of the cases there is some legal or political reason, or maybe an administrative impediment that prevents the full and quick implementation of the sanctions. In major of the cases there is insufficient evidence, or maybe the costs to the accusers in terms of social capital, such as lost friends can be high. The problem could be also between the judges, who could be also corrupted or they could have political ambitions, so the accused may buy them, to put obstacles in the proceeding. These factors limit the role of the penalties in many countries, especially if corruption there is politically motivated. In the first time small acts of corruption are tolerated, but these actions may very quickly transform into big ones.

- *Institutional controls*

The political body of a country reflects in large extent the attitude towards the phenomenon of corruption with the existence of the institutional controls. The most effective ones are those that exist inside the institutions. With effective and honest supervisors and clear ethical behaviour rules a country should be very successful in discovering corrupt activities. The procedures in those offices have to be transparent to make the exercise of control by these offices easier. Also all the supervisors have to be able to monitor their subordinates. In some countries those internal controls and checks are almost inexistent and because of that, the corruption acts are hardly discovered. In most of the cases acts of corruption are discovered unintentionally or are reported by outsiders. Once more, an example of a country with anti-corruption commissions or offices charged with the responsibility of following reports on corruption is Singapore. Those offices have to be independent from the political system, resources and the highest officials. They must have also the power to punish and enforce the punishment. But this is not the case in most of the countries.

- *Transparency of rules, laws and processes*

Good conditions for the acts of corruption are in those countries where there is no transparency in rules, laws and processes. The rules are often confusing and non-understandable and the documents specifying them are not publicly available. Often also the rules are changed without informing the public. Because of the way in which the laws and rules are written, only a trained lawyer can read and understand them. Often these documents also leave a chance to interpret those rules and laws in many different ways.

- *Examples by leadership*

The leadership must provide a good example in all the cases. Often the political leaders are corrupted, or have already sometimes overlooked the corrupt acts of their friends, relatives, political colleagues, so they cannot expect from the employees in the public sector to be uncorrupted. The same argument applies also to the institutions like tax administration, customs and public enterprises. Of course, it is understandable that these institutions cannot be free from corruption, because also their superiors are not.

1.5 The consequences and economic aspects of corruption

The phenomenon of corruption has a deep and profoundly corrosive effect on local governance and the quality of life of citizens. If this problem is ignored, it can undermine social, economic, environmental and political objectives. A number of researchers argue that corruption is culturally determined, what means that some practices that are viewed as corrupt in one country may be legitimate business practice in another. Some others state that corruption is in some cases also beneficial, acting as “grease” to speed up otherwise inefficient institutions. Those in favor of the greasing hypothesis argue that corruption facilitates trade that may not have happened otherwise and that it promotes efficiency by allowing private sector agents to avoid cumbersome regulations and rules (Meon & Weill,

2008, pp. 7-9). But even more researchers are opponents of this point of view. There are many theoretical analyses and empirical evidence showing that corruption instead of greasing, sands the wheels of growth. Mauro (1995) argues that corruption reduces investment across developing countries, what also negatively affects the economic growth. It can be said that the empirical evidence on the economic consequences of corruption is still inconclusive. For example, in the literature support to phenomena such as the so-called Asian paradox can still be found (a positive correlation between corruption and growth in a number of fairly successful Asian economies, including China) (Li & Wu, 2010).

Further, I will try to address the various consequences or it can be said also effects that corruption can have on an economy. A differentiation has to be made between the qualitative and quantitative effects of corruption (Tanzi, 1998, pp. 26-29).

1.5.1 Qualitative effects of corruption

Corruption reduces public revenue and increases public spending. It also increases the inequalities because some government officials or some other people on a position of power take advantage of the government activities at the cost of the rest of the population. However, the main problem is that corruption distorts markets and the allocation of resources and consequently it reduces also the economic growth. The reasons why corruption affects the economic growth are listed hereafter.

- Firstly, it reduces the ability of the government to impose necessary regulatory controls and inspections to correct for market failures. The regulatory role of the government over for example banks, hospitals, transportation activities and financial markets must perform well, because if not, the government loses its reason of existence.
- Secondly, corruption distorts incentives. Able employees use their energy for rent-seeking and corrupt practices and not for productive activities. In some cases the activities of those employees can produce also a negative added value.
- Thirdly, corruption acts as an arbitrary tax, because we have to add to the cost of negotiating and paying a bribe also the cost of searching for the person or persons to whom the bribe has to be paid.
- Fourthly, it reduces or it can be said distorts the fundamental role of the government, like the contracts enforcement and protection of property rights. In this case everyone can buy a way out of a commitment or out of a contractual obligation, so one of the fundamental roles of the government is distorted and growth may be negatively affected.
- Fifthly, it reduces the legality of the market economy and sometimes also of the democracy. In transitional economies corruption may also slow down or even block the movement toward democracy and market economy.
- Sixthly, corruption also increases poverty because it reduces the income earning potential of the poor people.

In some countries like Russia and Indonesia, especially small enterprises have to pay bribes to government officials just to stay in business, or to prevent bad things from happening. These

bribes are often very high and they raise the cost of doing business for small enterprises by as much as 20 percent of total operating cost. So, it can be said that the bribes act like a very high sales tax to those enterprises. But this phenomenon could be much more widespread. The main impact of those bribes is on the new, emerging enterprises. Bureaucrats and tax inspectors often force them to make substantial payments. High pecuniary costs are often imposed by the government officials and those payments are partly legal and partly illegal. This is necessary to get licenses, authorizations or simply just to have a work permit. The managers of these small enterprises spend also a lot of time just to comply with the many requirements imposed for them. These small enterprises try to make business in a very competitive market and bribes represent to them one more obstacle preventing them to have business.

In many countries those small enterprises are the main engine of growth and when they do not work well, the economy languishes and the unemployment rate grows. This is the case in small economies and especially in developing countries and economies in transition. The big enterprises protect themselves more easily, because they have specialized departments that can deal with aggressive bureaucrats and they can also use the so called “facilitators”, who are individuals skilled at going through the vast amount of regulations and tax laws. The size of these big enterprises makes them more immune from the extortion of petty bureaucrats. Large enterprises can also use their political power to influence relevant individuals in the public administration, to give them benefits which are not available to others. But in the recent years a lot of reforms have been made. One of those is the trade liberalization which removed some obstacles to the growth of economies, but despite that there are still a lot of obstacles on their way.

1.5.2 Quantitative effects of corruption

In the last decade a large amount of studies have been done, using cross-section analysis and utilizing the available corruption indexes. Those analyses gave important quantitative results on the effects that corruption has on an economy. All of them show that corruption has a negative impact on the economy of a country and especially on its rate of growth. The quantitative effects of corruption on a country are very vast and because of that I will further try to explain them adequately. An appropriate explanation has been done by Tanzi (1998, p. 26-29), who states that corruption:

- Reduces investment and consequently also the rate of growth of a country. Mauro (1995) argues that the reduction in investment is caused by the higher costs and by the uncertainty that corruption creates. In his analysis, the reduction in the rate of growth is a direct consequence of the decline in the investment rate.
- Reduces expenditure for health and education purposes, because the corruption of those who make budgetary decisions in this field is almost impossible.

- Increases public investment, because of the easy manipulation of investment projects by the high level government officials, who often accept bribes (Tanzi & Davoodi, 1997, p. 6). Public investment projects are very profitable and there is a need to choose the enterprise that will be responsible for undertaking the project. The managers of these enterprises may be willing to pay a “commission” to the government official that helps them win the contract.
- Reduces the expenditure for operation and maintenance because a large amount of money is spent for the bribes in new public investment projects. The resources for operation and maintenance of the existing physical infrastructure are exhausted. One often observes situations where new projects are undertaken while the existing infrastructure (bad roads, buildings badly in need of repairs) is left to deteriorate (Tanzi & Davoodi, 1997, p. 9).
- Reduces the productivity of public investment and of a country’s infrastructure. If the existing infrastructure is in good working condition, the country can squeeze more output out of it and it can be used at close to 100 percent capacity (Tanzi & Davoodi, 1997, p. 8).
- Reduces tax revenue mainly because of the impact that it has on the tax administration and on customs. Those government officials accept bribes in return for reduced taxes. They favour the taxpayers who, because of the special treatment they receive from tax inspectors, are able to reduce their tax liabilities. The statutory tax system have been designed to be neutral, corruption would destroy its neutrality by giving a competitive advantage to some producers over their competitors (Tanzi, 1995) Consequently also the ability of the government to carry out needed public expenditure is reduced (Tanzi & Davoodi, 1997, pp. 8-9).
- Reduces foreign direct investment because corruption has the same effect like a tax. The more unpredictable is the level of corruption in a country, the greater is the impact on the amount of foreign direct investment. Mauro (1998, p. 2) states that in cases where entrepreneurs are asked for bribes before enterprises can be started, or corrupt officials later request shares in the proceeds of their investments, corruption acts like a tax, though one of a particularly pernicious nature, given the need for secrecy and the uncertainty as to whether bribe takers will live up to their part of the bargain. This is the main reason why foreign investors avoid the countries with high levels of corruption.

1.6 The fight against corruption

Earlier in my paper, I have discussed and tried to analyze the causes of corruption and factors that help the spread of that phenomenon. These factors apply in particular for poorer countries and economies in transition, but they are not so common in rich countries. For all the countries comes a time when, because of the economic development, the rate of corruption is reduced. But this is not the case in all of them. Some have a very similar level of

development, but a very different level of corruption prevalence. Although corruption exists in all countries of the world, it is far more widespread in underdeveloped ones. This does not mean that the people in poorer countries are more corruptive by themselves, but that the conditions in which they live lead them into corruption.

Because of the complexity of the phenomenon of corruption, we can find various causes for it. The solution would be very simple if the cause would be just one. This is why every country has to fight corruption on many fronts, and the results of this fight will be visible only after months or even years. Every country must have also a strategy to fight against it. This strategy must include measures in different areas. It cannot rely just on one single action. If just the wages of public officials or the penalties are increased, countries cannot expect major results in the fight after corruption. Countries have to take measures in all the fields where they can fight after corruption and only then, they can expect to see some results.

Klitgaard (1997), states that there exist four components of an anti-corruption strategy. Those are:

- *The major criminals have to be punished:*
In a country where criminals stay unpunished, the only way to break that is, to first punish the worst ones. The most known corrupt individuals have to be convicted and punished. The government should first find, identify and punish the ones who do not pay taxes, the persons who give bribes and the government officials that collect bribes.
- *The people must be encouraged and involved in finding corrupt systems:*
An anti-corruption campaign to be successful has to involve the people. They are a very good source of information of where corruption occurs. In most of the cases this information is collected by surveys between citizens, from the supervisors in public institutions, from professional organizations involved and often also from some hot-lines and educational programs. Businessmen have to participate anonymously in diagnostic studies of the level of corruption in procurement, conclusions of contracts and other areas.
- *Corruption has to be prevented with repairing the corrupt systems:*
If the anti-corruption efforts are successful, this will fix corrupt systems. In the public and private institutions vulnerabilities have to be found and fixed. But if corruption is reduced, this is not all that has to be taken care about. In corruption fight an enormous amount of money can be spent and often so much bureaucracy is generated that the costs and losses in efficiency because of the fight against corruption are bigger than the benefits of the decreased level of corruption.
- *Reconsideration of the amount of the wages for public officials:*
Public employees in many countries have such low wages that they cannot maintain their families. But often this is not the only reason for corruption. In the public sector employees in most of the cases are not rewarded for their good work and success. They

have a feeling that their salary is too low for what they produce. In these circumstances there is no surprise that corruption flourishes.

Klitgaard (1997) also tries to provide a framework for designing anti-corruption strategies. He argues that the first thing to be done in the fight against corruption is to change the government employees carrying out public activities. Then the salaries of those government employees and citizens have to be revised. Another important thing to do is to collect information of corrupt actions in order to increase the probabilities of corruption being detected and punished. Also the relation between the government employees and the citizens has to be changed and the moral cost of corruption has to be increased.

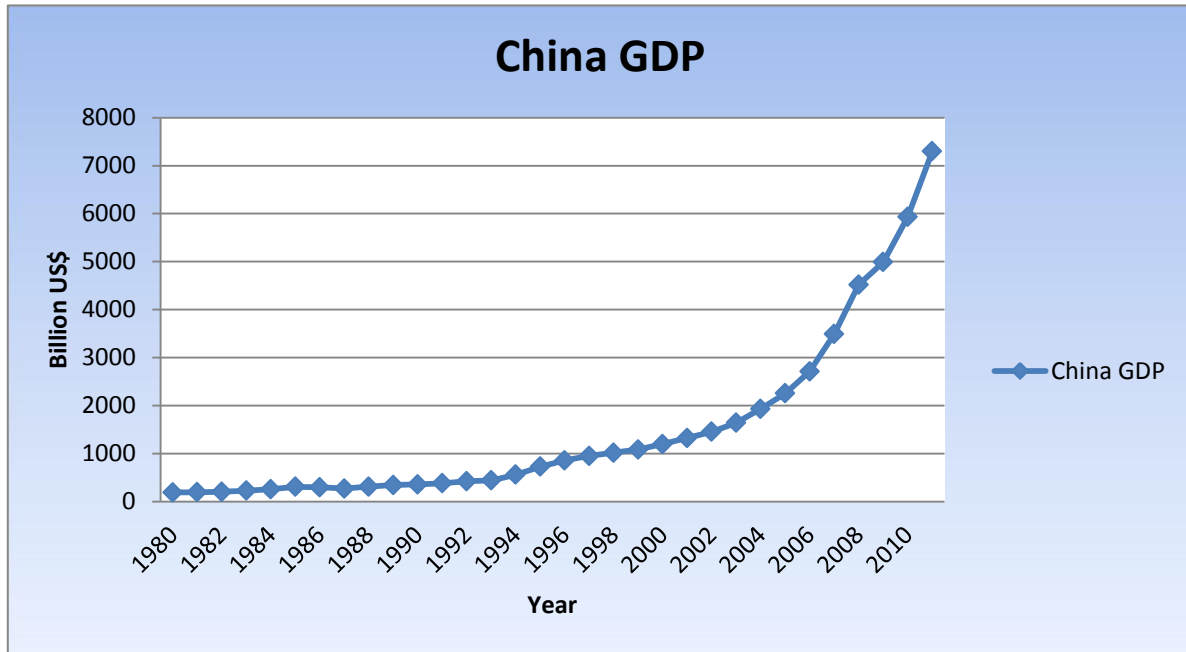
Tanzi (1998, p. 30) mentions another thing which we have to be aware of. Some countries like Singapore, Hong Kong and Portugal were very successful in the fight against corruption and have reduced it significantly. He points out, that governments, with well focused and determined efforts can reduce corruption, but not to zero. The fight to bring corruption to zero would be too expensive in terms of resources and in other ways. In this case the wages of public employees would have to be excessively high, major legal or organizational changes would have to be made, excessive limitations in civil rights would be required and very severe penalties would be needed. Therefore, an optimal level would have to be found between the marginal costs of further reducing corruption and the marginal social benefits from that reduction. This optimal level is when those two are equal. But corruption will never be zero in a country. It is far more realistic to think that it will remain above zero. This tells us that there is no country in the world that is totally without corruption.

2 CHINA AND “GUANXI”

2.1 Introduction

In recent years, more and more enterprises have recognized the importance of China. With its huge population China has become a market with the most potential in the world and companies are dragging their business into this market. Not only the huge size of the population is stimulating the Western producers to offer products in China, but also the wealth that was created with the upcoming of the Chinese People`s Republic, has enticed foreign luxury goods producers to bring their expensive products to the booming country, as China is becoming the world`s biggest luxury goods market. As a result both markets, the one for mass consumption and the one for luxury are still growing at a high pace (*See figure 2 & appendix 3*). More important than that, China has become the factory of the world. Many sectors can only stay competitive if their production is outsourced to this low-wage country. Managers who follow those business opportunities have to adapt to the way Chinese businessmen interact.

Figure 2: China's GDP



Source: World Bank, GDP (current US\$), 2012.

2.1.1 Purpose and objectives

The purpose of this section is to describe how one of the most important phenomena in the Chinese business environment (the concept of “guanxi”) is interfering with the ethics and how it contributes to unethical occurrences like corruption. The concept of “guanxi” has gained huge attention by the Western business world. Many multinational enterprises wondered in the past how to enter the Chinese market. The styles and particularities of this market were unknown to them. But like in many other markets all around the world, the key to successful business practice in China was said to be contacts and networks. However, businesses must be aware of the ethical circumstances in which they try to find access to the markets. As “guanxi” serves exactly this need on a high level, it is therefore the reason, why many international business researchers and businessmen are keen to learn more about “guanxi” and to clarify, what it really means, in order to avoid taping into an unethical practice.

The main focus of the following sections is thus laid on the implications “guanxi” has on the business ethics in China. In many cases “guanxi” has let to corruption and has even been perceived as it. Its defenders however argue that “guanxi” is not to be compared with the corruption known by the Westerners, their own countries, or other countries they have done business with, but that it is rather a cultural phenomenon. Other cultural standards could give an explanation why “guanxi” is perceived differently by Chinese and Westerners on an ethical basis. Additionally, different schools of thoughts in ethics can lead to different perceptions of the morality of “guanxi”.

2.1.2 Structure

In this section I will try to give a detailed and accurate picture of “guanxi”, its implications with ethics and in particular with corruption. For that purpose I divide the subject into different subsections. In the first subsection the main terms which relate to China will be explained. Those are comprised of the terms: guanxi, Chinese business ethics and corruption in China. The biggest part in these descriptions will focus on the term “guanxi”. Like many terms in the Chinese language, “guanxi” has been tried to be translated many times, but no English term seems to catch the essence of the meaning of “guanxi”. With this paper, I will try to give a most accurate definition based on the definitions I have already read in various articles. Concerning the term of ethics, different schools of thought will be subject of my description. As several different ethical points of view bring different ethical evaluation of a cultural phenomenon, an overview over those schools of thoughts is necessary. Finally, as it is my main focus, corruption as a term and in relation to “guanxi” will be clarified to make clear what I understood in this context by the term.

Based on these descriptions the paper continues with the implications that “guanxi” has on the Chinese business ethics. Here I will first take a look on the history of “guanxi”, why it was established. Also the roots in the Chinese culture will be traced back. Confucianism seems to play the most important role in the establishment of “guanxi” besides other aspects of the Chinese culture. Another part of this section will deal with the negative consequences of “guanxi” like the exclusion of persons who are not included in “guanxi”.

The next subsection looks at the similarities and distinctions “guanxi” has with corruption. Here I find the most significant dangers of “guanxi”. Undeniable, “guanxi” has its advantages for the members of a “guanxi network”, but how similar are those advantages to those that corruption brings, for those who practice it. This problem is becoming more and more of an issue to take action against, which is also recognized by Chinese officials.

After this overview over the current situation of “guanxi” in China, I will try to give some advice for people who have to deal with this phenomenon. How businessmen have to act in order to profit from “guanxi” and which rules “guanxi” impose on those who want to use it, will be addressed. But as this paper is not just an instruction on how to do “guanxi”, it will also contain a description of indicators implying when the borders of an ethical tolerable “guanxi” are crossed and when one should consider twice continuing with this practice. Finally, a conclusion is done about the current situation of “guanxi”, corruption and ethics in China.

2.2 Literature review

“Guanxi” is perceived as one of the requirements a businessman in China has to have in order to do business successfully. In addition, China has become one of the most attractive places in the world to do business. The combination of both has led to a considerable amount of

literature on the topic which is intended to describe “guanxi” and advise Westerners how to use it most efficiently.

2.2.1 Description and Categorization

The first thing to do when it comes to dealing with “guanxi” is to clarify the term. Several authors spend a relatively big portion of their articles to describe “guanxi” as they have perceived it. Luo (2007, pp. 1-74) devotes two chapters for the clarification of the term in his book “Guanxi and Business”, the first chapter covering its definition and philosophy and the second the economical perception. Also Lovett, Simmons & Kali (1999), Fan(2002a), Fan(2002b), Dunfee & Warren (2001) and Yang & Wang (2011) provide clarifications and descriptions on the term, with Yang & Wang (2011) seeking to explain the concept with the Chinese terms qing, li and liyi which respectively stand for feeling, reciprocity and utilitarian benefit.

During my research I also found very useful definitions on the internet, which were much more accessible on a short term compared to articles and books. On the Articlesbase Website (Nagy, 2009) and on the Suite 101 Website (Shaw, 2010), one can find short and comprehensive descriptions of “guanxi”. In order to make the complex understanding of “guanxi” more clear for Westerners. The Suite 101 Website (Shaw, 2010) also provides three examples to demonstrate “guanxi” on a day to day basis.

Apart from “guanxi” there are other concepts related to “guanxi”. For example, the concept of “mianzi” is equally important in the Chinese business world and for that reason. Su, Sirgy & Littlefield (2003), Buckley, Clegg & Tann (2006) and Leung, Chan, Lai & Ngai (2011) deal in their articles with this concept and explain the connections between “guanxi” and “mianzi”. Furthermore, Leung et al. (2011) covers the concepts of “renqing”, “ganging” and “xinyong” which are described as components of “guanxi” building. “Guanxiwang”, an extension of the term “guanxi”, is the topic of “Business Networks in China: Guanxi and Guanxiwang (2012)” internet article from China-Window.com Website.

The categorization of different forms of “guanxi” takes place in various forms. Most often, “guanxi” is divided into the “rent-seeking guanxi” and the “favour-seeking guanxi”. Verhezen (2008, p. 1-12) and Su et al. (2003) use this differentiation. In her dissertation Köberl (2008) finds also the distinction between “guanxi” and “Business to consumer (hereinafter: B2C) guanxi”. Fan (2002b) has yet another definition dividing the term into the categories family, helper and business.

2.2.2 Ethics and “guanxi”

In spite of the difficulties an ethical evaluation of a feature of another culture, many scientists, among them a majority with western background, have tried to evaluate “guanxi” from an ethical perspective. The perception if “guanxi” is a good or a bad thing splits researchers into two groups. A negative perception of “guanxi” can be observed in the articles of Gong (2011)

and Fan (2002a, 2002b) who criticize the concept and its moral implications, Szeto, Wright & Cheng (2006) pointing out scandals connected to “guanxi”, whereas Fan (2002a, 2002b) describes it as an obstacle to customer value. Dunfee & Warren (2001) and the description on Articlesbase Website (Nagy, 2009) emphasize that different types of “guanxi” imply different standards of morality. The rest state a rather neutral reception where business implications are considered more important.

Quite often “guanxi” is reviewed from a Confucian perspective. This approach allows a more Chinese way to approach the subject. Köberl (2008), Luo (2007), Verhezen (2008), Leung & Wong (2001) and Yang et al. (2011) see a connection of “guanxi” and Confucianism. In the most cases Confucianism is seen as one of the origins of “guanxi”. In such an approach, “guanxi” is not seen as negative because it serves the urge for long term relationships from a Confucian’s point of view.

The origins of “guanxi” are mainly seen as a reasonable development, as “guanxi” is believed to be invented to fight against corruption, poor jurisdiction and arbitrariness of the elite. Gong (2011) sees “guanxi” in this historical context and gives at the same time a good example of an ethical valuable way to use “guanxi”.

2.2.3 Corruption and “guanxi”

The phenomenon of corruption in the world and particularly in the Peoples` Republic of China has recently raised greater attention in the public, because the media has reported more intensely on cases that exposed corruption and led to arrests, sentences and also executions. Because of that a Western businessmen could think that corruption in China has increased dramatically.

This fact is confirmed also by the data on the Transparency International (Corruption Perceptions Index 2011, 2012) webpage. This organization provides an annual Corruption Perception Index based on surveys of those doing business globally, and the index has become an influential measure of corruption in different countries. Among the countries included in this analysis, China is ranked among the most corrupt countries in the world.

In recent business practices, the borderline between “guanxi” and corruption, has blurred, especially between gift-giving-related “guanxi and bribery. “Guanxi” may be based on completely respectable and honorable values, but its implementation nowadays is based upon self-interest and motivated by benefits from social relationships.

In the available literature definitions and explanations of corruption, the interrelation of corruption and “guanxi” varies, depending on the context. There is a consensus that corruption refers to acts in which the power of public office is used for personal benefit in a manner that opposes the rules of the game. Köberl (2008), states that corruption in China is prevalent in the public sector amongst government officials as well as in the private sector.

She also argues that at the heart of Chinese corruption lies the problematic phenomenon of “guanxi”, causing rampant nepotism through the admission of favours and privileges. For her “guanxi” is meant to ease social and economic exchanges through favour exchange on one hand, but on the other, corrupt exchanges are usually of monetary nature. In contrast to that, Fan (2002a) states that corrupted “guanxi” and “guanxi”-based corruption are inseparable and that business “guanxi” always includes corruption. He argues also that without the use of “guanxi” no corrupt behaviour exists. For him this phenomenon connects two parties as a matchmaker, on one part money and on the other, power and corruption. He states also that corruption can be found in any country or economic system, but it is “guanxi” that provides a fertile soil in China for corruption to flourish.

In the book “Guanxi and business“ Luo (2007) defines corruption in a different way, as “individual (especially bureaucratic) behaviour which deviates from the norm, or violates rules specified by a given political context, with a motive of personal (private) gains. He lists also many differences between “guanxi” and corruption. The most important for him is that “guanxi” is an ingredient of social norm, whereas corruption deviates from social norm. Hereafter, he also states that “guanxi” is, in general, legal, whereas corruption is illegal. As a third statement he argues that “guanxi” essentially builds on favour exchange, whereas corruption mostly involves monetary exchange. Beside these, he lists also a lot of other differences.

Dunfee & Warren (2001) argue that to some people “guanxi” is a Chinese word synonymous with corruption. For them it encompasses a set of practices that may be used to achieve a variety of objectives in widely varying contexts. Furthermore, Schramm & Taube (2002) in their study examine the phenomenon of corruption in China using the instrument of the new institutional economics. In this study the relationship between corruption and the “guanxi” networks has been examined, and in addition, how they are affected by the existence of a functioning legal system.

Like many others also Burton & Stewart (2008) argue in their article entitled “Guanxi and corporate security” that “guanxi” is seen by the Westerners as a contributor to corrupt behaviour. But for the foreigners it is very important to understand that “guanxi” is not a “license to steal”. The authors also argue that with all the ethical principles in China, “guanxi” is guided by the principle of moderation.

Emily Gong (2011), in distinction, states in her article named “To corrupt or not to corrupt? The paradox of guanxi”, that surprisingly “guanxi” originally came into existence to prevent corruption and inequality among Chinese businesses. Also the establishment of “ganqing” is mentioned. This phenomenon is explained by the author, as feelings and emotions that inevitably come with the package of long-term connections between people. “Guanxi” is also described as a phenomenon that prevents innovative and respectful people with higher talents and skills getting better jobs.

2.3 Description

2.3.1 Guanxi

The term guanxi is built by the two terms “guan” and “xi” (*See appendix 1*). These two have the respective meanings described by barrier, close or sticking and system, attach and linking. In general the whole term is translated as “special relationship” or “connections” if the translation with just one English word is attempted. This simplification, however, is inaccurate. In fact, “guanxi” describes a network in which favours are exchanged and the participants maintain contact on a long term and a high level of trust. The favours that are exchanged in this network are often informal.

“Guanxi” has also a cumulative nature in the way that a bigger “guanxi” creates more opportunities. When it comes to enhancing the “guanxi” network, delicate rules have to be taken under consideration. A person that wants to benefit from “guanxi” and wants to make his intentions connected to his “guanxi” counterpart clear, must do so in a very diplomatic and skillful way. If gifts are involved, also an inquiry in the most desired gift is helpful and can be requested also long time after a favour has been done (Leung et al., 2011).

The origins of “guanxi” are said to be lying in a time without legal system and proper jurisdiction. In this time of arbitrariness, the Chinese people tried to find relationships to rely on. That would save them from the disadvantages of an unfair sovereignty. So it can be said that “guanxi” was invented with the objective to fight corruption, which is highly surprising as it is now often perceived as corruption itself. The term “guanxi” itself however got more common just with the economic reforms of Deng Xiaoping in the late nineteen seventies.

As philosophy which many researchers see as a fertile soil for the creation of “guanxi”, Confucianism takes a prominent role. According to Confucianism, “guanxi” promotes long term relationships, in which obligations are highly valued and trust and credibility are requirements for “guanxi” to work effectively. The connection to Confucianism becomes also quite clear by the fact that other Confucian societies apart from China are known to have “guanxi” deeply embedded.

2.3.2 Categorization of “guanxi”

As “guanxi” is a concept of huge complexity, some have tried to subdivide it into categories in order to reduce it to clearer concepts. One of the categorizations we read most often about was the differentiation into “rent-seeking guanxi” and “favour-seeking guanxi”. In this differentiation “favour-seeking guanxi” is said to be the one to promote friendship and intimacy. It is more derived from cultural features deeply rooted in the Chinese culture. The group and proximity are also essential in “favour-seeking guanxi”. “Rent-seeking guanxi” on the other side, is perceived much more negative. It is often associated with the bureaucracy and the corruption that some Chinese politicians try to fight. This phenomenon is based on the fact that the power in China lies often in the hand of only one official, who allocates resources

sold below the market price, which would otherwise be defined by the balance between demand and offer. Here, the relationships “guanxi” stands for can be the crucial business advantage. “Rent-seeking guanxi” is therefore also often referred to as “back door guanxi” (Szeto et al., 2006).

In a second categorization, “guanxi” is divided by the proximity two persons of a “guanxi” relation have. The first of the three is named the “guanxi” by family. Here the “guanxi” is determined more or less by birth. In order to enter such a “guanxi” network a person would have to marry into it. The “guanxi” by nature are the next nearest persons. In this “guanxi co-workers (colleagues, subordinates or superiors), persons from the same locality, the same school (classmates as well as teachers), the same neighborhood or simply the same profession are included. The “guanxi” that also Western businessmen can establish is the “guanxi” of the business. Here, acquaintance, knowing the same person and friendship can be defined as “guanxi”. Values, purposes and functions are different in those different “guanxis”. Also in a family-based “guanxi” the equal exchange of favours is not necessary. Also here, one category (“guanxi” by family) is seen more traditional than the other two categories (Fan, 2002b).

2.3.3 Definition of Ethics

In general, ethics describes moral concepts which address the rules that should prevent bad behavior and promote good behavior. Those different moral concepts try to stipulate what is wrong and what is right and serve as an orientation for justice systems. They are often derived from different schools of thought in philosophy and express the different rules implied by those different schools of thought when they see the world from different angles. As the number of schools of thought is too huge to be described within the scope of this paper, I will look at the differences between the business ethics in Europe, the United States of America and Japan. This is because most investors who are involved in business with China are from those economically most important regions (Stajkovic & Luthans, 1997).

Derived from differences in the codes of ethics in business, the personal conduct of managers and from differences in the ethical legislation of the triad, three distinct pictures of the main business regions in the world can be worked out:

- The US has a rather practical approach. The codes of ethics in a big number of US companies emphasize how to react to legal suits connected to the ethics of the company and other moral dilemmas. Moreover, a very prominent place in the codes is given to the definition of ethical and unethical behavior. Also, a new legislation about ethics in business was evaluated from a practical point of view. Only after it was found out that the high ethical standards did not harm US business significantly, criticism on the legislation ceased. Personal conduct of US-managers is mostly derived from personal values.

- In Europe, the emphasis of the codes of ethics is laid more on an overall responsibility for the society. They are less specific concerning the different ethical dilemmas that can occur. Also, the legislation on ethical issues is relatively narrow compared to that of the US and thus the demand for bribes in business was seen less problematic than by the US managers. The personal conduct is based more on a consensus of the stakeholders of the business which transcends to the personal level.
- The ethics of the Far East is more based on the culture in Japan. Seniority-based promotions, collectivism and spiritual nobles are found in the codes of ethics. In order to avoid conflict and emphasize more on self-interest the codes of ethics for international business are often different from the main codes of ethics in Japan. The legislation in Japan seems to have less influence on the ethical conduct of companies and the boundaries of ethical behavior are not that strict.

2.3.4 Definition of corruption from Chinese point of view

Like already stated in the first section of this paper, corruption is defined by different researchers in political science in many different ways, but in general it can be defined like transactions between private and public sectors which illegitimately convert collective goods into private payoffs. Despite this definition, it is unrealistic and very difficult to provide a universal and operational definition of this concept. So, hereafter different approaches to the explanation of corruption will be given, from some researchers that are dealing with the phenomenon of “guanxi”.

In the book “Guanxi and business” Luo (2007) states, that a philosophical definition of the phenomenon can be made. He defines corruption as “individual (especially bureaucratic) behaviour which deviates from the norm or violates rules specified by a given political context, with the motive for private gains arising from his or her public roles”. In accordance with this definition the author also defines different characteristics of corruption that will now be listed. In his opinion, first, corruption is perceptual, because it relates to individual behavior, and how this behavior is perceived by the public and as well political authorities. Second, corruption is contextual, so different people can perceive this concept in different ways, depending on individual, ideology, culture or other context. Third, corruption is power-related, so a corruptor must necessarily be in position of power in order to be eligible for a corrupt transaction. Fourth, corruption is illegal and violates the norms. Its aspect is illegal and often means an unauthorized transfer of money. Fifth, corruption is intentional, as it represents a motivation of making personal gains. Sixth, the function of corruption is either to strengthen existing groups or to disrupt them. And for the last characteristic the author states that corruption`s mode of expression is almost always hidden.

Also other definitions of the phenomenon of corruption are listed in that book. The one from Ekpo (2007) defines corruption as “a role behavior in political institutions which violates formally defined role obligations in favour of personal roles that are intra-organizational”. As

second most cited author is Brooks (2007), which defines this phenomenon as “the intentional misperformance or neglect of a recognized duty, or the unjustified exercise of power, with the motives of gaining some advantage more or less directly personal”. So, different authors define corruption in many different ways and from many different aspects.

The phenomenon of corruption is becoming more and more important for business. Every company that wants to make business with foreigners or foreign countries has to take into consideration the level of corruption in the country this foreign company or businessmen come from. As already stated, a good source to get this data is “Transparency International”, which is the global coalition against corruption. They measure corruption with the CPI index (Corruption perception index) which ranks countries according to the perception of corruption in the public sector. It is an aggregate indicator that combines different sources of information about corruption, making it possible to compare countries. It captures information about the administrative and political aspects of corruption. Basically, its surveys and assessments used to compile this index include questions relating to the bribery of public officials, kickbacks in public procurement, embezzlement of public funds, and questions that test the strength and effectiveness of public sector anti-corruption efforts. The CPI is therefore one of many measurement tools that are used to fight against corruption, and also the most widely used.

As can be seen, we can define corruption as a complex social, political and economic phenomenon that affects all countries. Corruption slows economic development and contributes to governmental instability. Economic development is also stunted because foreign direct investment is discouraged and small businesses within the country often find it impossible to overcome the initial costs of the business because of corruption.

2.3.5 Corruption in China

Johnston (2012) states that China's corruption problems have attracted nearly as much attention over the past generation as economic reforms and rapid growth with which they are linked. He also states that corruption is nothing new in China, and the post-reform wave of corrupt practices and its growing significance as a political issue have deep roots. In his opinion, reforms and growth have created new opportunities, and much higher incentives for prohibited connections between wealth and power. But these developments have taken place in the context of traditions, social practices and state to society relationships of very long standing. He sees corrupt activities as a serious concern in themselves, but at another level are just the symptoms of underlying tensions between these old forces and new developments. The regime's response to corruption has not addressed those tensions or in different words “important traditions”, the basic strategy of economic reform, and the nature of state power all limit its ability and inclination to do so. He also states that, corruption threatens the vitality and international credibility of the nation's emerging new economy, and is a major issue for critics of the regime (Johnstone, 2012). He argues also that the danger, however, is not just that corruption will continue to distort economic policies and development, it is that corruption itself may go out of control, with consequences that are difficult to predict.

Corruption has been one of the central factors affecting China's social stability, structural reform, and economic development for many years. As stated by Luo (2007), in 1998, Chinese prosecutors handled 108828 cases of bribery and dereliction of duty and investigated 40162 persons. Nine thousand three hundred and eighty-nine of these cases were so called "spectacular cases", that is, each of which involved bribes of more than 50000 Yuan (€ 6250) or the embezzlement of public funds worth more than 100000 Yuan (€ 12500). They involved some 1820 officials above the county level and 7065 staff members in judicial and administrative offices. This data clearly demonstrates the determination of the party and the government in the anti-corruption campaign. Prosecutors joined the anti-smuggling movement as well, handling 8469 cases of smuggling and foreign currency-related crimes, involving 14554 persons in year 1998.

Corruption activities are even greater in several regions. In Sichuan province, for instance, some 1000 officials above the county level were prosecuted for corruption over the past decade based on tips received from local residents. The province opened its first Anti-Corruption Reporting center in 1988. Prosecutorial departments throughout the province have investigated 5000 cases involving bribery and embezzlement. Related departments have completed investigation of some 983 officials holding positions above the county level.

Examples of corruption scandals in connection with government officials are endless in China (Köberl, 2008). For example the toothpaste scandal in June 2007 where toothpaste that had been spread around the world was found to contain poisonous diethylene glycol (which killed 200 people in Haiti and Panama) as well as the recent Mattel recall of toys made in China which were covered with lead paint further damaged China's image and their products.

High ranked officials also bribe each other with the resources that have been allocated to them based on their position and accordingly, privileges. In order for "normal" people to do business with them, frequently very big bribes are necessary with which one must comply in order to achieve some goals (such as obtaining permits or licenses).

These facts and data clearly show that the Chinese government has to continue and will continue to fight corruption to help create a cleaner climate for economic and social development. However, China still remains between the most corrupted countries in the world. This can be seen by publicly available data on the homepage of the global coalition against corruption called "Transparency international". They measure the so called CPI (Corruption prevention index), which every year ranks countries according to the perception of corruption in the public sector.

In year 2001, China ranked as the 33th most corrupt country out of 91 countries, placing between Argentina(32) and Ghana(34) (Corruption Perceptions Index 2001, 2012). China's rank shifted in 2011 to the 75th most corrupt country out of 182 countries with Tunisia(73) and Gambia(77) (*See appendix 2*), but it is difficult to tell if the shift in rank reflects true

progress or an increase in the number of countries indexed (Corruption Perceptions Index 2011, 2012). According to that we can make a conclusion that China has still a lot to do in the fight against corruption.

2.4 Implications on ethics and corruption

2.4.1 Implications of “guanxi” on business ethics

“Guanxi” is one of those phenomena which influence the way business is done in China the most. On the other side, ethics in general and business ethics in particular are very present in the way business is handled in the rest of the world or at least, it is perceived by the public that it should be this way. It is therefore unavoidable that those influences on business behaviour are colliding in the areas where Chinese and Western businessmen interact with one another.

Most importantly, the differentiation between “good” and “bad” forms of “guanxi” has to be made. As mentioned above “favour-seeking guanxi” is perceived as the traditional form, opposed to “rent-seeking guanxi” which has more of a business approach. Within the business approach there are distinctions between the “guanxi” connected to ordinary businesses and the “guanxi” used to promote contacts with the business. Whereas the “favour-seeking guanxi” is ethically not relevant, “rent-seeking guanxi” and especially Business to government (hereinafter: B2G) “guanxi” is seen as a problem in China (Szeto et al., 2006).

Apart from bribery, which is deemed to be the most crucial, negative trait of “guanxi”, discrimination of the people who are left out of the “guanxi” network, is one of the reasons “guanxi” is often perceived as a rather negative phenomenon. This dilemma is even bigger when we look at the role of the government and its representatives who hold a considerably high amount of power in their hands. As there is only one party in China and this party is not controlled by other institutions like the media, unethical behavior can spread almost without notice.

The close relationships built with the help of “guanxi” are a major problem. These relationships guarantee certain people access to resources at a low price that could have been sold otherwise on a higher price. They can also allocate positions in enterprises and or public offices to less qualified persons than those who would be otherwise available. Finally, those relationships have helped pyramid schemes to have a huge success as “guanxi” is based very much on mutual trust, which was abused in order to gain access to the fortunes of the victims, who often themselves practiced this scheme with other members of their “guanxi” network. However, nepotism has declined in importance and with it the ethically questionable forms of “guanxi”. China is rapidly changing and the orientation towards values like the rules stipulated by the law, merit-based compensation and global competitiveness are becoming more and more important. Admittedly, this development is slow and the importance also of unethical “guanxi” remains a main issue (Verhezen, 2008).

The questionable behaviors mentioned above are perceived as unethical in every culture, regardless if it is influenced by Eastern or Western values. But when it comes to the grey area of unethical behavior in “guanxi”, Westerners are often more suspicious of “guanxi” based behaviour. Westerners have accepted values like fairness and the vision of the perfect competition for a longer period and are more used to it. As “guanxi” can trigger opposite conduct to these values, Westerners tend to criticize “guanxi”. On the other side, Chinese people tend to evaluate trust as a very high good, even to the degree where contracts become negligible. This trust is also a central trait of every “guanxi” relationship.

Also the three different main economic areas on the world perceive “guanxi” in different ways. For US managers it will be extremely difficult to accept a system of relationships that involves the exchange of gifts and favour as it is opposed to their laws, whereas Europeans will have less of a problem as they take more into account the needs and therefore the culture of all stakeholders. Eventually, Japanese businessmen are used to making business in completely different cultural environments and simply adapt their ethical rules to the new circumstances.

2.4.2 Interrelation between corruption and “guanxi”

We can state that “guanxi” is a personal relationship deeply rooted on the principles of trust, friendship, reciprocity and indebtedness. But there are different concepts by nature to the explanation of this phenomenon.

Köberl (2008) cites different authors with different explanations of “guanxi” in her paper. Vanhonacker (2004, p. 50) argues, that “guanxi” is different from corruption because it is relation-focused, whereas corruption is transaction-focused. Yang (1994, p. 123) also stresses that in bribery, the loss or gain calculation is of much greater relevance than in “guanxi” relationships. Furthermore also morality, a concept central to “guanxi” is challenged through corrupt behaviour which destroys human values (Vanhonacker, 2004; Luo, 2007). A big disparity is that whereas “guanxi” is oriented to create long term synergies and tends to be repeatedly without time specification concerning reciprocity, bribery is immediate requiring timeliness and is frequently merely a onetime transaction. Furthermore, lack of accomplishing “guanxi” duties only has social consequences.

“Guanxi” is also considered a complement to contract law, as it bridges gaps of legal institutions if necessary, while corrupt activity violates laws. Consequently, corruption is illegal and therefore involves a high amount of risk and uncertainty. As those two diverse concepts have similar means of execution “guanxi” can easily be used as a tool to hide corrupt behavior or bribery. Because of this, “guanxi” can be seen, as a protection for corrupted persons, to protect them from punishment, for their illegal activities.

On the basis of all those concepts it has been shown that “guanxi” values are very deeply rooted in the Chinese culture and in accordance that they implicate Confucian teachings.

In relation to “guanxi” another concept has to be mentioned. This concept is called “gift-giving” and is an undeniable part of the “guanxi” building process and of Chinese tradition, communicating good will and respect. But this concept is often not understood by the Western businessmen. They have problems using it. Although “gift-giving” or in other words gift exchange is considered bribery, depends on the objective of the gift-giver, the type of exchange and the time perspective (for instance, gifts are often given on occasion such as birthday or New Year). Foreigners often exaggerate with the gift-giving element, which can easily be interpreted as attempted corruption or bribery by the Chinese side. However, many authors have argued that Chinese are well aware of the thin borderline between the two and the fine differences.

2.5 Corruption and business “guanxi”

Through the establishment of relation-based business practices, the borderline between “guanxi” and corruption, in particular between “guanxi” related gift-giving and bribery has blurred. Although the concepts are based on completely different values, might “guanxi” not induce corruption or even lead the way into corrupt practices? “Guanxi” may be based on completely respectable and honorable values, but it is based on self-interest and motivated through the gain from social relationships. One might therefore consider “guanxi” as the origin or at least a trigger for corrupt behavior in China. Although there are differences, the underlying motivation needs to be considered. Is a gift really given out of friendship, or is it merely used to make an act of bribery or corruption? High ranked officials bribe each other with the resources that are given to them based on their position and accordingly, privileges. In order for “normal” people to do business with them, very big bribes must be paid to achieve a goal (such as obtaining permits or licenses).

In fact, many authors believe that these economic reforms and the emergence of capitalism are responsible for an increment in the usage of “guanxi” and consequently, bribery and corruption. Relatively few influential government officials control the state property or public good and its distribution, and they also receive most of the benefit from them, so they see corruption as a source of their income. The ordinary public is only left with the possibility of establishing good “guanxi” with powerful officials in order to receive at least a part of their share of the public good. Following, “guanxi”, more precisely rent-seeking “guanxi”, has become synonymous with corruption in China’s imperfect market conditions. Resources are allocated below market equilibrium prices through powerful officials. Sometimes companies are even blackmailed into “guanxi” based corruption. In such cases the responsible government officials, with whom one has “guanxi”, expect high bribes (or “gifts”) for a company to obtain its permits or further receive resources.

So, unethical guanxi-based conduct, the core of the problem, needs to be eliminated. Further, powerful public officials that have monopoly position over scarce resources create a bottleneck situation which allows them to use their position to generate profits for themselves.

These persons further establish networks of relationships to advance their power through connections with other public officials. Although the concept of “guanxi” as a special form of relationship has existed for centuries and is deeply rooted in Confucian teachings, the concept of “guanxi” as it is known today, a way to use one’s personal relationships in order to obtain certain economic or political privileges, is a relatively new concept which at least to a certain extent was launched through the political and social developments in China and the consequently weak market structure, lack of legal systems, absence of political opposition and transparency.

In the paper written by Köberl (2008), Fan (2002b) is cited. According to him, corrupted “guanxi” and “guanxi”-based corruption are inseparable. Business “guanxi” always involves (at least some degree of) corruption and there is no corrupt behaviour without the use of “guanxi”. He states also that “guanxi” connects, on one part the money, and on the other part power and corruption. So the “guanxi” relationship between businessmen and individuals result in the exchange between money and power.

Anti-corruption codes passed by foreign countries tend to prohibit gift-giving by enterprises completely, also when conducting business abroad. Those regulations, however, represent a difficulty for foreign businesses in China, as they ignore the Chinese customs and business practices. In general, foreign companies with respect to such imposed anti-corruption codes would then clearly be facing a competitive disadvantage. Nevertheless, the elimination of favoritism through relations and gift-giving, the core of China’s corruption problem, is essential. However, it needs to be fought simultaneously at all ends in order to achieve adherence by all parties.

So, it can be said that “business guanxi”, a way to share scarce resources to enhance business performance through a network of connections, has become a widely recognized concept. Although its importance varies depending on the type and size of a corporation, its importance seems to be undeniable. For the achievement of competitive advantage, successful “guanxi” needs to be maintained with government authorities, suppliers, buyers and business partners.

Consequently, if one wishes to conduct successful business in China, must be focused on building up and maintaining a sufficient long-term “guanxi network” as this is a key determinant of firm performance. Without “guanxi”, it is challenging to find business partners, and bureaucratic procedures require an awful long time and also the outcome often is unfavorable. So “guanxi networks”, connect a million of firms and also to some extent determine their performance.

2.6 »Guanxi« consequences

Different studies of “guanxi” have been made, but mainly on personal level. They should be extended also to the organizations that these individuals present. “Guanxi” transactions have

an impact on a much wider public than the “guanxi” parties concerned, so the consequences of “guanxi” should be analyzed in the context of all involved parts and at three different levels. Those levels are divided to personal, organizational and societal.

Fan (2002a) says in his paper that “guanxi” discriminates people outside of it. People must be treated equally and fairly. A person that is outside of “guanxi” does not have the same “guanxi” special treatment, as a person inside. “Guanxi” means exchanging favours, and obtaining “special treatment” from those who are in power. We can say also that in this case “guanxi” is in itself corruptive, because such a “special treatment” can be legal, but is questionable in moral and ethical terms. Where some individuals gain via “guanxi”, the society in general loses.

For “business guanxi” we can argue that it violates the rule, which states that no personal or family relationship should play any role in economic decision-making. In an open market economy, no individual or firm should be allowed to have such a privilege as the advantages that “guanxi” members have, because they bring competitive disadvantages and unfair competition to other firms (Fan, 2002a). But not just those firms suffer, also the consumers and the society pay the price. A benefit for “guanxi” members is also the protection they receive, from for example pollution fines, tax increases, court disputes and bankruptcy. This means that they have a total immunity from the law. Such a guanxi-related corruption no matter if it is big or small, is in fact an action to bribe a bureaucrat where the interest of general public is affected. Despite this, there are no simple rules that can be used to judge what “guanxi” is acceptable and what is not, we can say just that a “guanxi” practice is ethical only if it causes no harm to third party or to the society.

CONCLUSION

Like demonstrated and argued, by many researchers and authors of literature, the phenomenon of corruption exists in all the world countries and economies, but the main difference between them is in the level of corruption. Another important factor is also, that something that is in one country seen as corruption, is not necessarily considered as corruption in some other country. The rules of identifying and the understanding of corruption are different between countries and economies.

Businessmen devote much attention to the level of corruption in a country, before they enter in its market or start there a new business. If the level of corruption is high, they avoid doing business there.

In these times, when the entire world economy is in shock, the fight against corruption is of extreme importance, because some studies conducted by Transparency International show that the global financial crisis led to a rise in corruption in some richer countries. Countries and economies are all affected by the global economic crisis and wish I could claim that there is no connection between this crisis and corruption. There are many effective anti-corruption

commissions, global anti-corruption and awareness-campaigns, people have also recognized that in almost all the cases, the reason for corruption flourishing in a country is the culture and poverty, but nevertheless it cannot be said that the level of corruption in the world has declined on average. This is the main reason why people must understand and be aware of this phenomenon and understand it as a threat to the countries and economies and also to themselves. Especially in these times of crisis it is necessary to eradicate it, because it inhibits economic growth.

Nevertheless, as many argue that corruption is typical for developing countries and the poorest ones, one important exception is China. It has one of the biggest economic growths in the world (See *figure 2 & appendix 3*), despite the widespread corruption. In most of the cases researchers of corruption tend to argue that modern countries are the ones with low levels of corruption and those which are working well. However, this is not always the case. From the data analyzed in my thesis I can argue that a higher level of corruption is not typical just for underdeveloped countries, but also for some of the most developed and modern economies. The biggest and most known example is China, where like in other countries corruption has an impact on its economic growth, but obviously much smaller than in other countries. The relations between the Chinese businessmen rely on the principles of trust. Because of that and from the evidence from other countries, it can be argued that in countries with higher level of trust, corruption tends to be relatively less harmful to economic growth.

By relying on the research I have done in my thesis, I discovered that there are very big differences between the conditions for doing business in the Western world like in the United States of America or in the European Union and between China. In the Western world the rules and laws for entering a market, or for starting a new business are very clear and the same for everybody. There is usually no additional, or I can say “hidden” cost for bribery and other types of corruption. In contrast, all the business in China lies on the principles of trust between businessmen and on “connections” that you have. Those “connections” and trust are in most of the cases linked to “guanxi”. This phenomenon often involves also gift-giving, which is in the greater extent not understood and against the rules of Western businessmen. So, the main problem of entering the Chinese business world is to become a part of a “guanxi” network.

“Guanxi” is one of the most important attributes of the Chinese business world. Corruption, however, is also a big issue and often related to “guanxi”. When both appear together in a business enterprise ethic standards will suffer in a Western understanding of ethics. Another big disadvantage is that people who are outside of “guanxi” will be neglected, regardless of their skills. Those are the reasons why the Chinese government fights against types of “guanxi” that are perceived as corruption. On the other side, in China there is nearly no business interaction without “guanxi”. Western businessmen lack the initial necessary roots that are often developed in their childhood, hometown, classroom or even by being related to someone and which are the beginning of a “guanxi” network, compared to the Chinese businessmen who grew up in China. This is one of the main reasons that Western

businessmen often do not find an entrance into the Chinese market. Consequently, Western businessmen have to invest a lot of effort and time in order to get into a “guanxi” network, if they want to succeed in China on a long term basis. Another alternative or addition could be to engage an intermediary who knows Chinese business practices and is part of a “guanxi” network. Finally, I can argue that Western business people have to be aware of the type of “guanxi” in which they engage, as some forms of this phenomenon are perceived more negatively and are more in conflict with Western ethic standards.

POVZETEK

Ker je poslovanje s Kitajsko vedno bolj pomembno, se morajo Zahodni poslovneži zavedati, sprejeti in upoštevati drugačna pravila, vrednote in navade, po katerih kitajski poslovneži navezujejo stike in sklepajo posle s poslovnimi partnerji iz tujine. Zaradi tega je »guanxi« kot koncept v zadnjih letih požel veliko pozornosti in ga tudi velikokrat povezujejo in razumejo kot korupcijo. Le-ta je zelo dobro znana v vseh svetovnih ekonomijah in sistemih, predvsem pa v poslovnem svetu.

Trdimo lahko, da korupcija obstaja v vseh državah sveta, toda glavni namen diplomskega dela je prikazati razlike med korupcijo, protikorupcijsko zakonodajo, poslovnimi priložnostmi in razmerami oziroma pogoji za poslovanje med kitajskim in zahodnim poslovnim svetom. V Evropski uniji ali Združenih državah Amerike je raven korupcije zelo nizka, poleg tega pa so tudi zelo drugačna pravila za poslovanje, v kolikor jih primerjamo s tistimi v kitajskem poslovnem svetu. V zahodnem svetu poslovnež ne potrebuje toliko truda pri začetku poslov, kot ga potrebuje na Kitajskem, nižji pa so tudi stroški. Zato lahko trdimo, da so sistem, pravila, pogoji in razmere v zahodnem svetu vsaj v največji meri za vse poslovneže enake. To pa za kitajski poslovni svet ne moremo trditi, saj bo na Kitajskem vsak, ki ni član »guanxija«, imel velike probleme pri ustanavljanju podjetja in vstopanju na tržišče. Zato je zelo pomembno in tudi eden od glavnih namenov te diplomske naloge, da odgovorimo na naslednji dve vprašanji. Ali so res pravila, pogoji in razmere v kitajskem in zahodnem poslovnem svetu za vse enaka? So res moderne ekonomije tiste, ki imajo najnižjo raven korupcije? To pa sta tudi vprašanji, na katera se bo osredotočalo diplomsko delo in ju poskušalo razrešiti.

Splošno je znano, da korupcija vpliva na gospodarsko rast vsake države, v kateri se pojavi. To pa ne drži za prav vse države. Vpliv pojava na nekatere države je popolnoma drugačen, ali pa na njih vsaj nima tako močnega učinka. Te države imajo visoko gospodarsko rast kljub zelo visoki ravni korupcije. Ena takih držav in tudi zelo nazoren primer je Kitajska, saj ima kot že rečeno visoko gospodarsko rast, poleg tega pa tudi visoko raven korupcije.

V prvem poglavju diplomske naloge bodo podrobneje razložene osnove korupcije in njene značilnosti. Nato bodo navedene različne definicije korupcije, kakor jih opredeljujejo različni raziskovalci, znanstveniki in akademiki. Podrobno bodo razloženi tudi problemi, ki se pojavljajo pri merjenju korupcije. Poleg tega bodo naštetih različni tipi in nekateri koncepti korupcije. Nadalje bodo navedeni vzroki, posledice in razložen ekonomski vidik tega pojava. Kot zadnje v tem poglavju pa bodo podrobneje obravnavana prizadevanja za boj proti korupciji.

V drugem poglavju diplomskega dela je podrobneje razložen pojem »guanxija«. Ker direktni prevod besede »guanxi« v slovenski oziroma angleški jezik ne obstaja, je potrebna čim bolj točna in podrobna obrazložitev pomena pojma. Ravno tako je obrazložena razlika med »potegovanjem za rento (rent-seeking)« in »potegovanjem za korist (favour-seeking)«

guanxijem«, v nadaljevanju je na kratko tudi opisana korupcija in etika v poslovnem kontekstu. Po natančni razlagi ključnih pojmov diplomsko delo nadaljuje z razlago posledic, ki jih ima »guanxi« na etiko v kitajskem poslovnem svetu, saj se v literaturi pojavlja veliko različnih vprašanj v zvezi z moralo »guanxija«. V tem poglavju je narejen tudi pregled nad različnimi mnenji glede »guanxija«, predvsem glede njegove povezave s korupcijo in korupcijskimi dejanji, kar predstavlja glavni namen tega poglavja. Poslovneži in drugi posamezniki imajo namreč zelo pogosto velike probleme pri diferenciaciji med korupcijo in pojavom »guanxija«. Ker so primarni viri o tej temi zelo skopi, se diplomsko delo nanaša predvsem na sekundarne vire podatkov. Da je bila zagotovljena čim bolj ažurna narava področja, kar pri Kitajski ni enostavno zaradi hitrega razvoja in sprememb, diplomsko delo bazira predvsem na raziskavi člankov, virih iz svetovnega spleta in drugih sekundarnih virih.

Ravno tako je obrazložen in podrobno opisan »guanxi« kot tipičen kitajski pojav, ki preprečuje in zavira poslovanje v tej ekonomiji. Zlasti kadar gre za poslovanje z vlado, lahko »guanxi« na Kitajskem odpre marsikatera vrata zelo dobrih poslovnih priložnosti. To pa predstavlja velik izziv poslovnem iz drugih držav, ki s tem konceptom niso seznanjeni in se z njim prvič srečajo. Zato je partnerstvo med Kitajskimi in tujimi podjetji, ki nimajo »guanxi« povezav, bolj pomembno, kot zglada na prvi pogled.

1 KORUPCIJA

V uvodnem delu tega poglavja je razložena beseda korupcija iz etimološkega stališča, kot jo razlagata Hornby in Wehmeier (2000, str. 261) v »The Advanced Oxford Dictionary«, in sicer: »korupcija je dejanje nepoštenosti oziroma kaznivo dejanje, katerega namen je uporaba javnih ustanov za doseg zasebnih dobičkov«.

Korupcija je tudi starodaven pojav in del ekonomskega in političnega življenja že od nekdaj. Že v času rimskega imperija je bilo splošno znano, da ima vsaka stvar svojo ceno in da je vsakdo lahko podkupljen. V teh časih so z denarjem kupovali tudi politični status in moč.

Ravno tako korupcija predstavlja velik problem v današnjih časih, saj je razširjena po celem svetu, najbolj pa prizadene države v razvoju. Danes lahko najdemo in preberemo veliko zgodb o korupciji, toda šele v zadnjih desetletjih so se začeli ekonomisti in mednarodne finančne inštitucije zavedati, kakšen je njen vpliv na gospodarsko rast držav. Glede povezave med korupcijo in gospodarsko rastjo lahko najdemo veliko literature, toda šele v zadnjem času so se pojavile različne analize in raziskave vpliva korupcije na gospodarsko rast. Splošna ugotovitev le-teh je, da korupcija upočasni dolgoročno gospodarsko rast, nesorazmerno obremenjuje revnejše prebivalstvo in zmanjšuje učinkovitost državnih investicij ter socialne pomoči. Glavni razlog za povečano število analiz in raziskav tega pojava je v tem, da je vedno več vlad in javnih uslužbencev na visokih položajih skorumpiranih.

1.1 Definicije korupcije

Korupcija je zelo širok, kompleksen in nejasen pojem, ki ga moramo podrobno definirati. Ker ga vsaka mednarodna vladna, nevladna organizacija, agencija za boj proti korupciji ali avtorji literature definirajo drugače, je v diplomskem delu naštetih nekaj definicij organizacij, ki se ukvarjajo s tem problemom, ga poskušajo analizirati in se proti njemu borijo. Naštete so definicije pojma korupcije, kot ga razlagajo The World Bank in IMF, GRECO, Transparency International, OECD, ADB, EBRD in pa Komisija za preprečevanje korupcije Republike Slovenije.

Diplomsko delo se nanaša predvsem na definicijo korupcije, ki je tudi največkrat uporabljena in predvsem najbolj preprosta. Glasi pa se: »Zloraba moči, za zasebno korist«. Ta definicija je uporabljena tudi s strani organizacij, kot so »The World Bank« in »Transparency International« ter večine avtorjev teorije o korupciji, na katere se diplomsko delo sklicuje. Iz te definicije pa ne smemo povzeti, da korupcija obstaja samo v javnem sektorju, saj je ravno tako zelo razširjena v zasebnem sektorju.

Toda za namen diplomskega dela ni tako pomembna definicija korupcije kot bistvo tega pojava, ki je podkupovanje javnih uslužbencev z darili ali denarjem v zameno za različne usluge in storitve, s katerim javni uslužbenec krši pravila, ki izhajajo iz njegovega položaja v javnem sektorju.

V nadaljevanju diplomske naloge so navedene tudi definicije korupcije, kot jih navajajo nekateri znanstveniki in raziskovalci s področja korupcije. Te definicije pa ni enostavno najti, saj nam le redki v svojih delih postrežejo z direktno definicijo pojava, kar potrjuje kompleksnost interpretacije teme.

Eden najbolj znanih raziskovalcev korupcije je Robert Klitgaard (1997), ki navaja, da je korupcija beseda z veliko pomeni ter da moramo širok koncept razdeliti, da ga lahko primerno razložimo. V svoji najširši definiciji opredeljuje korupcijo kot: »zlorabo javnih institucij, za neuradne, oziroma zasebne namene«. Navaja tudi, da korupcija sledi naslednji formuli:

Slika 1: Enačba korupcije

$$C = M + D - A$$

Vir: R. Klitgaard, International Cooperation Against Corruption, 1997.

S to enačbo trdi, da je korupcijo mogoče najti povsod, kjer ima nek posameznik monopolno moč nad neko dobrino ali javno storitvijo in ima pravico, da odloči, ali bo nekdo to dobrino oziroma javno storitev prejel in v kolikšni meri, poleg tega pa ne odgovarja nobenemu.

Poleg te definicije je navedena tudi definicija Nyea (1967), Alama (1989), Pellegrinija (2009) in Susan Rose-Ackermann (2006). Iz vseh navedenih definicij in problemov definiranja

korupcije lahko povzamemo, da je tudi merjenje korupcije zelo zahtevna naloga, saj ne moremo najti neke splošno sprejete definicije korupcije. Korupcija poleg tega obstaja tudi na različnih ravneh, tako med javnimi uslužbenci na visokih položajih v vladi, kot tudi v javnih šolah in uradih. Nekateri raziskovalci pojava celo trdijo, da je definicija korupcije nemogoča, saj je to koncept, ki je odvisen od kulture družbe in se od družbe do družbe razlikuje.

1.2 Merjenje korupcije

S širjenjem globaliziranega tržišča se hitro povečuje tudi raven korupcije in število priložnosti za korupcijo. K temu prispeva tudi privatizacija v zahodnem in vzhodnem poslovnem svetu oziroma gospodarstvu. Glavni razlog za širjenje korupcije je, da sedaj javni uslužbenci nimajo opravka samo s prihodki države, ampak tudi z njenimi sredstvi oziroma premoženjem, kar povzroča še večje skušnjave.

Merjenje korupcije je zato postalo zelo pomembno. Obstaja veliko različnih načinov za merjenje, ki se razlikujejo v metodologiji in kvaliteti. Prve poskuse merjenja korupcije so naredila podjetja, ki so s tem hotela oceniti tveganje pri mednarodnem poslovanju. Merjenja korupcije so danes zelo različna, saj se nekatera opirajo na ankete širše publike, nekatera pa na ocenah tveganja. Pri anketah se pojavlja problem velikosti vzorca, saj je lahko ta med državami zelo različen. Zelo veliko vprašanje pa je tudi, če so merjenja med državami primerljiva.

Wei (2001) trdi, da je glede na naravo korupcije (njeno prikritost, nezakonitost, razlike med gospodarskimi dejavnostmi) nemogoče pridobiti natančne informacije o razširjenosti korupcije v neki državi. Trdi tudi, da je nekaj, kar je v eni državi zakonito, lahko v drugi nezakonito. Države imajo namreč različna pravila, zakone in politiko. Wei (2001) pa tudi deli korupcijo na štiri različne tipe:

- ocene korupcije, ki temeljijo na mnenju strokovnjakov;
- ocene korupcije, ki temeljijo na anketah podjetij in prebivalcev;
- ocene korupcije, ki temeljijo na anketi, sestavljeni iz več različnih anket;
- ocene korupcije, ki temeljijo na bolj objektivnih in zanesljivih podatkih.

Glede na to lahko trdimo, da obstaja veliko različnih kazalcev za merjenje korupcije, kar je velika prednost za tiste, ki bi radi raziskovali to področje ali pa se borili proti korupciji. Uporaba različnih indikatorjev namreč zagotavlja bolj raznoliko oceno in boljše informacije za raziskovalce in vodje projektov.

Kljub temu da je merjenje korupcije v zadnjih desetletjih zelo napredovalo, obstaja še vedno veliko ovir. Kompleksnost kazalcev se je zelo povečala, toda izzivi so ostali enaki, saj ima vsak kazalec še vedno pomanjkljivosti, ki jih lahko strnemo v naslednje skupine in so v tem diplomskem delu tudi podrobno opisani:

- problem zaznavanja;
- problem napake;

- problem uporabnosti.

Te pomanjkljivosti pri ocenjevanju korupcije kažejo kompleksnost merjenja korupcije, predvsem zaradi pomanjkanja objektivnih podatkov, problema merske napake in ker meritve korupcije same po sebi ne pokažejo direktne rešitve problema korupcije. Zato lahko trdimo, da je merjenje stopnje korupcije še vedno v fazi razvoja in predstavlja izziv za posameznike, ki se ukvarjajo z mednarodnim trgovanjem oziroma poslovanjem, in pa tiste, ki jih zanima merjenje stopnje korupcije iz kakršnega koli drugega razloga.

1.3 Tipi in koncepti korupcije

Korupcija se pojavlja v različnih oblikah. Toda ker ne obstaja neka splošno sprejeta definicija, tudi nimamo splošno veljavne tipologije korupcije. Raziskovalci navajajo zelo različne razvrstitve oziroma tipe korupcije, kar je posledica različnih definicij korupcije.

V literaturi je korupcija najbolj pogosto razdeljena na »veliko« in »drobno«, kot jo deli Susan Rose-Ackermann (1996) in Svetovna banka (The World Bank). »Drobna« korupcija vključuje izmenjavo manjših vsot denarja, manjše usluge in zaposlovanje sorodnikov in prijateljev na nižjih ravneh javnih institucij. »Velika« korupcija vključuje korupcijo na visokih položajih v politiki in med vodilnimi državnimi uradniki. Glavni motivacijski faktor za to korupcijo je pohlep. Pri »veliki« korupciji se moramo zavedati, da gre za zelo velike vsote, ki imajo velik vpliv na državni proračun in prihodnjo rast države, glede »drobne« korupcije pa lahko trdimo, da vključuje predvsem transakcije, kot so plačilo davkov, dodeljevanje različnih dovoljenj in druge dejavnosti, ki nimajo večjega vpliva.

V literaturi lahko najdemo veliko različnih delitev med tipi korupcije. Ena takih je na primer razlikovanje med tipi korupcije, kot jih navaja Mauro (1998, str. 13), ki deli korupcijo na »dobro organizirano« in »kaotično«. Lahko pa najdemo še veliko drugih. Amundsen (1999) navaja, da obstajajo različne oblike korupcije, glede na to, kako se manifestirajo. Le-te so v diplomskem delu podrobno opisane in razložene. Po njegovem mnenju so najbolj pomembne oblike korupcije:

- podkupovanje;
- poneverbe;
- goljufija;
- izsiljevanje;
- favoritizem.

1.4 Vzroki korupcije

Da bi lahko bolje razumeli vplive in posledice korupcije, so v tem razdelku na podroben in natančen način opredeljeni posamezni vzroki korupcije. Jasni morajo namreč biti razlogi, zaradi katerih korupcija uspeva, in pogoji, v katerih najbolje uspeva. Vzrok korupcije navadno ni samo eden, ampak je kombinacija mnogih.

V literaturi lahko najdemo različna mnenja, razlage in analize vzrokov korupcije, a je redko kateri uporaben. Večina avtorjev literature, akademikov in raziskovalcev se strinja, da je korupcija navadno globoko zakoreninjena v državno politiko, birokratske tradicije, politični razvoj, socialni in kulturni sistem. Zato je treba upoštevati tradicije, politično, socialno in kulturno razvitost ter zgodovino, toda nič od tega ni opravičilo za obstoj korupcije v državi. Le-ta se razvije, kadar so institucije v državi šibke. Motivacija zaposlenih v javnem sektorju je lahko nizka in zaradi tega niso produktivni, do česar lahko pride iz različnih razlogov. Eden je lahko zelo nizki ali padajoči osebni dohodki in premalo napredovanj kljub dobremu in učinkovitemu delu. Drugi razlogi so lahko še nefunkcionalni državni proračuni, neprimerna dobava in oprema, zamude pri izplačilu sredstev iz državnega proračuna (kar vključuje tudi osebne dohodke), vse to lahko vpliva na moralo zaposlenih.

Tanzi (1998, str. 16) v svojem delu navaja različne dejavnike, ki spodbujajo korupcijo v državah. Le-ti so v tem diplomskem delu tudi podrobno opisani in obrazloženi:

- kvaliteta birokracije;
- osebni dohodki v javnem sektorju;
- kazenski sistemi;
- institucionalni nadzor;
- transparentnost pravil, zakonov in procesov;
- vodilni morajo predstavljati dober zgled.

1.5 Posledice in ekonomski vidik korupcije

Korupcija ima globok in zelo koroziiven efekt na lokalno vodstvo in na kvaliteto življenja prebivalcev. Če problem ignoriramo, lahko ogrozi socialne, ekonomske, okoljske in politične cilje. Veliko raziskovalcev trdi, da je korupcija določena s kulturo, kar pomeni, da se nekatera dejanja v eni državi obravnavajo kot dejanja korupcije, v drugi pa so popolnoma legalna oziroma so legitimna poslovna praksa. Spet drugi trdijo, da je korupcija v nekaterih primerih lahko celo koristna, saj naj bi delovala kot mazivo in pospeševala nefunkcionalne državne institucije. Tako naj bi korupcija olajševala trgovanje in poslovanje ter spodbujala učinkovitost z omogočanjem poslovnežem privatnega sektorja, da se izognejo okornim predpisom in pravilom (Meon & Weill, 2008). Toda še več raziskovalcev korupcije se s to trditvijo ne strinja, saj trdijo, da le-ta zavira gospodarsko rast. Mauro (1995) trdi, da korupcija zavira investicije v državah v razvoju, kar zelo slabo vpliva na gospodarsko rast. V nasprotju z zgornjo trditvijo pa obstajajo nekatere države, kot je na primer Kitajska, v kateri je korelacija med korupcijo in gospodarsko rastjo pozitivna. Glede na to lahko trdimo, da ima lahko korupcija na različna gospodarstva različne učinke. Le-te lahko delimo na kvalitativne in kvantitativne in so v diplomskem delu podrobno obravnavani (Tanzi, 1998, str. 26-29).

1.6 Boj proti korupciji

Vsaka država se mora boriti proti korupciji na različnih področjih, saj so tudi vzroki za korupcijo raznovrstni in številni. Rezultati teh prizadevanj so navadno vidni komaj čez nekaj let. Vsaka država mora tudi imeti strategijo za boj proti korupciji, ki mora vsebovati ukrepe

na različnih področjih. Države morajo uvesti ukrepe na vseh področjih, kjer se lahko borijo proti korupciji in komaj takrat lahko pričakujejo rezultate.

Klitgaard (1997) navaja štiri komponente anti-korupcijske strategije. Te pa so:

- največji zločinci morajo biti kaznovani.
- Ljudi je treba spodbujati pri iskanju in vključiti v iskanje korupcije.
- Korupcijo je treba preprečiti z odpravljanjem skorumpiranih sistemov.
- Ponovno je potrebno preučiti višino osebnih dohodkov javnih uslužbencev.

2 KITAJSKA IN »GUANXI«

2.1 Uvod

V zadnjih letih vedno več podjetij prepoznava pomen Kitajske kot gospodarstva. Postala je tržišče z največjim potencialom na svetu, zato podjetja selijo tja svoje proizvodne obrate. Kitajska je postala tudi »tovarna« za celotni svet, saj obstaja veliko sektorjev, ki so lahko konkurenčni le, če svojo proizvodnjo preselijo v državo z nizkimi osebnimi dohodki. Menedžerji, ki sledijo tem poslovnim priložnostim, se morajo prilagoditi načinu delovanja in pravilom kitajskih poslovnežev.

Glavni namen poglavja je opisati enega najpomembnejših pojavov v Kitajskem poslovnem okolju, in sicer »guanxi«. Le-ta namreč posega v etiko in prispeva k neetičnim pojavom, kot je korupcija. Zaradi »guanxija« so se v preteklosti številna mednarodna podjetja spraševala, kako vstopiti na kitajski trg. Način delovanja in podrobnosti tega trga so jim bile popolnoma neznane. Na Kitajskem je namreč pogoj za uspešno poslovanje, imeti dobre povezave in kontakte. Temu pa služi »guanxi«, in sicer na najvišjih položajih, tako v javnem kot tudi v zasebnem sektorju, zato želi vedno več zahodnih poslovnežev izvedeti čim več o tem pojavu in kaj ta pojem res pomeni, da bi se s tem izognili neetičnim dejanjem.

Glavni namen naslednjih poglavij je ugotoviti, kakšne posledice ima »guanxi« na poslovno etiko na Kitajskem. V veliko primerih je »guanxi« privedel do korupcije in je bil tudi zaznan kot korupcija. Zagovorniki »guanxija« pa trdijo, da ga ne bi smeli enačiti s korupcijo, kot je znana v zahodnem svetu, ampak da je to bolj kulturni pojav. Zato je bistvenega pomena, da je podana detajlna in točna slika »guanxija« in njegove povezave z etiko ter korupcijo.

2.2 Pregled literature

Ker poslovneži »guanxi« dojemajo kot nekaj nujnega za uspešno poslovanje na Kitajskem in je Kitajska postala eno izmed najatraktivnejših tržišč, je to privedlo do pisanja velike količine literature o tej temi, ki je namenjena opisu »guanxija« in napotkom za zahodne poslovneže, kako »guanxi« najbolj učinkovito uporabiti.

Številni avtorji, kot so Luo (2007); Lovett, Simmons & Kali (1999); Fan (2002b); Dunfee & Warren (2001); Yang & Wang (2011), velik delež svojih del posvečajo razjasnitvi in opisu

pojma »guanxi«. Ravno tako lahko številne uporabne definicije najdemo tudi na svetovnem spletu. Poleg pojma »guanxi« obstajajo še številni drugi koncepti, ki so povezani z »guanxijem«. Tak koncept je »mianzi«, ki je v kitajskem poslovnem svetu ravno tako pomemben, povezavo med »guanxijem« in »mianzijem« pa v svojih delih iščejo in obravnavajo Su, Sirgy & Littlefield (2003); Buckley, Clegg & Tann (2006) in Leung, Chan, Lai & Ngai (2011). Leung et al. (2011) obravnavajo tudi koncepte kot so »renqing«, »ganging« in »xinyong«, ki naj bi bili sestavni del ustvarjanja »guanxija«. Zelo pogosta je tudi delitev »guanxija« na »potegovanje za rento (rent-seeking guanxi)« in »potegovanje za korist (favour-seeking guanxi)«. Verhezen (2008) in Su et al. (2003) uporabljata to delitev v svojih delih.

Veliko strokovnjakov je poskušalo ovrednotiti »guanxi« tudi iz etičnega stališča. To pa jih je razdelilo v dve skupini. Dojemanje »guanxija« kot nekaj negativnega je razvidno iz del, katerih avtorji so Gong (2011) in Fan (2002a, 2002b) in v njih tudi kritizirajo ta koncept in njegove moralne posledice. Szeto, Wright & Cheng (2006) pa navajajo številne škandale povezane s »guanxijem«. Dunfee & Warren (2001) in opis na spletni strani Articlesbase (Nagy, 2009) trdijo, da različni tipi »guanxija« povzročajo različne moralne standarde. Toda kljub temu še vedno večina meni, da je bil »guanxi« oblikovan za boj proti korupciji in samovolji elite.

V zadnjem času se je boj proti korupciji na Kitajskem zelo zaostрил, saj mediji intenzivno poročajo o primerih, ko so koruptivna dejanja pripeljala do aretacij, zapornih kazni in usmrtitev. Iz tega je razvidno, da se je korupcija zelo razširila. To pa potrjujejo tudi podatki s strani Transparency International (Corruption Perceptions Index 2011, 2012). V zadnjem času je namreč meja med »guanxijem« in korupcijo postala zamegljena. V razpoložljivi literaturi je povezava med »guanxijem« in korupcijo zelo različno razložena in opisana. Köberl (2008) v svojem delu trdi, da je korupcija na Kitajskem prevladujoča v javnem sektorju med javnimi uslužbenci, obstaja pa tudi v zasebnem sektorju, poleg tega pa povezuje korupcijo s »guanxijem«. Ravno tako tudi Fan (2002a) trdi, da sta skorumpirani »guanxi« in korupcija, ki je osnovana na »guanxiju«, neločljiva ter da poslovni »guanxi« vedno vsebuje korupcijo. S tem se strinja še več različnih avtorjev literature, kot so Dunfee et al. (2001), Burton & Stewart (2008), Gong (2011) ter številni drugi.

2.3 Opis »guanxija«

V tem razdelku diplomskega dela je najprej opredeljen pomen besede »guanxi«, ki je sestavljena iz dveh besed, in sicer »guan« in pa »xi«. V osnovi opisuje mrežo oseb, ki si med seboj izmenjujejo usluge in gojijo dolgoročne kontakte, poleg tega pa med njimi obstaja velika mera zaupanja. Usluge, ki si jih med seboj izmenjujejo člani »guanxija«, so večinoma neformalne. Za ta pojav tudi velja, da večji, kot je »guanxi« (oziroma krog ljudi v njemu), več priložnosti ustvari.

Začetki »guanxija« izhajajo iz časov, ko še ni bilo pravnega sistema. V teh časih so Kitajci potrebovali določeno razmerje oziroma povezave, na katere bi se lahko zanesli in si tako zagotovili večjo varnost in pravičnost pri poslih in v vsakdanjemu življenju. Zato lahko trdimo, da je bil »guanxi«v tistih časih oblikovan, da bi se boril proti korupciji in nepravičnosti, kar pa ne moremo trditi za današnji čas, ko je »guanxi« največkrat zaznan kot korupcija.

Obstajajo različne delitve »guanxija«. Najpogosteje lahko v literaturi najdemo delitev na »potegovanje za rento (rent-seeking)« in »potegovanje za korist (favour-seeking)« »guanxi«, ki je v tem diplomskem delu tudi podrobno obrazložena. Imamo tudi delitev glede na bližino dveh oseb v »guanxi« razmerju. Tukaj je »guanxi« določen več ali manj že od rojstva človeka, sestavljajo pa ga tri stopnje, in sicer: »guanxi, ki izhaja iz družine«, »guanxi po naravi« in »poslovni guanxi«.

V nadaljevanju diplomskega dela je podana tudi definicija etike in razloženo njeno bistvo. Ravno tako je tudi narejena primerjava med poslovno etiko v Evropi, Združenih državah Amerike in Japonski, saj so to države, s katerimi Kitajska največ posluje in so njene največje trgovinske partnerice. Razlike med poslovno etiko teh držav so se izkazale kot zelo velike in so zato tudi podrobno obrazložene.

Ravno tako je navedena tudi definicija korupcije s kitajskega vidika, poleg tega pa so vključene tudi definicije več kitajskih avtorjev, kot so Luo (2007) in Ekpo (2007), ki imajo ravno tako kot ostali na ta pojav zelo različne poglede.

Za vsako podjetje, ki hoče sodelovati v mednarodnem poslovanju, je zelo pomemben podatek raven korupcije v državi, s katero bi rada poslovala. Dober vir takih podatkov je domača stran organizacije Transparency International, ki je tudi globalna koalicija proti korupciji. Le-ta organizacija vsako leto izdela tako imenovani CPI indeks, ki rangira države glede na stopnjo korupcije v njih in lahko s tem pomaga poslovnem pri odločitvi, ali z neko državo oziroma njenimi poslovnimi sklepati posle ali ne. Ta indeks predstavlja tudi enega od načinov, kako se boriti proti korupciji. Države se bodo namreč same borile proti korupciji, saj bodo tako glede na CPI indeks imele nižjo stopnjo korupcije, s tem pa se bodo zunanji partnerji lažje odločali za investicije in na ta način povečali gospodarsko rast te države.

Kot že navedeno, korupcija na Kitajskem ni nov pojav. Reforme v državi in njena gospodarska rast so ustvarile ugodne pogoje za širjenje korupcije. Johnston (2012) celo navaja, da nevarnost ne leži le v tem, da korupcija izkrivlja ekonomsko politiko in razvoj na Kitajskem, toda da lahko korupcija sama po sebi uide izpod nadzora, s posledicami, ki jih ne moremo predvideti. Večina avtorjev se strinja, da je korupcija tisti pojav, ki je veliko let na Kitajskem vplival na socialno stabilnost in ekonomski razvoj. Luo (2007) v svoji knjigi navaja podatke o številu obsojenih državnih uradnikov zaradi korupcije in navaja nekatere primere le-teh. Köberl (2008) celo navaja: »Število primerov škandalov zaradi korupcije, z vpletenimi javnimi uslužbenci, je na Kitajskem neskončno.« Po podatkih Transparency

International (Corruption Perceptions Index 2011, 2012; Corruption Perceptions Index 2001, 2012) se je Kitajska, glede na CPI indeks iz leta 2001, ko je bila 33. najbolj skorumpirana država na svetu od 91. vključenih v primerjavo, premaknila v letu 2011 na 75. mesto izmed 182 držav (glej prilogo 2). Toda ne moremo vedeti, ali ta sprememba v rangu pomeni, da je boj proti korupciji na Kitajskem uspešen ali pa je to posledica tega, da je sedaj v analizo vključenih več držav. Glede na vsa navedena dejstva in podatke lahko trdimo, da mora Kitajska še vedno veliko narediti v boju proti korupciji.

2.4 Vpliv »guanxija« na etiko in korupcijo

V tem razdelku je najprej narejena diferenciacija med »dobrimi« in »slabimi« oblikami »guanxija«, kar je zelo pomembno. Avtorji navajajo, da je »potegovanje za korist (favour-seeking guanxi)« za etiko popolnoma irelevanten, v nasprotju pa velik problem na Kitajskem vidijo v »potegovanju za rento (rent-seeking guanxiju)« in B2G (Business to government) »guanxiju« (Szeto et al., 2006).

Vlada in njeni predstavniki imajo na Kitajskem relativno veliko moči v svojih rokah. Le-ta je nadzorovana le s strani medijev, kar pomeni, da se neetično ravnanje lahko zelo hitro in neopazno razširi. Največji problem so tesna razmerja, ki so zgrajena s pomočjo »guanxija«. Ta razmerja nekaterim posameznikom omogočajo dostop do določenih dobrin po zelo ugodni ceni, ki bi se drugače prodajale po veliko višji ceni. Ker »guanxi« temelji predvsem na zaupanju, so bile na Kitajskem zelo uspešne tudi tako imenovane »piramidne sheme«.

Za vsa zgoraj navedena dejanja lahko trdimo, da so neetična v vseh državah, ne glede na to, ali so to države zahodnega ali vzhodnega sveta. Neetično obnašanje v okviru »guanxija« se zahodnim poslovnem zdi še posebej sumljivo. Le-ti so navajeni vrednot, kot so pravičnost in vizije popolne konkurence, ki prevladuje v večini zahodnega sveta. To pa ne drži za kitajske poslovneže oziroma »guanxi«, ki deluje ravno nasprotno. Za njih je najpomembnejše načelo zaupanje, kar je tudi temelj »guanxija«.

V tem razdelku je opredeljeno tudi razmerje med korupcijo in »guanxijem«, ki je zelo različno definirano med avtorji literature in raziskovalci. Köberl (2008) navaja, da je »guanxi« različen od korupcije, ker se opira bolj na razmerja med ljudmi, v nasprotju s tem pa je korupcija videna le kot transakcija. Velika razlika je tudi v tem, da je »guanxi« usmerjen v ustvarjanje dolgoročnih razmerij in sinergij brez časovne meje. V nasprotju s tem ima podkupovanje časovno mejo in je v največ primerih enkratna transakcija.

Poleg tega je »guanxi« viden tudi kot dopolnilo pogodbenega prava, saj zapolnjuje vrzeli v pravnih institucijah ko je to potrebno, v nasprotju z aktivnostmi korupcije, katere kršijo zakone. Korupcija je zato nezakonita in vključuje visoko mero tveganja in negotovosti. Ker imata koncepta podobne načine izražanja in delovanja, je lahko »guanxi« enostavno uporabljen kot sredstvo za prikrivanje korupcije in podkupovanja. Skorumpirane osebe lahko »guanxi« uporabijo tudi kot zaščito pred kaznijo za njihova nelegalna dejanja.

V povezavi z »guanxijem« je podrobno opisan in razložen tudi koncept »obdarovanja (gift-giving)«, ki se uporablja v postopku gradnje »guanxija« in izraža dobro voljo ter spoštovanje. Tega pa navadno zahodni poslovneži ne razumejo, saj ta koncept v osnovi pomeni izmenjavo daril, kar v zahodnem poslovnem svetu pomeni podkupovanje.

2.5 Korupcija in poslovni »guanxi«

Z vzpostavitvijo poslovnih odnosov, ki temeljijo na osebnem razmerju med poslovneži (prijateljstvo, zaupanje), je meja med »guanxijem« in korupcijo, še posebej pa med »guanxijem« in z njim povezanim »obdarovanjem (gift-giving)« oziroma podkupovanjem, skoraj izginila. Čeprav koncept »guanxija« temelji na popolnoma drugih častnih in uglednih vrednotah in načelih, lahko vodi v korupcijo. Toda tudi »guanxi« temelji na osebnih koristih in je motiviran skozi socialna razmerja. Zato bi lahko nekdo tudi prehitro sklepal, da je bil »guanxi« izvor ali vsaj povod za korupcijo na Kitajskem. Ne moremo namreč ločiti, ali je neko darilo podarjeno iz prijateljstva ali kot podkupnina. Javni uslužbenci na visokih položajih se namreč podkupujejo med seboj tudi s sredstvi in viri, ki izhajajo iz njihovega položaja in privilegijev. Če hočejo običajni ljudje poslovati z njimi, morajo plačati visoke podkupnine (npr. pri pridobivanju dovoljenj ali licenc).

Veliko raziskovalcev verjame, da se je na Kitajskem s kapitalizmom razširila uporaba »guanxija«. Na vodilnih položajih je namreč le peščica ljudi, ki lahko odločajo o vsem. Tako običajnim ljudem preostane le možnost, da vzpostavljajo dober »guanxi« z vladnimi uradniki in s tem dobijo vsaj nekaj javnih dobrin, ki jim pripadajo. Zelo pogosto vladni uradniki zahtevajo tudi visoke podkupnine za izdajo različnih dovoljenj podjetjem. S tem lahko pridejo do visokih zaslužkov, poleg tega pa vzpostavljajo še nadaljnje povezave z drugimi vladnimi uradniki, da bi si še povečali dobičke. Tako delovanje ima velik vpliv na poslovanje podjetij na Kitajskem in na sklepanje novih poslov s tujimi poslovneži. Le-ti se morajo zavedati, da poslovanje na Kitajskem ne bo uspešno brez dobrih dolgoročnih »guanxi« povezav, saj je to ključna determinanta uspeha podjetja.

2.6 Posledice »guanxija«

Transakcije v okviru »guanxija« imajo vpliv na mnogo širši krog ljudi od tistih, vključenih v samo transakcijo, to pomeni, da moramo posledice »guanxija« analizirati v kontekstu vseh vključenih strani in na različnih ravneh.

Fan (2002a) trdi, da »guanxi« diskriminira ljudi, ki so zunaj njega. Ljudje bi morali biti obravnavani enakovredno in pošteno. Nečlan »guanxija«, ni deležen enake »posebne« obravnave, kot jo ima tisti, ki je član »guanxija«. Poleg tega, kadar posamezniki, ki so člani »guanxija« zaslužijo, družba na splošno s tem izgubi.

Glede poslovnega »guanxija« velja, da krši pravilo, ki pravi, da osebno ali družinsko razmerje ne sme igrati nobene vloge in posegati v ekonomske odločitve. V odprtih ekonomijah noben posameznik ali podjetje ne sme imeti takega privilegija, kot ga imajo člani »guanxija«, ker to

povzročča slabši konkurenčni položaj in nepošteno konkurenco med podjetji (Fan, 2002a). To pa je tudi eden od razlogov, zaradi katerega trpijo podjetja, kupci in celotna družba. Poleg tega imajo člani »guanxija« pogosto tudi popolno imuniteto pred zakonom.

SKLEP

Korupcija je značilna predvsem za države v razvoju in tiste najbolj revne, izjemo pa predstavlja Kitajska. Ima namreč eno največjih gospodarskih rasti na svetu (*Glej prilogo 3*), kljub temu da je tam stopnja korupcije zelo visoka (*Glej prilogo 2*). V veliki večini primerov raziskovalci korupcije trdijo, da so moderne ekonomije tiste, ki imajo nizko stopnjo korupcije in ki dobro delajo. To pa ne velja zmeraj. Glede na analizirane podatke v diplomskem delu, lahko trdimo, da visoka raven korupcije ni značilna samo za nerazvite države, ampak tudi za nekatere razvite in moderne ekonomije. Najbolj znan in viden primer je Kitajska, kjer korupcija ravno tako vpliva na gospodarsko rast kot v drugih državah, toda v veliko manjši meri. Odnosi med kitajskimi poslovneži namreč temeljijo na načelih zaupanja. Glede na to in na analizo podatkov iz drugih gospodarstev, lahko trdimo, da je v državah z višjo stopnjo zaupanja med ljudmi, vpliv korupcije na gospodarsko rast veliko manjši.

Na podlagi podrobne analize in raziskave podatkov v diplomski nalogi, lahko trdimo, da obstajajo velike razlike med razmerami za sklepanje poslov in poslovanjem v zahodnem svetu in Kitajsko. V zahodnem svetu so pravila in zakoni za vstop na trg ter za odpiranje novega podjetja za vse poslovneže enaka in jasna. Poslovneži nimajo »skritih« stroškov, kot so podkupovanje in druge vrste korupcije. Na kitajskem pa vsi posli temeljijo na medsebojnem zaupanju med poslovneži in na povezavah, ki jih ima posameznik. Te povezave in zaupanje so v večini primerov povezane z »guanxijem«. Velikokrat je del tega tudi pojav, ki se imenuje »obdarovanje« (gift-giving) oziroma izmenjava daril, ki ga v veliki meri tuji poslovneži niso vajeni in jim je neznan, na Kitajskem pa je nekaj vsakdanjega. Za njih to največkrat pomeni podkupovanje in je proti vsem pravilom zahodne poslovne prakse. Torej lahko trdimo, da predstavlja največji problem za vstop na kitajski trg prav pridobitev »guanxi« povezav in prilagoditev načinu poslovanja.

»Guanxi« je eden od najpomembnejših pojavov kitajskega poslovnega sveta, kjer je globoko zakoreninjen. Poleg tega predstavlja velik problem korupcija, ki je velikokrat tudi povezana z »guanxijem«. Zahodni poslovneži nimajo enakih navad kot kitajski poslovneži, saj ne živijo z »guanxijem« že od otroštva.

To pa je tudi glavni razlog, da zahodni poslovneži velikokrat ne znajo vstopiti na kitajski trg, poleg tega pa morajo vložiti veliko več truda za sklepanje »guanxi« povezav, če hočejo na Kitajskem poslovati dolgoročno.

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APPENDIXES

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APPENDIX 1: Figure 1: Calligraphy »guanxi«

Figure 1: Calligraphy "guanxi"

关系

Source: J. Rossant, *Last Chinese Chef: Interview with Nicole Mones*, 2012.

APPENDIX 2: Table 1: Countries CPI ranks

Table 1: Countries CPI ranks

Country Rank	Country / Territory	CPI 2011 Score	Country Rank	Country / Territory	CPI 2011 Score
1	New Zealand	9,5	91	Trinidad and Tobago	3,2
2	Denmark	9,4	91	Zambia	3,2
2	Finland	9,4	95	Albania	3,1
4	Sweden	9,3	95	India	3,1
5	Singapore	9,2	95	Kiribati	3,1
6	Norway	9,0	95	Swaziland	3,1
7	Netherlands	8,9	95	Tonga	3,1
8	Australia	8,8	100	Argentina	3,0
8	Switzerland	8,8	100	Benin	3,0
10	Canada	8,7	100	Burkina Faso	3,0
11	Luxembourg	8,5	100	Djibouti	3,0
12	Hong Kong	8,4	100	Gabon	3,0
13	Iceland	8,3	100	Indonesia	3,0
14	Germany	8,0	100	Madagascar	3,0
14	Japan	8,0	100	Malawi	3,0
16	Austria	7,8	100	Mexico	3,0
16	Barbados	7,8	100	Sao Tome & Principe	3,0
16	United Kingdom	7,8	100	Suriname	3,0
19	Belgium	7,5	100	Tanzania	3,0
19	Ireland	7,5	112	Algeria	2,9
21	Bahamas	7,3	112	Egypt	2,9
22	Chile	7,2	112	Kosovo	2,9
22	Qatar	7,2	112	Moldova	2,9
24	United States	7,1	112	Senegal	2,9
25	France	7,0	112	Vietnam	2,9

(table continues)

(continued)

Country Rank	Country / Territory	CPI 2011 Score	Country Rank	Country / Territory	CPI 2011 Score
25	Saint Lucia	7,0	118	Bolivia	2,8
25	Uruguay	7,0	118	Mali	2,8
28	United Arab Emirates	6,8	120	Bangladesh	2,7
29	Estonia	6,4	120	Ecuador	2,7
30	Cyprus	6,3	120	Ethiopia	2,7
31	Spain	6,2	120	Guatemala	2,7
32	Botswana	6,1	120	Iran	2,7
32	Portugal	6,1	120	Kazakhstan	2,7
32	Taiwan	6,1	120	Mongolia	2,7
35	Slovenia	5,9	120	Mozambique	2,7
36	Israel	5,8	120	Solomon Islands	2,7
36	Saint Vincent and the Grenadines	5,8	129	Armenia	2,6
38	Bhutan	5,7	129	Dominican Republic	2,6
39	Malta	5,6	129	Honduras	2,6
39	Puerto Rico	5,6	129	Philippines	2,6
41	Cape Verde	5,5	129	Syria	2,6
41	Poland	5,5	134	Cameroon	2,5
43	Korea (South)	5,4	134	Eritrea	2,5
44	Brunei	5,2	134	Guyana	2,5
44	Dominica	5,2	134	Lebanon	2,5
46	Bahrain	5,1	134	Maldives	2,5
46	Macau	5,1	134	Nicaragua	2,5
46	Mauritius	5,1	134	Niger	2,5
49	Rwanda	5,0	134	Pakistan	2,5
50	Costa Rica	4,8	134	Sierra Leone	2,5
50	Lithuania	4,8	143	Azerbaijan	2,4
50	Oman	4,8	143	Belarus	2,4
50	Seychelles	4,8	143	Comoros	2,4
54	Hungary	4,6	143	Mauritania	2,4
54	Kuwait	4,6	143	Nigeria	2,4
56	Jordan	4,5	143	Russia	2,4
57	Czech Republic	4,4	143	Timor-Leste	2,4
57	Namibia	4,4	143	Togo	2,4
57	Saudi Arabia	4,4	143	Uganda	2,4
60	Malaysia	4,3	152	Tajikistan	2,3
61	Cuba	4,2	152	Ukraine	2,3

(table continues)

(continued)

Country Rank	Country / Territory	CPI 2011 Score	Country Rank	Country / Territory	CPI 2011 Score
61	Latvia	4,2	154	Central African Republic	2,2
61	Turkey	4,2	154	Congo Republic	2,2
64	Georgia	4,1	154	Côte d'Ivoire	2,2
64	South Africa	4,1	154	Guinea-Bissau	2,2
66	Croatia	4,0	154	Kenya	2,2
66	Montenegro	4,0	154	Laos	2,2
66	Slovakia	4,0	154	Nepal	2,2
69	Ghana	3,9	154	Papua New Guinea	2,2
69	Italy	3,9	154	Paraguay	2,2
69	FYR Macedonia	3,9	154	Zimbabwe	2,2
69	Samoa	3,9	164	Cambodia	2,1
73	Brazil	3,8	164	Guinea	2,1
73	Tunisia	3,8	164	Kyrgyzstan	2,1
75	China	3,6	164	Yemen	2,1
75	Romania	3,6	168	Angola	2,0
77	Gambia	3,5	168	Chad	2,0
77	Lesotho	3,5	168	Democratic Republic of the Congo	2,0
77	Vanuatu	3,5	168	Libya	2,0
80	Colombia	3,4	172	Burundi	1,9
80	El Salvador	3,4	172	Equatorial Guinea	1,9
80	Greece	3,4	172	Venezuela	1,9
80	Morocco	3,4	175	Haiti	1,8
80	Peru	3,4	175	Iraq	1,8
80	Thailand	3,4	177	Sudan	1,6
86	Bulgaria	3,3	177	Turkmenistan	1,6
86	Jamaica	3,3	177	Uzbekistan	1,6
86	Panama	3,3	180	Afghanistan	1,5
86	Serbia	3,3	180	Myanmar	1,5
86	Sri Lanka	3,3	182	Korea (North)	1,0
91	Bosnia and Herzegovina	3,2	182	Somalia	1,0
91	Liberia	3,2			

Source: Corruption Perceptions Index 2011, 2012.

APPENDIX 3: Table 2: China`s GDP and its annual growth by years

Table 2: China`s GDP (in billion US\$) and its annual growth (in %) by years

Year	GDP (in Billion US\$)	GDP growth (annual %)
1980	189,3999925	7,8
1981	194,1111126	5,2
1982	203,1832150	9,1
1983	228,4559479	10,9
1984	257,4321472	15,2
1985	306,6666607	13,5
1986	297,8318799	8,8
1987	270,3721950	11,6
1988	309,5226252	11,3
1989	343,9736802	4,1
1990	356,9369012	3,8
1991	379,4686562	9,2
1992	422,6609181	14,2
1993	440,5008990	14,0
1994	559,2247073	13,1
1995	728,0071999	10,9
1996	856,0847293	10,0
1997	952,6526931	9,3
1998	1019,4585850	7,8
1999	1083,2779300	7,6
2000	1198,4749340	8,4
2001	1324,8069140	8,3
2002	1453,8275550	9,1
2003	1640,9587330	10,0
2004	1931,6443310	10,1
2005	2256,9025910	11,3
2006	2712,9508870	12,7
2007	3494,0559450	14,2
2008	4521,8272880	9,6
2009	4991,2564070	9,2
2010	5930,5294710	10,4
2011	7298,0966100	9,1

Source: World Bank, GDP (current US\$), 2012.