



CORRUPTION ACROSS CULTURES:

How Norwegian organisations can operate in China and Russia

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PREFACE

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1 INTRODUCTION

1.1 DISSERTATION TOPIC

This thesis focuses on the challenges Norwegian organisations face when identifying and handling corruption when doing business in China and Russia. Norwegian organisations can operate in China and Russia while still maintaining Norwegian standards on corruption. However, challenges arise due to the different manifestations of corruption in China and Russia compared to Norway.

This thesis explores the two main focal issues within this topic. The main focus addresses the cultural backdrop for corruption in China and Russia. The level, scope, and understanding of corruption in these cultures are vastly different from that of Norway. The second issue is how Norwegian organisations can operate in these different cultures without being corrupt, according to the Norwegian norms and standards.

1.2 GLOBALISATION OF PROSECUTION, AN INCENTIVE FOR NOT BEING CORRUPT

While organisations operate across state borders, the culture and level of corruption can vary between the same state borders. China and Russia have very different levels and scope of corruption compared to Norway. Transparency International's (TI) corruption barometer shows that Norway (8.6) is among the least corrupt countries in the world, while China (3.5) and Russia (2.1) sit at the opposite end of the spectrum (transparency.net)¹. Prosecution of corruption is also becoming more globalized in two ways. The first is a matter of pursuing legal claim outside the country borders. The tendency is that governments investigate and prosecute organisations for corrupt acts committed by subsidiary offices, in a second country. In addition, an organisation is subject to several jurisdictions, due to numerous stock exchange listings. For instance, if an organisation is listed on both the Oslo- and the New York stock markets, the

¹ Transparency's corruption barometer ranges from 10 as least corrupt to 1 for most corrupt.

jurisdiction of both these governments can prosecute the subjected organisation, even though the corrupt act is carried out in a third country. This creates an incentive for a streamlined standard on corruption across state borders.

This is exemplified when considering the highest fines given for corruption by the United States (US) government. In 2007, the oil company Baker-Hughes imposed the highest penalty ever given according to the “Foreign Corrupt Practices Act.” The corrupt act was acted out in the relations between their subsidiary office in Kazakhstan and a local agent (Norris 2007). The US government, being the resident country of Baker-Hughes’ head quarters (HQ), carried out the prosecution. Another example is the Statoil-Horton case, where Statoil entered into a settlement with Norwegian authorities after undergoing corruption investigation in Iran. However, the company was later prosecuted, and received the highest penalty given to a foreign organisation for corruption by US law. The US government investigated the Norwegian organisation through Statoil’s notification on the New York stock market (Aftenposten 2009, 19/11).

These examples fit into the pattern of globalisation of the prosecution of corruption. Different countries can have different cultures, understanding and approaches to corruption. For Norwegian organisations however, the challenge is to meet local culture on the one hand, and maintain a streamlined standard of corruption on the other. And it is in the wake of this crux that creates the backdrop for this thesis.

1.3 TOPIC AND TOPIC QUESTIONS

The focal topic of this thesis aims to investigate how organisations can maintain a Norwegian standard of corruption while operating in China and Russia. The cultural perspective on corruption is therefore defined from the Norwegian point-of-view, the location of a HQ. The main question addressed in this thesis is for mapping out the challenges of corruption in the foreign environment of Russia and China. This will be carried out through the method of literature review, focused on the field of corruption in China and Russia, which leads to the first research question:

A: What are the localisation, type, and degree of institutionalisation of corruption in China and Russia?

The three words that operationalise the sentence into researchable terms are: localisation, type, and institutionalisation. In the literature review, the focus on institutionalisation will be determined from the perspective of the regulative, the normative and the cultural-cognitive pillar (Scott 2008). Localisation will be used to determine *where* in society corruption is found: is it a) among elite politicians, b) in relation to the state bureaucracy, or c) between private enterprises? The type will help distinguish the expression of the act. Another interesting element is the discovery of “white spots” in research. Are any of the categories on corruption so far not covered by academia?

The second research question takes the focus from mapping out corruption in the culture, to handling – or acting - in corrupt environments. This focus aims at making leaders of Norwegian organisation more able to cope with corruption in foreign cultures, like Russia and China. It is however important to stress that the second topic is given less focus in the dissertation compared to the first. This takes us to the second research question:

B: How can Norwegian leaders get oversight and understanding of corruption in China and Russia, and what are the appropriate available main strategies to cope with the various types of corruption in these countries?

In order to tackle the challenges of corruption, the Norwegian leaders have to comprehend the local cultures while operating in it. The concepts of oversight and understanding will be investigated in relation to the data material from the first research question. With the notion “act”, one moves from concept to action: What strategies can be used to tackle the challenges of the local culture?

1.4 DISSERTATION JUSTIFICATION

According to Everett and Furuseth (2004: 123), a research contribution should be justified on both a societal and research level. I will argue that both these requirements are met in this thesis, for several reasons. From the society

perspective, both China and Russia score high on the TI corruption barometer. However, Norwegian organisations still have an interest in operating in these two environments. China, on the one hand, is the fastest growing economy in the world. Russia, on the other, borders Norway. This gives Norwegian organisations both political and economical incentives for operating in both countries. As I already have argued, due to globalisation in prosecution, there are a growing international pressure for maintaining a high standard on corruption. This is also echoed at the domestic perspective, as Norway has been experiencing an increasing focus on corruption since the 1990's (Hjellum 2007: 11-13)².

Additionally, there are large bodies in the literature that focus on both corruption and managing across cultures, but very little academic focus on the challenge of handling corruption over cultural borders. The strategies produced in relation to the second topic question will not bridge this gap alone. However, it might be a small contribution, to a larger debate, that can propel a new approach in the literature on how to tackle challenges on corruption across culture.

1.5 TECHNICAL AND THEORETICAL ASPECTS

The first research question aims to map out corruption in China and Russia by applying four different insights from the literature review. This map will found the backdrop, which leaders of Norwegian organisation can use when acting to avoid corrupt mechanisms in these countries. Research question one also has a very broad focus. It is therefore important to point out that this thesis is carried out from the perspective that the leader takes the decisions from. A leader of an international organisation might be in Norway one day, and China or Russia the next. Most decisions will be taken without access to information that represents a perfect reflection of reality. In that sense, this thesis aims at representing as close as possible reality to that leaders of international organisations has to take

² I will return to the changes in the domestic discourse on corruption in chapter six, when discussing how leaders of Norwegian organisations can act in order to handle challenges on corruption

the decision from. Nonetheless, throughout the literature review, four theoretical concepts will be used to highlight research question one.

The Weberian paradigm of the rational-legal culture will be applied to highlight cultural differences for corruption between Norway on the one hand, and China and Russia on the other. This is the concept that has shaped Western bureaucracies, the cultural understanding of a separation between public and private spheres, and the hegemonic frameworks that corruption is studied within.

Scott's (2003) three pillars will be used as a theoretical frame for analysing the degree of institutionalisation of corruption. Here the regulative pillar will be used to highlight the states capacity and will to influence corruption. The cultural-cognitive perspective will analyse whether corruption is related to a way of thinking, due to shared cognitive frames in the Russian or the Chinese culture. The normative pillar is applied to point out norms that can determine behaviour in relation to corruption.

In order to locate where corruption are found, society is categorised into three different levels. Throughout the literature review, every type of corruption is placed according to a level in society. This approach to localisation will be central when debating how to avoid corrupt elements specific to a culture. Social networks represent the last theoretical framework, specified by Blat in Russia, and Guanxi in China. These networks generate a significant degree of reassures in both cultures. At the same time, both Blat and Guanxi have embedded mechanisms that are intertwined with corruption.

The result from the literature review will found the backdrop for research question two, were leaders of Norwegian organisations seeks to get oversight, understand and develop strategies for acting towards challenges of corruption across cultures. This is done by two approaches. Based on the findings from my literature review, I will present an anti-corruption checklist, which leaders of Norwegian organisations can apply to avoid common corrupt mechanisms. Then I will present five different strategies for acting in corrupt environment.

In this thesis, I have used literature review as a descriptive type of research for gathering data on corruption. This may come in conflict with methodological-philosophical directions, which emphasize the discovering of deeper structures and hidden mechanisms in social science, such as critical theory. This thesis, on the contrary, is closer to pragmatist ideals, such as basing research on practical and functional matters (Baert 2005). In that sense, this research is aimed towards using data on Russia and China to overcome cultural challenges regarding corruption, from a Norwegian perspective.

1.6 DATA GATHERING AND EXPECTATIONS

Ahead of carrying out the literature review, some differences regarding corruption are expected in the different cultures. Earlier research indicates that corruption is more severe in Russia than in China (Sun 1999). In Russia, the collapse of the Soviet Union merged with a collapse of state institutions. This led to a functional void when introducing market economy, which to a large degree were filled by corruption (Sun 1999). Today, the scope of corruption is expected to be on an institutionalized degree. In other words, it is found on most levels of society. Partly as a de facto way of procedure, especially when dealing with state officials (Levin and Satarov 2000).

In China the institutions have stayed intact while introducing the market economy. The state, therefore, is better equipped for tackling and clamping down on corruption. At the same time, the problems of corruption are growing due to the increase in opportunities parallel with the growth of the economy. However, the scope of corruption in China, is not at the same level as in Russia (Sun 1999).

The literature review will look for five different types or expressions of corruption in three different hierarchical levels of the societies. The academic research on corruption has been intensified together with the general focus on the topic. This focus is mainly expected to be aimed at corruption that takes place in the state-society relation, such as political corruption and corruption on the bureaucratic level. Less research is assumed to be found on corruption between private enterprises.

1.7 THE COMPOSITION OF THE DISSERTATION

This thesis is divided into three parts. In the introduction, the topic, the dissertation context, and the research questions are presented. The introduction opens the gates of the thesis, creating the foundation that stakes out the course for the theoretical and empirical portions to follow.

The second section is composed of chapter two, three and four – theory, methods and data, respectively. Chapter two is the theoretical grounding of the thesis where the framework of corruption is presented as the background to the first topic, the *institutionalisation*, the *localisation*, and the *type* of corruption in China and Russia. In the third chapter, the literature review as a method will be presented in order to answer the first topic question. Then, practical aspects and choices regarding the data gathering are explained. Strengths and weaknesses from the perspective of reliability and validity will also be debated. In chapter five the data gathered will be presented. First the data of the publications will be introduced, followed by an introduction of where in the hierarchy the different types of corruption are located. At the end of this chapter, three articles are closer brought forward, as they all presents key findings from the perspective of topic question one.

The third part of the thesis is made up by chapter five, six and seven, which answers the two topic questions and presents the conclusion. Chapter five brings forward the analysis and answers the main research question: *What are the localisation, type, and degree of institutionalisation of corruption in China and Russia?* In other words, this chapter links the data with the topic question, through the theoretical perspectives. Here the findings from the literature review will be analysed from the frames of tradition for rational-legal culture, institutionalisation of corruption, types and localisation and social networks. Chapter six presents the “tale of the fish”. It is this chapter that will use the data and discussion from chapter five, to present ways for leaders of Norwegian organisations to cope with corruption in foreign environments. First the “anti-corruption checklist” will be presented, based on the findings from the previous chapter. This checklist will also be based on the same theoretical perspectives.

Then five different strategies for acting in the corrupt environment will be presented. The final chapter, seven, will summarise the central findings in the thesis, according to the topic and topic questions.

2 THEORY

This chapter will present the theoretical framework to address the research questions through analysis of the data material. Chapter two is therefore the theoretical link between the topic question, data gathering and the discussion. This thesis has two topic questions, which is reflected in the two-folded theoretical framework.

Topic question one asks what is the localisation, and type, and degree of institutionalisation of corruption in China and Russia? It is the three words – localisation, type and institutionalisation - that focus the topic question to researchable terms. This chapter will anchor these three terms in theoretical perspectives, together with the social networks Blat and Guanxi. These four concepts are also central in that they create the backdrop for the literature review

The combination of type and localisation make up for important theoretical categories when mapping out corruption in China and Russia. Five different types of corruption will be debated. These types can exist in three different levels of society. The literature review will present the scope of each type of corruption in the specific level of society. Hence topic question two, In what way will the awareness of these specific matters allow the manager to develop strategies for dealing with corruption in a more specific manner? Nonetheless, before carrying out the literature review, one needs to define corruption, type, and hierarchy in society.

2.1 WORKING DEFINITION

Gardiner (2009) suggests a normative foundation for defining corruption on three different levels: legal, public interest and public opinion. The public interest and public opinion determine an understanding of corruption in line with the values in society. The problem, however, is that these aspects are almost

impossible to measure and holds little analytical value. The legal understanding of corruption is “if an official’s act is prohibited by laws established by the government, it is corrupt; if it is not prohibited, it is not corrupt even if it is abusive or unethical” (Johnston and Heidenheimer 2009: 29). This definition is both narrow in its scope and has a high analytical value. The problem is that the topic in this thesis addresses corruption over different countries with different legal principles.

One of the classical approaches is Harvard scientist Joseph S. Nye’s perspective, where corruption is “behaviour that deviates from the formal duties for a public role (elective or appointive) because of private-regarding (personal, close family, private clique) wealth or status gains” (1967: 416). Nye wrote this definition from the perspective of corruption in relation to developmental states. A part of the debate at the time was whether corruption could have a positive impact on development. In present research, corruption is never regarded as anything but the second best alternative (Sun 1999: 3). However, the understanding of corruption as public officials misusing their roles for private gain has become a common approach to corruption in a broader sense. Today, it is used by encyclopedias, Transparency International and the World Bank as working definitions (Andvig, Fjeldstad et al. 2001: 5-6). A newer version with the same crux is defined by Mushtaq Khan as “behavior that deviates from the formal rules of conduct governing the actions of someone on a position of public authority because of private-regarding motives such as wealth, power or status” (Khan 1996). This definition is also chosen due to the behavioral focus on the actor. This is a major empirical advantage, since the condition of using public role for private gain is measurable.

2.1.1 TYPES OF CORRUPTION

Corrupt acts can be carried out in many forms. Therefore a closer look at the different categories can be helpful before mapping out corruption in China and Russia. Sun (1999) uses the economical approach of demand and supply when explaining different types of corruption. Andvig (2001) also categorize different types of corruption. Though, his approach is done through the lens of the state–

society interaction and is therefore more compatible to the definition preferred in this thesis.

Bribery is often understood as the essence of corruption. Similar terms are “kickbacks, gratitude, commercial arrangements, backsheesh, sweeteners, pay-offs, speed- or grease money” (Andvig, Fjeldstad et al. 2001: 8). The bribe is a fixed value often in monetary forms that will be returned in favors, typically in form of making things run smoother, pass swifter or as an entrance fee for a part of a deal (Andvig 2001: 8). The bribe can also be done to achieve a favourable treatment in relation to political favours, taxation, environmental regulations, protection of markets or monopolies, import/export, contracts and so on (Andvig 2001: 8). In relations to social networks, bribery would be an obvious indication of illegal Guanxi, though most likely to be found in dyadic relations within the network. As for Blat, money is the last resort when sorting out the balance of favours. However, one link in the broad network can very well be based on bribery, while the rest of the chain is favours of other kind.

Embezzlement is based on misuse of power, typically as theft of resources by the officials or employees designated to administrate them (Andvig, Fjeldstad et al. 2001: 8). From a strict legal perspective, this misuse is regarded as theft rather than corruption. But in the broader sense of the definition, the act is corruption. Both because the dimension of public role for private gain, and because it often involves extraction of the public in a manner that can be extremely harmful to the public good. A high degree of political will and strong independent judiciary traditions is need to clamp down on embezzlement (Andvig, Fjeldstad et al. 2001: 9). This type of corruption is therefore highly relevant to China and Russia, as these two elements of oversight are often scarce.

Fraud can be understood in relation to trickery or swindle. An act involves fraud when there is a matter of “manipulation or distortion of information, facts and expertise by public officials positioned between politicians and citizens, who seeks to draw a private profit” (Andvig 2001: 9). Again, the manipulation is done by public officials for private gain. It is also considered fraud when state officials

turn their backs or ignore economic crime, and it is more severe when they take part in these crimes (Andvig 2001: 9)

Extortion is often understood through the characteristic Mafia methods, as they have similarities; it involves an extraction of resources through threats of use of violence and force. Corrupt extractions of money are done by those who have power to do so. However, this position is not limited to the Mafia as the state or state apparatuses can both have the power to and behave in these manners (Andvig 2001: 9-10).

Favoritism is when state resources are redistributed to people close to the persons that control the resources. It should also be stressed that the redistribution is based on the personal relationship rather than other matters or qualifications. Here, the corrupt act is done through the state-society relation, where the accumulation of the resources ends up in private sphere: "Favoritism is closely related to corruption insofar as it implies a corrupted (undemocratic, privatised) distribution of resources (Andvig, Fjeldstad et al. 2001:10).

Favouritism is therefore closely related to clientelism and nepotism. From a western perspective, favouritism goes against basic principles manifested in the market economy; for example, when the distribution of resources are prioritized to those close to the source, rather than to the best qualified.

2.1.2 CORRUPTION FROM THE HIERARCHICAL PERSPECTIVE

Corruption can take place through several levels of a hierarchy in a society.

Distinguishing the different levels creates clearer categories for the locus of the different types of corruption, and can therefore be beneficial when mapping out the environment in China and Russia.

Grand Corruption is important to distinguish from bureaucratic corruption. At times these two categories may overlap, although the distinction, in relation to the Weberian perspective, is to separate politics from administration (Weber 2006). Political corruption, or grand corruption, is carried out at the top of the state hierarchy, when those in position to implement laws for the people use their positions to take large bribes from non-state actors or embezzle large sums

of money from the state treasury (Andvig, Fjeldstad et al. 2001: 11). Political corruption can also be when policies are made to benefit those making them (Doig and Theobald 2000: 3).

Bureaucratic Corruption is located at the implementation level of politics, where policies are carried out. It is what people on “street level” experience when dealing with public administration, like the treasury department, police officials, property regulation, school officials or health care (Andvig, Fjeldstad et al. 2001: 11-12).

Private Corruption is a category without any state level- or official being involved. In that matter, private corruption happens between non-governmental organisation and private business. It takes the forms of bribing, swindling or Mafia methods (Andvig, Fjeldstad et al. 2001: 10-11). The literature on corruption puts more emphasis on state-society definitions as it is regarded as a more fundamental problem in relation to corruption. However, the level of private corruption is in relation to the political and economical development of a society (Andvig 2001: 10-11). This category is therefore relevant and expected to be highly present in both China and Russia.

Seeing the four different types of corruption together with the four different hierarchical levels is the background for table 1.1. These categories will be the backdrop for both the feature map and the discussion. The literature review will also be shaped in order to map out where in the hierarchy the different types of corruption do exist. These categories will also be central when analyzing corruption in Russia and China. While indexes based on a few variables can say something about the general level of corruption, this table can potentially indicate the scope of a certain type of corruption in a specific locus in the hierarchy. These categorizations can also be practical in relation to topic question two. A clearer oversight over corruption in the environment will create a more precise understanding when managing in China and Russia. For example, a high degree of bribery in the political locus can be coupled with the value of political involvement in managing across cultures, giving the manager oversight

on a highly corrupt locus, which he can be prepared for and produce strategies to manage in the right way.

Table 1.1

	1. Political	2. Bureaucratic.	3. Private Ent.
1. Bribery			
2. Embezzle			
3. Fraud			
4. Extortion			
5. Favouritism			

2.2 CORRUPTION ACROSS CULTURAL BORDERS

The second topic question focuses on how Norwegian leaders can get sight for, understanding and act in order to avoid corruption in China and Russia. At first, this chapter considers cultural background for different understandings of corruption. This is done by describing the different cultural developments that determine different traditions for separation between private and public sphere.

2.2.1 A CULTURAL PERSPECTIVE ON CORRUPTION

How some Norwegian norms should be preferred over local norms in China and Russia is an underlying assumption in this topic. This frame of mind has a hint of culture imperialism, and can very well be met with local resistance. At the same time, this perspective is in line with the trend of globalization of ideas, from the West to the rest of the world (reference). This thesis will not incorporate the debate of cultural imperialism, as it is outside the scope of the topic. However, in line with the topic is the fact that Norwegian organizations, operating in China and Russia, have to answer to Norwegian law.

Since the framework of the thesis is corruption over cultural borders, it is necessary to put corruption in a cultural perspective. Obviously, different cultures have different norms and therefore different understanding of what is considered legitimate and illegitimate behaviour (Lachman 1994: 41).

Additionally, because the basic understanding of the word corruption is based on acts that, from a normative perspective, are considered illegitimate, it is

impossible to find a neutral understanding of corruption from a broad cultural perspective. This is one of the main reasons for why anthropologists criticize the political scientists for defining corruption too narrowly (Andvig, Fjeldstad et al. 2001: 46). A theoretical perspective on how different cultures relate to corruption can provide understanding when managing across nations. The different approaches to corruption also go together with achieving sight for corrupt situations.

2.2.2 THE RATIONAL–LEGAL PARADIGM: A CULTURAL DEVELOPMENT OF CORRUPTION IN WESTERN EUROPE

The development of the western understanding of corruption can be seen in relation to Weber's rational-legal bureaucracy model. Weber's theory was developed as a descriptive ideal type, in the context of the ongoing power struggle between the state bureaucracy and the state leaders in Western Europe in the 1900s. Essential to this struggle were the state leaders' practises of enriching themselves on behalf of their own citizens (Weber 2006: 14). It was therefore important that the development of bureaucratic practises was done according to a separation between private and public spheres during collection of taxes, when the statesmen had to gather the right amount of taxes from the citizens and hand everything over to the state apparatus (Weber 2006: 119). This flow of resources, determined by Weber's descriptive ideal type, causes a structure in line with Nye's (1967) classical definition, separating public position from private gain.

Handelman (1981) points out that the traditions from the rational-bureaucracy model standardized norms in Western-European countries. He finds congruence between early organisational principles in the West, and the way people use logic relevant to this frame (Handelman 1981: 12). This, on the other hand, does not simply mean that the bureaucracies in Western Europe reflect its societies. The organisational outlook, and the rationality of these bureaucracies, has developed over time. Until the Second World War, a large part of European state bureaucracies were regarded as private properties, from the rulers perspective (Andvig, Fjeldstad et al. 2001: 47). Scott argues that the control over state administration in the West would have been impossible without the

development over government accountabilities, which are in relation to democratic principles of representative legislative bodies (1969: 316).

2.2.3 BUREAUCRATIC DEVELOPMENT OUTSIDE EUROPE

The development shaping the outlook and understanding of the state bureaucracy in China and Russia is vastly different from that of Western Europe. The literature on developing nations holds theoretical arguments relevant to this context. Western institutional and administrative outlooks have often been adopted as ideals by less developed states. However, in Western Europe, the institutional norms and practices is the result of a long dynamical historical development (Andvig, Fjeldstad et al. 2001: 47-48). This difference from developmental states of other regions stands out as an explanation for the common functional gap between institutional framework and de facto practises. Without the same historical development behind the rational-legal bureaucracy, the same norms and values will not be produced in society (Olivier de Sardan 1999: 47). The understanding of corruption, deriving from separation between private and public sphere, does therefore not have the same cultural legitimisation as in the West. Russia has adopted a western bureaucratic framework, without the institutions being founded on the same values as in Western Europe. China simply does not have a separation between the Communist Party and the state bureaucracy.

2.2.4 CULTURAL CHALLANAGE OF WEBERIAN RATIONALITY

The logic of the rational-bureaucracy comes under pressure when the model is adopted by cultures with different backgrounds. The ideal type has indeed been a paradigm in the West, but when installed in cultures with vastly different values, the core rationality of the model is challenged. Price argues that public officials often are exposed to a pressing demands that are not described by rules and procedures in the rational-bureaucracy model (1999: 317-318). Trurex describes the clash between Western and local logic as the “schizophrenic situations” public officials often find themselves in when torn between two value-systems. This is also in line with Andvig’s point, that “in many developing nations, holders of public office derive their administrative and professional legitimacy from training in modern European administration, but their social legitimacy may imply to act in conformity with different sociocultural logics”.

These inherent cultural differences are relevant as they both are the backdrop for a different understanding of corruption, and are cultural determined behavior the manager in subsidiary offices should have an understanding of. In other words, it is a conflicting situation for an employee from China or Russia, caught between core values reflecting culture and upbringing, and the Western values of the corporate life one is socialized into at a later stage. This challenge is further manifested through social networks.

2.3 INSTITUTIONALISATION OF CORRUPTION

Scott's (2003) classical work is used as a theoretical tool for analysing to what degree corruption is institutionalised in the Russian and Chinese culture. His three pillars are developed to analyse the process of institutionalisation in organisational structure. In this dissertation, however, his theoretical perspective has been applied as a tool, which also can be used by leaders of Norwegian organisations, when mapping out corruption in a foreign environment.

The cultural-cognitive pillar "involves the creation of shared conceptions that constitute the nature of social reality and the frames through which meaning is made" (Scott 2003: 880). This is therefore not rules, but common cognitive frames, and taken-for-granted beliefs that make up for how people see the world (Scott 2003: 881). In other words, the cultural-cognitive pillar generates a frame that analyse to what degree corruption is related to how the culture in China and Russia produces peoples way to think.

This must be kept apart from the normative pillar, which "involve the creation of expectations that introduce a prescriptive, evaluative and obligatory dimension in life" (Scott 2003: 880). This perspective stress social order, in that values creates norms, which dictate social behaviour (Scott 2003: 880). This pillar highlights whether corruption in China and Russia is related to norms specific to the cultures.

The regulative pillar is the last perspective in institutionalisation, and refers to "the capacity to establish rules, surveillance mechanism and sanctions to

influence behaviour” (Scott 2003: 880). I have used this perspective to analyse to what degree the Russian and Chinese states has the capacity and will to influence corruption.

2.4 SOCIAL NETWORKS IN CHINA AND RUSSIA

Thinking globally, acting locally is a frequent strategy in organisations operating across nations. A common outcome, however, is to only carry out the first part of the slogan. It is often a lack of understanding among Western leaders of local cultural mechanisms that limits the international organisation’s capacity to participate in desired arenas (Michailova and Worm 2003: 17-18). The absence of this knowledge can lead to complications, inefficiency and bad results. Using these mechanisms without considering Western principles, on the other hand, can lead to corruption. It is the wake of this challenge that reflects this thesis. And it is for the same reason leaders need ability to gain sight on and understanding in order to act in the local culture.

Social networks, such as Guanxi and Blat, control a significant part of distribution and flow of resources in China and Russia. Behind these mechanisms is a specific way of thinking based on the countries’ cultural, historical and political development. Contrary to the individualist orientation of Northern European cultures, Russia and China are both collective-orientated societies (Michailova and Worm 2003: 510). The Communist Party, which ruled in both countries for over 50 years, put itself above the law. This is an element that for decades has contributed to toning down the importance of the contract, while toning up the value of trust in relations and cooperative spirit (Andvig, Fjeldstad et al. 2001: 58). Central in building trust in this relation is reciprocal benefits, and a long-term perspective.

TABLE 1.2

Blat/Guanxi:	The West:
Based largely on collectivism.	Based primarily on individualism.
Vitally important; directly related to social status.	Important.
Highly frequent exchanges.	Exchanges are discrete in time.
Exchanges take place in the workplace.	Exchanges take place outside the workplace.
Extended relationships/mediated exchanges.	Dyad-based relationships/direct exchange.
Exchanges are usually personal	Exchanges are usually non-personal.

Frustration over business relations being short-term is common among Chinese and Russians dealing with international organizations. From their perspective, the time limitation in relationships puts a parallel limitation to business, as relations do not last long enough to build up the proper degree of trust. In a survey among Russian managers, the priority of long-term relations and friendship was prioritized above gaining personal wealth. Rules, on the other hand, are not as important as friends (Michailova and Worm 2003:13). One element shaping the Russian society is tied to the paranoid Stalin regime, generating a dichotomous frame for categorizing the social surroundings: trustworthy friends, and the others - those who can potentially harm you. This again, creates a very high degree of intimacy towards those one knows, and a low degree towards those one does not (Michailova and Worm 2003: 515). China is often labelled as network capitalism, where business is regarded either as war or as establishing friendly relations (Michailova and Worm 2003: 510). However, while the social networks in China and Russia has common attributes, they are also culturally distinctive from each other.

2.4.1 GUANXI

Guanxi means social connection or social relationship. According to Michailova and Worm (2003), it is the mother of all relationship in China, as nothing significant can happen without Guanxi. It is regarded as an art of behaviour and interpretation according to social context. However, from the 1990s there has been a parallel increase in the relation between economical growth and the intertwinement between Guanxi and corruption (Luo 2008). Guanxi is here defined as “the practice of gift-giving activating obligations of mutual assistance on the wide scale between two parties who have established a basis of familiarity” (Andvig, Fjeldstad et al. 2001: 54). The motivations for the interaction can vary. Michailova and Worm adds that “it implies (...) relationships between individuals in which each can make unlimited demands on the other” (2003: 510).

Important cultural backdrops for guanxi are the long-term perspective inherent in Confucianism, together with attributes such as hierarchy, social balance and face. In China, Confucian values socialize people into hierarchical and holistic norms. This generates a behaviour effecting guanxi, where everyone seeks to do what is right according to everyone else in a broad network of hierarchic relations, considering the long-term good (Michailova and Worm 2003: 512-513). Dependent on context, gift giving can be obligatory or a legitimate way to achieve a goal. According to norms such as social balance and a reciprocal understanding of relations, a gift is a favour that should be returned. To not accept or reciprocate a gift will lead to “loss of face”. The Chinese understanding of face is problematic to translate, but is tied to honour, prestige, and reputation (Andvig, Fjeldstad et al. 2001: 55). In this regard, guanxi also becomes an obligation, where receiving a gift should be paid back with a favour or in a material way. It is this reciprocal balance that the leader of the subsidiary office has to manage correctly. Not to forget though, a large part of guanxi is legitimate in China, and can also be a matter of using a network to help each other out in everyday life.

2.4.2 BLAT

As with Guanxi, the meaning of Blat is also hard to translate. Berliner states that “(...) Blat is one of those many favoured words which are so intimate a part of a

particular culture that they can be only awkwardly rendered in the language of another” (1957: 2). In one of the most in-depth research projects on the network, based on 50 interviews, Lededneva defines it as “the use of personal networks and informal contacts to obtain goods and services in short supply and to find a way around formal procedure” (1998:1).

The functional practises of Blat were developed during the Soviet era, a context with high incentives for working around both general supply of goods and formal procedures. A central attribute is the dyadic relation of the exchange. A number of people will be connected to the network, but the exchange of reassures happens between two people at the time. The Russian cultural perspective on redistribution of material welfare in form of blat was long associated with positive and friendly adjectives, such as sharing, helping out, mutual care, and friendly support (Michailova and Worm 2003: 510). Lately, the connotation has shifted somewhat towards more negative associations. This change is possibly related to the parallel shift from collective to more individual values in the Russian society (Elenkov 1998:135-134). Nonetheless, the general aim can still be said to be allocating resources in demand through friendly channels. The moral aim, however, is based on personal ties and obligations to help friends or associates out within a circle. In their research, Michaila and Worms states that, “Russian respondents in our study wondered about outsiders’ negative attitudes towards Blat, since Russians frequently used Blat not to gain personally, but to help their friends or acquaintances” (2003: 511). In fact, money is regarded as a last resort when sorting out the balance among favours within Blat. The symbolism of “no need to pay with money” is that of a friendship (Andvig, Fjeldstad et al. 2001: 58-59). In this way, bribes become a last resort, because Blat is preferred as a functional option. This is reflected in the Russian criminal code, where bribery is illegal, while Blat is not even mentioned (Ledeneva 1998: 41).

2.5 SUMMARY

This chapter has presented the theoretical framework that allows the two different topic questions to be answered through data gathering and analysis. In

relation to topic question one, corruption has been defined, together with distinguishing types of corruption and location is society. In order to analyse the degree of institutionalisation of corruption I have presented Scott's three pillars, before explaining Blat and Guanxi. This creates the backdrop for the literature review, which indicates the type, location and institutionalisation of corruption in Russia and China.

3 METHODS

“God has chosen to give the easy problems to the Physicists”³

“All methods have their weaknesses, but it’s the best we have”⁴.

As Blaikie (2005) point out, social scientists do not have the advantage of doing research based on universal lawfulness. Instead one attempts to come as close to reality as possible. And it is the methods, as a tool, which is essential in this link.

3.1 CHOICE OF METHODS – EQUIPING THE THESIS WITH THE RIGHT TOOL

The purpose of this dissertation was to gain competence in the subject of corruption in China and Russia, which bear relevance to Norwegian organisations. The initial preference for methods was qualitative interviews. However, this choice did lead to challenges regarding the data gathered from interviews, as subjects could potentially withhold information on corruption or choose not to reveal all the circumstances of corrupt acts, a factor that would have come into conflict with the desired level of reliability.

My supervisor, Professor Røvik, also pointed out that the broad research questions were not proportionate with qualitative interviews, as time and resources were limited, and thus recommended a literature review in order to maintain the structure of the dissertation. Another factor present is that corruption is the study of a hidden aspect within society. The fact that the literature review provided me with secondary data, based on strict inclusion

³ Blaikie, N. (2005). *Designing Social Research*. Cambridge, U.K, Polity Press.

⁴ Open access-counsellor Jan Erik Frantsevåg at University library at UiT, during a conversation on inclusion criteria for the literature review.

criteria, such as being published by highly rated academic reviews, also proved to be a good reason for applying the method.

3.2 THE LITERATURE REVIEW

The aim of a literature review is to map out a topic or field in science. In order to do this, the researcher has to pragmatically analyze research done on a topic.

Harte defines a literature review as “the selection of available documents (...) on the topic, which contain information and ideas, data and evidence written from particular standpoint to fulfil certain aims or express certain views on the nature of the topic and how it is investigated, and the effective evaluation of these documents in relation to the research being proposed” (Heart 1998:13).

In order to reflect the material on a topic, one has to identify the research that will come as close as possible to reflecting the general universe of publications. This was one of the main challenges involved in carrying out the literature review. It is only by gathering the central publications on a field, and extracting the methodological assumptions that allow for theory or concepts to describe information, that a researcher can gain an overview of the topic.

3.3 INCLUSION CRITERIAS

There is a large amount of literature focusing on corruption in China and Russia. A search on “scholargoogle” resulted in 199,000 articles on corruption in Russia, and 308,000 on China. The challenge was therefore to choose the right articles, which come as close as possible to representing the universe of articles on the topic. At the same time, the collection of articles should meet Hearst’s standards for acquired research regarding necessary breadth and depth. This crux is critical as it to a large degree determines the validity of the thesis.

Some verifiable criteria’s were essential in order to evaluate whether a publication should be included or not. For this thesis I used relevance to the research questions, key authors, time and space, citations, H-Index and Impact Factor as inclusion criteria.

Relevance to the research question was the overlying inclusion criteria, as it is a necessary factor for validity. Finding key authors was also a preferred indicator since they are likely to produce some of the most central publications in the field of their specialisation.

While the research obviously had to be limited to the geographic spaces of China and Russia, *time* was another factor that was considered. Both countries have experienced radical changes, and older publications on corruption will therefore hold less validity on today's societies. While Russia has experienced a parallel transition to market economy and democracy, China has experienced a more gradual transition to market economy together with an intense economic growth. I therefore regarded publications based on data before 1990 as outdated in relevance to my topic question. However, data from before this time frame could hold validity if it holds structural explanations relevant for corruption in today's society. The general rule was that later publications were given preference over older ones.

A publication with a high *reference frequency* is a good indicator of central work on the topic. Social Science Citation Index is a database that registers citations of other academic publications. It is important to note that this criterion can come into conflict with the time criterion, as newer publications have fewer citations than older ones. This perspective therefore had to be evaluated. Since both the Russian and Chinese societies are changing at a high rate, newer publications were preferred in relation to validity over a higher reference frequency. It can therefore be complementary with an inclusion criterion that focuses on more than just the specific text.

The *H-Index* attempts to measure the specific researchers impact and productivity (Hirsch 2005). H-Index is therefore the researcher's amount of citations received compared to the amount of publications. It is *important to note that the H-Index should only be compared between researchers in the same field, since some fields generate more citations per publication than others. This generates a challenge since the articles used in this literature review range from political science to business. This factor is also affected by time, as newer*

researchers generally have fewer publications. A supplement to the H-Index can therefore be a general indicator of the academic work within its field.

Impact Factor (IF) as a concept is owned by Reuters. IF is a way to quantify citations to articles published in a specific journal. This is can be explained by the following formula⁵:

$$\frac{\text{Amounts of citations in 2011 to articles in 2009+ 2010}}{\text{Total amounts of articles published in 2009-2010}}$$

It is important to note that the IF only indicates the mean of citations in a journal, and standard deviation should therefore be considered. When the IF from “Comparative Politics” from 2005 was 1.809, this generates a total of 2 citations per published article. While the calculation quantified by mean doesn’t say anything about the specific article, it is an indicator of the prestige involved in publishing in the journal. In other words, the IF can be used as a proxy for the prestige of the journal, thus the higher the IF the greater the likely impact of the article. The IF is in this thesis therefore used only as an indicator of the journal, and not of the selected article. Or as pointed out by Reuters: “The impact factor can be used to provide a gross approximation of the prestige of journal in which individuals have been published” (reuters.com).

To sum up, all the inclusion criterions have their weaknesses. But when used together they can create a clear indication of which articles should be included. In this dissertation they have been applied with a strong emphasis on evaluative approach, since there are several factors coming into play for each and every one of the criterion.

3.4 MEETING THE INCLUSION CRITERIONS

While the inclusion criterions are used to achieve validity, it is also important to make explicit the decisions made in relation to them. This generates a verifiable result considering the data extracted from the chosen publications.

⁵ Transferred into formula based on written article on reuters.com.

Before this dissertation I had some knowledge on the field through writing my bachelor thesis on “Corruption Across Cultures” and a research paper at UC Berkeley on “Corruption in China and Russia”. This eased the first steps of the literature review, such as mapping out the topic and in the collection of the articles, according to the overlying selection criterion: relevance to topic question 1.

Due to the broad research question, a search query in line with the focus was preferred. Simply using “Corruption China” and “Corruption Russia” turned into the most effect way in finding relevant publications. I searched the motors “scholargoogle”, “jstor” and “sciencedirect”. These databases are partly overlapping, and at times gave the same result. In the first round this resulted in 34 articles on corruption in Russia and 37 on corruption in China.

I then started to go through the literature references among these articles, searching for key authors and key publications. This led to the finding of several new articles, taking the total amount to 41 on Russia and 55 on China. The same process indicated key authors and publications on the topic. With regard to China, both **Ting Gong** and **Andrew Wedeman** were frequently cited by the articles on my list. They had several publications in the field that also had a high reference frequency on Social Science Citations Index (SCI), and met the rest of the criterion. Two articles were also categorized as key works. “Booty Socialism, Bureau-Preneurs, and the State in Transition: Organizational Corruption in China” by Xiabo Lu, and “Anti-Corruption n Reform China” by Zengke He, were often cited by other works on my list and met the rest of the inclusion criterions.

Regarding Russia, **Alena Ledeneva’s** work on Blat and corruption was frequently cited by other publications. The article “Corruption and Institutions”, by **Mark Levin** and **Georgy Satarov** stood out as a clear key publication, cited by most researchers on the field. After these central indications it was harder to find a pattern for more key authors/publications on my list. I then moved on to look at indications for key authors and works while also considering the time aspect, and found that the article “Corruption Networks as a Sphere of Investment activities in Modern China”, published in 2007, was referred to by all articles

published later than 2007, and I therefore categorized it as a key publication. All these key findings also met the remaining inclusion criterion.

I then considered the remaining articles against the time criterion, excluding 11 articles on Russia and 17 on China. With the time criterion in mind, relevance became the next threshold of inclusion that the articles had to meet. In his book "Doing a Literature Review" Hart (1998) explains how to read for reviewing. One important consideration when going through a large scope of material is knowing when to read and when not to read, where a "common mistake at this stage is to get stuck in and start reading every sentence" (Heart 1998: 53). His book further explains how to skim through literature for relevance, emphasising structure by classifying elements rather than detailed reading. I followed Heart's guidelines paying attention to structure, topic, data, general reasoning, style, key focus and elements of paragraphs (Heart 1998: 54). I also focused on key concepts linked to the research question, such as corruption in general, types of corruption, where in the hierarchy the corruption took place, Weberian rationality and social networks. This led to 11 articles on Russia and 15 on China, being classified as less relevant.

The remaining articles were considered in relation to citations, H – Index and IP – Factor. After these last inclusion criteria were considered, 25 articles were deemed as being appropriate to make up the basis of for my data collection. Among these, three publications used both China and Russia as a case study, leaving me with fourteen articles for each country.

3.5 FEATURE MAPS

The feature maps are in all of their essence, a method for mapping out the literature. It is the format that allows the research to systematically reduce an empirical diversity in a standardised manner (Heart 1998: 145). Whilst it holds the role as the measuring device for the data, the use of the feature maps is also central in ascertaining reliability.

3.5.1 MAPPING AND CATEGORIZATIONS

In order for the topic to be clearly mapped out, data, concepts and ideas need to be placed into categories. It is within this process that the researcher's subjectivity will influence the data material. Contrary to natural science, the categories in social science for ideas, theories and concepts don't exist within clear and fixed borders (Heart 1998: 143). As mapping out a topic requires a form of arrangement between constructed categories, the researcher's subjectivity will influence both the construction of categories as well as the choices involved in determining which categories the concepts, theory and data belong in. It is for this reason that the choices regarding these matters are made explicit in this thesis.

3.5.2 CATEGORIES IN RELATION TO RESEARCH QUESTION

First of all, the questions in the feature maps can be divided into two main categories. The first category includes the questions aimed at localised answers in relation to research question one. Here the link moves from the research question to the theoretical concepts, which are further reflected by questions in the feature maps. The research question is: *What is the type, and the location, and the degree of institutionalisation of corruption in China and Russia?* The central words that operationalise the topic question into researchable terms are: Type, location and and degree of institutionalisation. These words are replaced by concepts and categories in the theory chapter. Here, types of corruption are divided into the five categories of bribery, embezzlement, fraud, extortion and favoritism. Localisation is categorised as being four different levels of society: Political, bureaucratic, and private. The last word from the research question is institutionalization, which is manifested as a theoretical concept through Scott's (2008) three pillars, the normative, the cultural-cognitive and the regulative.

Two more concepts, indirectly related to the research question, are also presented in the theory chapter and in the feature maps. One is the social networks Blat and Guanxi. This concept is also divided up according to Scott's pillars together with the categories of "key attributes" and "the networks overlapping with corruption". These social networks were given a separate

question in the feature maps, as it is important to distinguish the legal mechanisms of the networks from the corrupt mechanisms. These networks also cut across levels in societies, and can therefore only be inaccurately captured by the direct questions on corruption.

The last theoretical concept in relation to corruption, represented in the feature maps, is that of rational-legal culture. This question is given its own focus both because the general definition of corruption, separating public position from private gain, comes from Webers's paradigm on bureaucracy theory and because it is the culture for this relational-legal system that produces or eliminates corruption in the state bureaucracy.

3.5.3 CATEGORIES IN RELATION TO STRUCTURE

The second category of questions in the feature maps are in relation to the structure that the data is produced in. Different elements of prestigious academic literature will always be in relation to each other. Heart explains how one "(...) are aiming to make explicit the nature of the connections between the methodological choices an author has made and the data they have collected through to the interpretations they have made of their data" (1998: 56).

The classical approach of distinguishing conventions between constructivism and positivism provided an essential starting point in the process of mapping out the structure the research is conducted within. In reality, most academic work is not carried out strictly within these dichotomous categories. However, they still serve the function as a clear indication of the ontological, epistemological and methodological structure that data and interpretations are produced in⁶. When filling out the feature maps, research was often categorised as "closer to" one of the paradigms.

Other categories used when capturing the structure of the academic work were manifested in question of types, goals, aims and focus of research (Heart 1998:

⁶ This categorization did for example provide an important insight when separating between positivist researches, labelling corruption as systemic problem such as economic growth, while constructivist research argued that corruption was a result of the quality of the institutions. In other words, the reality research argue for in its findings, are likely to be in line with the worldview it is carried out within.

45-56). The use of these categories is done in order to better capture the structure that the research is carried out within.

3.6 VALIDITY AND RELIABILITY

Reliability and validity are essential tools in separating academic research from other descriptions and approaches that also seek to portray reality and how the world is. Reliability is the tool that controls how precise the research is. A high degree of reliability is achieved if several measures with the same instrument generate the same outcomes (Midtbø 2007:25). Reliability in my research is dependent upon whether the gathered data from the included articles comply with principles that are both objective and systematic. In other words, it is the idea that similar information would be extracted from all of the articles if they were to be subjected to the same questions. I will argue that these standards, to a large degree, are met. Firstly, the feature maps, the tool for measuring the data, have been designed for capturing both the correct data as well as the structure the data is produced within. Furthermore the feature maps are systematically filled out in a way that allows for them to capture the data in a manner that is objective.

Validity can be separated into two categories - internal and external validity. Internal validity is achieved when the material measured is in line with, and represented by, the theoretical concepts. External validity refers to the assorted sample data as being a reflection of the general universe from which it is gathered. The relationship between reliability and validity is a central point in productive research. A high degree of reliability is also a condition for a high degree of validity. The theoretical concepts have to be adequate to the selection of samples (Midtbø 2007: 25). I have tried to assert this relationship in two ways.

With regard to internal validity, my definitions and theories have been made clear. Corruption is defined and debated with emphasis placed on an evaluative approach. Following that, the different types of corruption, anchored in the definition, are explained. Furthermore, I have constructed three hierarchical

levels in society in which corruption can be located. While these levels of society are social constructions, they are likely to be a lens that can be generalized across both cultures and state borders, and is therefore valid for both China and Russia. This contributes to the reliability being in line with the validity. I have also made clear how the research question has been operationalised into theoretical concepts, and how these are used in the feature maps.

It is the articles and the inclusion criterion's that will generate a high degree of external validity. There are two important elements to the external validity of my thesis. Firstly, I have gone from having a large source of materials to just fourteen articles per country. This follows a careful process whereby I ensured that my set criteria were followed, and the choices made regarding the selection of these criteria, were made explicit. I therefore argue that this element generates a high degree of validity. The second element is the dynamic between the number of articles for each country and the reality within these countries. Fourteen articles provide a limited backdrop for research question one. Nonetheless, this is a result of the limited capacity inherent in the production of a master thesis. At the same time it is also important to argue that the backdrop, which is generated from the data, is in reality close to the actual backdrop against which Norwegian leaders make their decisions. Most decisions are often made within a context which involves high pace, and whereby access to a degree of information which creates a picture completely in line with reality, is severely limited.

On a general level, I have tried to structure my thesis so that the research can be verified. I have done this by, firstly, explaining my inclusion criterion, but also by making the choices regarding data gathering explicit. I would also argue that the literature review, as a choice of methods, has contributed to the validity of the research design in general. Corruption is the study of a hidden aspect of society, often associated with symbols such as the iceberg. Basing the research on secondary data published in acknowledged journals, together with critically analyzing the structure of these articles, eases a complicated element of studying corruption. I also avoid problems related to subjectivity in data gathering,

inherent in other methods, such as interviewing or observing. On the other hand, construction of categories and the placement of data will be a subjective process; therefore these matters are discussed during the dissertation.

4 FINDINGS

4.1 SAMPLE OF ARTICLES

My selected literature comprises a total of 25 articles focusing on the topic of corruption. They have been evaluated and chosen in accordance with the set of inclusion criteria discussed in the Methods chapter. The articles can all, to some degree, shed light on research question one, as they focus specifically upon corruption in China, Russia or both. While the sampled selection can provide insight into the different elements of the theoretical concepts and categories, none of the articles can provide complete insight into all of the concepts covered. Some are chosen as they give an indication of the types of corruption that exist within societies and at what levels they can be located; other articles highlight the normative, cognitive and regulative institutionalisation of corruption within the different cultures; whilst others focus on the social networks Blat and Guanxi, their mechanisms and the elements of these networks that are intertwined with corruption. Here are the sampled publications, categorized by the culture they represent and ranged after year of publication.

Author	Title	Publicised, where, when	Purpose
Russia:			
Geberber, P. T. & Mendelson, S. E.	Public experience of Police Volence and Corruption in Contemporary Russia: A Case of Predatory Policing?	Law & Society Review (2008)	To use the long tradition of research on relations between the police, the state and the society from U.K. and U.S.A. on Russia (new empirical and cultural deductive research to already developed theories)
Cheloukhine, S. & King, J.	Corruption Networks as a Sphere of Investment	Communist and Post-Communist Studies (2007)	To shed light on the development of corruption within spheres of network in Russia

	Activities in Modern Russia		
Mokhtari, M. & Grafova, I.	Corruption: Theory and Evidence from the Russian Federation	Economic Systems (2007)	To use a theoretical model to explain the problems of bureaucratic corruption among tax officers in Russia
Dininio, P. & Orttunga, R. W.	Explaining patterns of Corruption in the Russian Regions	World Politics (2005)	To do research on corruption in Russia with a new approach – measuring differences in regions in order to distinguish which factors that actually generate more and less corruption
V. Shlapentokh	Russian's Acquiescence to Corruption Makes the State Machine Inept	Communist and Post-Communist Studies (2003)	To describe the process of institutionalisation (normalisation) of corruption in Russia
Beck, A & Lee, R.	Attitudes to Corruption Amongst Russian Police Officers and Trainees	Crime, Law & Social Change (2002)	To research attitudes among Russian police regarding corruption and the normative background they act upon
Safavian, M. S. & Graham, S. H. & Gonzales-Vega, C.	Corruption and Microenterprises in Russia	World Development (2001)	To produce the first research on the impact on corruption on microenterprises in Russia (applying developed theories on new empirical data)
Levin, M. & Satarov, G.	Corruption and Institutions in Russia	European Journal of Political Economy (2000)	The aim of the report was to call public attention to the apparently increasing problem of corruption, the causes of the problem and how to work against it
Johnson, S. & Kaufman, D. & McMillan, J. & Woodruff, C.	Why do Firms Hide? Bribes and Unofficial Activity after Communism.	Journal of Public Economics (2000)	To research the hidden aspects of firms' activities in post-communist regimes on micro level, an area that hasn't been researched before
Varese, Federico.	The Transition to the Market and Corruption in Post-Socialist Russia	Political Studies (1997)	To study the negative effect of corruption in the transition to market economy
China:			
Luo, Y.	The Changing	International	To analyse the increasing

	Chinese Culture and Business Behaviour	Business Review (2008)	intertwined relationship between Guanxi and corruption
Gong, T.	Corruption and Local Governance	The Pacific Review (2006)	To research the causal link between corruption and decentralisation in China, focusing on how and what
Larsson, T.	Reform Corruption and Growth: Why Corruption is More Devastating in Russia than in China.	Communist and Post-Communist Studies (2006)	To use a comparative perspective to research the role of corruption in the economical development of China and Russia
Wedeman, A.	The Intensification of Corruption in China	The China Quarterly (2004)	To gain a comprehensive and systematic picture of the intensification of corruption in post-Mao China
Gong, T.	Dangerous Collusions: Corruption as Collective Venture in Contemporary China	Communist and Post-Communist Studies (2002)	To bring forward a theoretical perspective for collective corruption in China (to some of the first research published with the new/collective perspective on corruption on China)
Dunfee, T. W. & Warren, D. E.	Is Guanxi Ethical? A Normative Analysis of Doing Business in China	Journal of Business Ethics (2001)	To do research on Guanxi with a normative perspective, rather than the usual functional approach already used in several studies
He, Z.	Corruption and Anti-Corruption in Reform China	Communist and Post-Communist Studies (2000)	To explore the causes and consequences of corruption and anti-corruption campaigns in China
Lu, X.	Booty Socialism, Bureau-Preneurs, and the State in Transition: Organizational Corruption in China	Comparative Politics (2000)	The aim is to shed new light on the overlooked predatory behaviour of developing states in the literature, using China as a case.
Manion, M.	Corruption by Design: Bribery in Chinese Enterprise Licensing	Journal of Law, Economics and Organization (1996)	To develop a game theory analysis of corruption in the Chinese bureaucracy
Root, H.	Corruption in	Asian Survey	The article seeks to criticise

	China: Has it Become Systemic?	(1996)	how parts of the Chinese market and economy still have a long way to go in order to be at the level of more developed capitalist markets.
Russia and China:			
Ledeneva, A.	Blat and Guanxi: Informal Practices in Russia and China	Comparative Study of Society and History (2008)	To compare social networks in China and Russia and the way they change
Hsu, C. L.	Capitalism Without Contracts Versus Capitalists Without Capitalism	Communist and Post-Communist Studies (2005)	The research highlights the role Guanxi and Blat and their effects on economic growth in China and Russia.
Michailova, S. & Worm, V.	Personal Networking in Russian and China: Blat and Guanxi	European Management Journal (2003)	To research a Guanxi/Blat in order to understand driving forces of mechanisms in social networks and how western managers can tackle these challenges
Sun, Y.	Reform, State, and Corruption: Is Corruption Less Destructive in China than in Russia?	Comparative Politics (1999)	To use the lens of corruption to analyse why the economy in China has performed better than the economy in Russia after the shift to market economy

4.2 TIME AND PUBLICATION

The most recent sampled publications are from 2008 and the oldest are from 1996. To put the time of publications into perspective, I have divided them into three different categories according to their date of publication:

Period of Publication/ Culture	Russia	China	Both
A: 1995 – 1999	1	2	1
B: 2000 – 2005	6	5	2
C: 2006 – 2010	3	3	1

This table shows that the majority of articles were published within the time frame of 2000-2005. This is true of both the Russian and Chinese articles. The oldest article is only sixteen years old, while seven of the articles are less than six years old, meaning that the chosen sample is of a more recent calibre. The time factor has played an essential role in generating data and findings that hold as much validity as possible in two rapidly changing cultures.

4.3 TYPE AND LOCALISATION OF CORRUPTION

Type and localisation are two of the three terms that operationalise topic question one into researchable terms. These terms are further defined and categorised in the theory chapter and presented in Table 1. Since these concepts are given presented by table 1. it allows for binging the findings forward in the same table. Table 1.1 represents the different types of corruption that are mentioned in the various publications. The specific type of corruption is only counted once per article, as research with a narrow focus might bring forward several incidents on one type, which would affect the modus indicating the most frequent types of corruption.

Table 1.1 China:

	1. Political	2. Bureaucratic.	3. Private Ent.
1. Bribery	1	8	0
2. Embezzle	2	4	0
3. Fraud	2	6	0
4. Extortion	0	1	0
5. Favouritism	1	2	0

As the table shows, the bureaucratic level is the most frequent locus of corruption in China with bribery, embezzlement and fraud being the most common types. While these acts will be discussed further in the next chapter, it is worth mentioning that this will typically be corrupt behaviour involving predatory behaviour by state officials seeking bribes, misusing the state assets they are set to administrate and using their position to manipulate flow of information in favourable terms for private gain. While the categories of private and civil corruption are not mentioned by the samples, political or grand corruption is, though not as frequently. However, corrupt acts on the grand level

are likely to have a broader impact and a larger scope. Similar outcomes are generated by the findings on corruption in Russia.

Table 1.1 Russia:

	1. Political	2. Bureaucratic.	3. Private Ent.
1. Bribery	3	6	2
2. Embezzle	3	3	0
3. Fraud	1	4	2
4. Extortion	0	1	1
5. Favouritism	1	1	0

As with China, the bureaucratic level is the main locus of corrupt behaviour in Russia, with bribery, embezzlement and fraud being the most common types found. On a grand level, three articles each mention bribery and embezzlement. It is also only within the literature examples of private corruption are found

These results clearly reveal the bureaucratic levels as being the main locus of corruption within both cultures. Before proceeding, it is important to make explicit one element of the categorisations of bureaucratic corruption. A corrupt act is an interaction between two parties, often involving bureaucratic officials and representatives from private enterprises. However, the act can only belong to one category. When these incidents were found in the data material, they were labelled as bureaucratic corruption because it is the state officials that holds the power to determine the outcome. One common example from both China and Russia would be the bribing of state officials in order to gain a license for operating private businesses. Here, it is the private corporations that are dependent on the bureaucracy, as they need the license to operate legally. The state official, on the other hand, is not dependent on the outcome, and therefore, it is his actions that will determine if the outcome of the process is corrupt or not. This generates situations where the bureaucracy is the locus that either can determine or eliminate corruption. As since this thesis focuses on ways to avoid corruption, the categorisation is done according to the level that will produce the potential pitfalls for corruption.

4.4 INSTITUTIONALISATION

Institutionalisation is the last of the three researchable terms in topic question one. The level of institutionalisation is measured by Scott's (2008) well-known concepts: the regulative, the normative and the cultural cognitive pillars. Nine of the fourteen articles on corruption in China describe the institutionalisation; while nine of the thirteen articles on Russia provide data on the same concept. These findings are not presented in a table since it is the qualitative elements of institutionalisation that is of interest to this thesis⁷. However, one common attribute for both cultures is the claims in the articles that the degree of institutionalisation is increasing and taking new forms in response to changing political and economic factors that will be further highlighted in the next chapter, as they are qualitatively different in the two cultures.

4.5 SOCIAL NETWORKS

Four of the articles on China and three from Russia have social networks as their main focus. Former studies have pointed out how both Blat and Guanxi have imbedded mechanisms that can generate the outcomes of corruption. The findings from my sample are in line with prior research, as all the included articles generate data of the networks overlapping with corruption. An example of this is how Guanxi determines a significant amount of corruption between private enterprises and the state officials in China, or how Blat has historically channelled business into political clientelism in Russia. Nevertheless, a significant share of my data on both Blat and Guanxi also provides information of the non-corrupt elements of the networks. This is material that generates a useful backdrop when analysing how Norwegian organisations should relate to social networks in China and Russia.

⁷ The degree of institutionalisation is not of particularly interest to research question two, where the focus is on how Norwegian leaders get oversight, understanding and act towards corruption in China and Russia. While quantitative data holds information on the strength of corruption, it is only by bringing forward the qualitative cultural attributes of corruption in China and Russia that allows for leaders to steer away from corrupt mechanism in these cultures.

4.6 WEBERIAN RATIONALITY

Three of the articles regarding Russia provide information on values that come into conflict with the culture of the rational-legal bureaucracy, while six articles regarding China elaborate on the same problem. These differences in findings must be interpreted with caution because of the small numbers. Nevertheless, it is possible that the lack of a culture for rational-legal bureaucracy is a larger problem in China compared to Russia. While the bureaucratic culture in Russia suffers from problems in relation to this concept, such as adhering to the culture of the Soviet legacy, China has no culture of separation between the private and the public sphere. One central factor to this is the lack of separation between the Communist Party and the state. There are, for example, no regulative bodies that can penalize the Party other than the Party itself. This lack of separation is also manifested in the cognitive pillar, as it is hard for the Chinese people to distinguish between the concepts of politics and the concept of the Communist Party, as they simply are the same thing in China.

4.7 DIFFERENCES AND SIMILARITIES

Table 1 shows that the results are in line with the expectations, as the bureaucratic level is the main locus of corruption in the sample of literature. The main similarities between the cultures are the main locus of corruption. There are several potential explanations for these results. First of all, the bureaucratic level is where state power is carried out and which other spheres in society are subjected to. Another perspective that might explain the bureaucratic level as the main locus is related to the hegemonic frame that corruption is studied from. As mentioned in the theory chapter, Weber's bureaucracy theory, emphasising a separation between private and public spheres, has become a hegemonic ideal type. Additionally, it is the same paradigm that has generated the main understanding of corruption as a misuse of a public role for private gain. It is therefore logical to assume that the majority of the academic literature on corruption, deriving from the bureaucracy theory, points out corruption in the bureaucratic level in society. However, while this locus might achieve a majority of the academic focus, it is also important to point out that the state bureaucracy

is the only level in society that has the power to both extinguish and produce corrupt behaviour. The indication of this level as the main locus of corruption is therefore most likely a combination of both the focus of the literature and the opportunities for corruption imbedded in the bureaucracy.

Another important element is the concept of institutionalisation. The results of this study have similarities across the cultures in a strengthening of institutionalisation of corruption. There is also a similar focus regarding these concepts in the material on both China and Russia. Naturally there are differences in how this is manifested, since they are determined by different cultural impacts. The differences are, however, of qualitative matters, and will therefore be further discussed in chapter five.

4.8 WHITE SPOTS FROM THE LITERATURE REVIEW

Corruption in the private level was only found in the samples from Russia, with two articles mentioning bribery and two describing fraud. I did not expect to find as much academic literature on corruption in the private sphere compared to grand and bureaucratic corruption, but the small scope of these findings is nonetheless surprising. One obvious possibility is that there is little corruption in this locus, which is unlikely since both cultures provide the combination of little regulative capacity and a multitude of opportunities for corruption between private enterprises. Another possible explanation for this outcome is the focus of the academic literature on corruption. In line with the hegemonic focus on bureaucratic corruption, there is less of a focus placed on other social spheres. This level in society therefore holds interesting opportunities for future studies, potentially combined with the development of a new approach to defining corruption.

4.9 SUMMARY OF THREE ARTICLES

I have chosen three articles for an in-depth presentation. The first two publications: "Corruption Networks as a Sphere of Investment Activities" (2007), and "Dangerous Collusions: Corruption as a Collective Venture on Contemporary

China” (2002), are a study on corruption from a collective perspective. These caught my interest as it entails a shift of focus to both researching and understanding corruption. The traditional approach analyses corruption from the perspective of an interaction between two parties. The collective approach sees corruption as a broader picture, where the interaction between two parties is just one part of a larger chain. In this way, the collective perspective lifts the focus to more a broader picture. Another element related to collective studies of corruption is that they cut across levels in society, making them hard to categorise according to the theoretical perspective of this thesis. A thorough presentation is therefore preferable to capture the nature of the phenomenon. The last article is Ledeneva's comparative study on social networks, “Blat and Guanxi: Informal Practices in Russia and China” (2008), which holds key findings of how both the social networks are taking new forms that are to a larger degree intertwined with corruption. All three articles also have the advantage of being among the newer publications in my sample.

4.9.1 DANGEROUS COLLUSION: CORRUPTION AS A COLLECTIVE VENTURE IN CONTEMPORARY CHINA

The first article is authored by Ting Gong, who was categorized as a key author in the methods chapter. He calls for the more frequent use of a collective perspective on corruption by claiming that, “Western literature on corruption has yet to pay enough attention to the role of collusion in corrupt activities” (Gong 2002: 87).

He also explains how the traditional understanding of corruption is based on an interaction between two parties, such as Rose-Ackerman's principal-agent theory. In order to tackle the nature of collective corruption, this classical lens has to be developed. This can be done by assuming that a third agent or party has an interest in the corrupt activity:

“Corruption, in such an context, is no longer an isolated action corrupt in and of itself, but a network of interactions and exchanges among corrupt individuals (Gong 2002: 88).

This new approach is important as it also touches upon the weakness of Nye's hegemonic definition, based on corruption having an outcome of private gain. In order to study collective corruption, one therefore has to assume that a corrupt act or interaction is not only driven by a personal, but a collective gain.

Gong's research on the rise of collective corruption is carried out in a constructivist frame, where he argues that:

“Corruption evolves as it's actors, forms and characteristics actively responds to social and economic changes, especially under the construction of a hydride state socialism and capitalism in today's China” (Gong 2002: 87).

In this way he claims that collective corruption is a result of the on-going process of changes in its society. One element central to this change is decentralisation of power, from a central to a local level. This brings forward numerous opportunities for corrupt behaviour, especially if the local government branch collaborates in way where everybody is involved. This is exemplified by a case from the Fujian province, where 70% of the officials in the local bureaucracy were involved in corrupt activities such as taking bribes (Gong 2002: 86). Another example is the well-known Zhanjiang case⁸, an example of collective corruption, where people from low level bureaucratic officials, the mafia, private entrepreneurs and high levels party officials were involved in a network participating in embezzlement, fraud and bribery. This again generates an example of how collective corruption, through its networks, often cuts across levels in society and involves most types of corruption.

4.9.2 CORRUPTION NETWORKS AS A SPHERE OF INVESTMENT ACTIVITIES IN MODERN RUSSIA

Serguei Cheelouhine and Joseph King's (2007) research is carried out from a structural perspective, naturally drawing a picture of the roots of collective

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The Zhanjiang smuggling case is referred to by a numerous studies on corruption on China, as it is the largest case of corruption in terms of monetary values, exceeding 60 billion RMB.

corruption in Russia. They point out how the foundation of collective corruption goes back to the totalitarian regime, where allocation of resources in short supplies created incentives for corrupt behaviour.

“(...) the Soviet distribution system led to the practice of giving all kinds of gifts from scarce goods to services. Small bribes, ‘gratitude’, and gifts were perceived by the masses as practically the norm, as the natural form of relationships between people” (Cheloukhine and King 2007: 109).

Some of these relationships evolved during the Brezhnev era, where large sums of money were used for buying positions and offices in a network that partly developed into state-like mafia and the marriage of corrupt state spheres and criminal structures. These networks also developed into effective organisers of the direct state robberies that took place during the transition to market economy (Cheloukhine and King 2007: 109).

In this way the article argues that a collective form of corruption is related to structures from the Soviet era, while pointing out that, today, these networks have new forms and behavioural outcomes. First of all, belonging to a network is a large advantage, since one would not survive alone for long. The network itself entails a group of people serving different functional roles:

“Each Russian corruption network includes three basic subsystems: the commercial or financial branch; government officials; and, law enforcement. The commercial branch converts the received privileges into cash. The government officials provide cover at the decision-making level. This group includes officials whose status guarantees the desired outcomes. Because most of these decisions are coordinated between several ministries, there are also interdepartmental groups. However, the relationships and decisions are usually shaded by ‘the state interests’, which makes them very difficult to detect. The protection of corruption networks is provided by law enforcement, which provides information, destroys compromising files, or even closes criminal cases. Such actions would be used in instances where a threat to a corruption network exists” (Cheloukhine and King 2007: 118).

This provides an example of a sophisticated development of collective corruption, where the network itself can handle every element from extracting

resources to protecting the illegal activity and gain. While the article provides several cases of corrupt networks, they all have behavioural outcome similar to the general example above.

Also in this study, a striking element is the scope of corrupt activities that are brought to attention when applying the lens of collective corruption. The networks cut across levels in society and entail elements in a private, bureaucratic and a grand locus. The intensity in scope also applies to types, as almost every concept from bribery, to fraud, extortion and favouritism can be ticked off when studying the phenomena. It also becomes clear why individuals would take part in a network, as one simultaneously decreases the risk of getting caught with increasing the benefits of private gain, explaining why this way of corrupt behaviour is developing. Logic therefore dictates that if one is to behave in a corrupt manner, it is better to be within a network, regardless of the type of corruption involved or at what level in society. These findings of collective corruption will also have implications for the second topic question, as steering away from corrupt networks is more complicated than steering away from a single corrupt situation.

4.9.3 BLAT AND GUANXI: INFORMAL PRACTICES IN RUSSIA AND CHINA

Alena Ledeneva authors the last of the three articles I have chosen to highlight. She was also labelled as a key author in the method chapter. Ledeneva was the first to publish extensive research on Blat through her book "Russia's Economy of Favours: Blat, Networking and Informal Exchange" (1998), based on more than 50 in-depth interviews and observations. This research was followed up by fieldwork in 1998 and 2003, focusing on how Blat responded to the rapid changes in Russia. In the article, included in my sample, she also focuses on Guanxi and provides a comparative picture to the two social networks in Russia and China.

Ledeneva carries out her research under the constructivist paradigm, focusing on how the rapid privatisation and changing economic climate has led to parallel functional changes in the two networks. Her article finds that, parallel to domestic development, both Blat and Guanxi are now further intertwined with corruption. The findings from the Russian culture indicates a functional shift,

from small-scale corruption at the lower levels of society, to larger scale corruption benefiting and enriching the higher levels of society. Ledeneva begins by pointing out results from her first fieldwork on Blat and its expression under the Soviet era:

“The functional roots of Blat as a network comes very close to basic understanding of corruption as the Blat system was a matter of extending favours at the expense of state property” (Ledeneva 2008: 123).

This shows the former role of Blat and how those elements of the network that were intertwined with corruption were linked to small-scale redistribution of goods in shortage, benefiting citizens at the lower end of society during plan economy. One can therefore argue that the traditional channels structured a flow of resources from those in power to normal citizens. However, these channels were also conducive to clientelism between the private and the bureaucratic and political level. Ledeneva argues that the traditional functions of Blat developed into high-level corruption during the transition to the market economy:

“When the Soviet regime collapsed the formal practices of Blat spiralled out of control (...) Blat-turned-corrupt practices, driven by profit-making motives and calculating spirit, serving the protagonists of the marked transition – businessmen, stat officials, and the criminal underworld – rather than the majority of the population, and thus are strongly associated with damage to society” (Ledeneva 2008: 133).

An important qualitative shift within Blat is where soft value of access to favours is replaced with hard values that can produce money. This is exemplified by the collusion between state representatives and private market forces, and thus produced a high degree of corruption that went far beyond the practices of traditional Blat:

“Lump-sum corruption gave way to more sophisticated arrangements by which state officials exchanged their now alienable access to state resources for inalienable access to private resources. Commissions, percentages, securities, and shares in businesses have become common forms of repayment for favours of access” (Ledeneva 2008:133).

Guanxi is also subject to an intensification of corruption. The social network is considered the mother of relations in China, and when the economy boosted, business was carried out through these relations.

“Guanxi is determining a significant amount of corruption in the relation between the government and private entrepreneurs” (Ledeneva 2008: 131).

Other data from Ledeneva's article suggest that Guanxi is undergoing similar change of values to Blat, such as impersonal money, which has started to take the position of favours in Guanxi; this is an element that is extensively intertwined with the corrupt aspects of the network (Ledeneva 2008: 139). The article also brings forward examples of reciprocity discussed in the theory chapter:

“Guanxi is a positive term that derives from kinship ethics of Confucian values as respect and harmony and proper reciprocity in relation to ritualized friendship. To not return or turn down a gift is unthinkable, and would mean that the person behind such an act would have a lack of human feelings” (Ledeneva 2008: 127).

These findings represent a key crux one has to tackle in order for Norwegian organisations to operate in China, simply as one has to adjust behaviour to local culture, while still steering away from corruption as defined by laws and norms in the Norwegian culture. But before these matters can be discussed, one has to analyse the findings from the data material.

5 ANALYSIS

This chapter will bring forward and analyse the findings from the literature review in light of my research questions. This is done to answer topic question 1: *What is the localisation, type and institutionalisation of corruption in China and Russia?* As mentioned in the introduction, this is a broad focus for a master thesis. Nonetheless, a leader for an international organisation has to make decisions without access to information that is a perfect reflection of reality. This chapter will therefore apply some theoretical concepts that can contribute to making better decisions on avoiding corruption in China and Russia. The culture for rational-legal bureaucracy will be used to analyse different cultural understandings and approaches to corruption. The findings in relation to types of corruption in hierarchical levels will also be debated together with institutionalisation of corruption and social networks.

5.1 THE CULTURE FOR RATIONAL-LEGAL BUREAUCRACY

The paradigm of Weber's rational-legal bureaucracy is a key concept when analysing corruption over different cultures. As discussed in the theory chapter, the European states developed modern bureaucracies, emphasising a separation between public and private spheres, according to laws and regulations equal to all members of society. This development also generated cognitive frames and norms, which one uses logic within when relevant to this setting.

Holding empirical findings up against this theoretical frame is highly relevant, as it also will give indications of basic differences regarding corruption between Norway, which represent the western understanding of corruption, and China and Russia.

5.1.1 RATIONAL- LEGAL CULTURE

Michailova and Worm (2003) point out that both China and Russia have a particular way of thinking, which gives less priority to the mental frame of the rules, regulations and equality of the law in rational-legal bureaucracy. They range countries on a particular-universalism dimension, where the general

tendency is that cultures closer to the particular category place less emphasis on rules and law. In the particular societies, on the other hand, social relations are given more trust and emphasis than rules. Russia is third in the particularistic end of the scale (of total 46 countries). The outcome of this is that when closer relationships are formed, they are given “unique personal importance with special claims on emotional involvement” (Michailova and Worm 2003: 515). Trust in these relationships is significantly stronger than traditional relationships in the west. The law on the other hand, is perceived as less trustworthy. If one is in trouble, it is within these relationships that one will seek help.

This finding is interesting, as it indicates a cultural way to act that plays down the importance of the rational-legal bureaucracy. At the same time, cultural values that emphasise helping the one closer to you, over procedure according to regulations are likely to come into conflict with the Norwegian understanding of favouritism. A similar logic, in relation to the law, is echoed by other findings stating that the norms on formal procedure curbs when state officials relate to close relatives (Gerber and Mendelson 2008: 25).

5.1.2 THE RATIONAL-LEGAL CULTURE IN THE STATE BUREAUCRACY

Other relevant findings indicate a general lack of rationality within the state bureaucracy itself. Levin and Satarov (2000) point out that “the tradition in Russia of an officials commitment is not to the rule of law but to instructions, and the overseer is rooted in times much more ancient than the 70 years of the Soviet regime” (:120). This finding indicates how the officials in the Russian bureaucracy have a tradition to rank orders as more important than rules and regulations. The article also points out that this way of reasoning dates back to both Tsarist Russia and the communist Soviet Union, which is not surprising, since both eras are associated with a high degree of both central authority and an absence of modern bureaucratic traditions.

Levin and Satarov (2000) also point out that later attempts to reform the bureaucracy, towards the rational-legal regulations became stuck, leading to two different systems existing side by side (: 120). The findings are consistent with those of Cheloukhine and King (2007) who found that there is a general lack of

legal rationality within the Russian bureaucracy. Also they claim that this behavioural disorientation is a result of development being stuck due to the Soviet legacy being inherent in the bureaucracy (Cheloukhine and King 2007: 112-113).

These findings are in line with the theoretical assumptions discussed under cultural challenges of Weberian rationality. The rational-legal bureaucracy is a result of a longer and dynamic history specific to Western Europe. When the institutional outlook is installed in cultures with vastly different historical heritage, norms and values, the core rationality of the paradigm is often challenged. This applies to Russia's present bureaucracy with the Soviet heritage remaining intact within. This is also exemplified with Russia being a particularistic society, in line with what Trurex (2011) explains as being torn between two value system, on the one hand following laws and procedures and on the other hand accommodating expectations embedded in close relationships, friends and family.

Due to the different cultural and historical background, it is not surprising to find that the Russians use logic relevant to this frame in a different way, such as when relations are given more trust than the bureaucratic system, rules and regulations (Michailova and Worm 2003: 515). However, the causal direction of that specific connection is hard to stipulate; is the logic of the rational-legal bureaucracy given less emphasis because of the particularistic culture, or do people prefer to trust in relations because the modern bureaucracy has never developed to the extent that the trust placed in relations can be replaced?

Altogether, these findings suggest a vacuum between the rational-legal paradigm of Norway and Russia. The Russian culture prioritises relations over rules and procedures. The findings regarding the system also show a lack of rationality and development of modern bureaucracy in Russia. This determines both a culture and a state system that are likely to differ significantly in the approach to corruption compared to Norway.

5.1.3 RATIONAL-LEGAL CULTURE IN CHINA

A central attribute when discussing the rational-legal paradigm and China is the general lack of a separation between the state and the public. Put in a historical frame, there exists a cultural heritage where for over 2000 years the absolute ruler treated the state as his own private property, where bureaucrats treated their powers as theirs, and the idea of public rights was non-existent (He 2000: 255). Many of the same attributes are still present. Today the Communist party and the bureaucracy is the very same thing, even though elements of the rational-legal paradigm have developed in relation to the transition to market economy.

5.1.4 THE RATIONAL-LEGAL CULTURE IN THE STATE BUREAUCRACY

It is therefore interesting to note that several findings point out that the state bureaucracy favours a goal orientation based on the revolutionary spirit over following rules and regulations. Founded on a revolutionary legacy, the goal of Chinese politics has been more vital than the method. And while a shift of political focus has taken place since the revolutionary era, the goal emphasis in politics is still present within the bureaucracy. While some degree of rational-legal rules has been adopted by the bureaucracy during the process of modernisation, the goal-oriented performance from the revolutionary regime is still intact as a frame of mind. For example the state functionaries are also primarily judged by their capacity to achieve a specific goal. When rules and procedures are regarded as conflicting with the goal-oriented development, they are simply overlooked. And it is this frame of logic, regarding decisions, that has legitimacy within the Party (Lu 2000: 284-285).

My findings suggest that state officials do not deviate from this frame of logic in relation to corruption. A general tendency among Chinese state officials is to perceive corruption as a necessary means in the process of achieving economic development or growth. Others just see it as less of a priority than the development of the economy, which has been flagged as the main political goal (He 2000: 252). Considering that the Chinese economy has outperformed any other economy in the world while corruption has increased, it is hard to see this frame of logic being threatened in the near future.

Some authors, such as Ting Gong, argue that the development of the modern bureaucracy is constantly lagging behind the development of the economy: “The norms and regulations supporting legitimate procedures of economic games have either eroded or have not yet been established” (Gong 2002: 91). Other findings suggest that mechanisms in the largest social network in China, will further hamper the development of a rational-legal bureaucracy: “Guanxi is frequently used to circumvent bureaucratic decision making procedures, and with this it will influence the allocation of state resources and political decisions” (Ledeneva 2008: 127). Another aspect of Guanxi’s role in development of the modern bureaucracy is how the social network develops together with the market. While some authors have argued that conflict with the rational legal paradigm will reduce the importance of Guanxi in the future, there is an extensive body of research that indicates that Guanxi and patron-client relations just take on new forms and continue to be important or even further empowered by the expansion of the market (Ledeneva 2008: 135). China is also ranked as number five (of total 46) in Michailova and Worm’s (2002) particularistic scale of cultures, indicating that people trust relations over rules and regulations.

Altogether this generates a picture where the Chinese culture deviates significantly from the rational-legal paradigm. The findings regarding historical and political context support the presumption of effects related to a state that has never had a clear division between public and private spheres. Also the communist emphasis upon goal orientation over following regulations downplays the culture for a rational-legal bureaucracy. This development might be further affected by the new roles of Guanxi in the market economy, generating a structure where one use personal ties to surpass formal procedures. These elements are likely to generate a cultural approach to corruption that is even more distant to the Norwegian understanding of the concept, than that of Russia.

5.2 LOCALISATION AND TYPES OF CORRUPTION IN CHINA

The findings from the literature review, presented in the previous chapter, clearly point out the bureaucratic level as the main locus for corruption in China.

The most frequent types at this level of society are bribery, fraud and embezzlement.

5.2.1 CORRUPTION IN THE BUREAUCRATIC LOCUS

Of these types, bribery of state officials emerges as one of the most frequent corrupt interactions. The findings from my samples show classical cases of corruption. Seemingly, the official uses his public role for private gain, where the private actor depends on access to the jurisdiction that the officials are the gatekeepers of. Several findings show that state officials simply refuse to cooperate without being paid an illegal fee of money (Manion 1996; Sun 1999; Hsu 2005).

All enterprises need government authorisation to operate. The dependency on these licenses to operate legally empowers state officials and generates a dependency relation that can often lead to bribery. The access in need, by the private actor, can typically be registrations or licenses to operate legally, or just a stamp that allow for an application to become formal or accepted (Manion 1996). This corrupt interaction is labelled as a classical case of corruption as it involves both the elements of public role for private gain, and the core type of corruption such as the favour being exchanged in hard cash. Bribery was the type of corruption that was found most frequently throughout the literature review. The findings from my sample, indicating that bribing public officials is one of the most common types of corruption, is also echoed by statistical data, such as in the Fujian province where 70% of the bureaucratic level officials were involved with bribery (Gong 2002: 86).

Fraud is the second most frequent type according to table 1.1. These findings are in line with Lu's (2000) argument, that fraud is among the most common forms of corruption in China, and takes form as public officials use their position to collect illegal levied fines, fees and apportionments. For example: "One state report found that in eleven provinces and cities, including Shanghai and Tianji, 89,000 fees were imposed, of which 53,000 were neither legal nor authorised, and were 13,000 imposed penalties, 12,000 of which violate local and/or state regulations" (Lu 2000: 277). This description is a good example of fraud as it in essence revolves around state officials manipulating the flow of information

between the tasks they are responsible for and those who depend on their services, in order to extract profit.

Embezzlement is theft of resources by the people put in charge of administering it. This type of corruption is less relevant for research question two, as it is corruption within the state apparatus that will not directly affect Norwegian organisations operating in China. It is however a widespread type of corruption within the bureaucracy. The findings from my data show that embezzlement often revolves around reassures gathered by local governments (He 2000; Lu 2000; Wedeman 2004).

This again leads to the question of how the more common types of corruption are intertwined at the bureaucratic level. First of all, if one looks closer at the described cases of corruption, fraud, bribery and embezzlement at bureaucratic level, the question is whether these types can be interlinked? Fraud as an act is triggered by extracting fees. This can typically be of illegal fines or levies as described above. However, from the state officials perspective, the same outcome is achieved if a bribe is received. A bribe might therefore very well be paid as an easy way out of the threat of being imposed to bureaucratic penalties. But the situation is solved with a simple bribe rather than being subjected to regulative scrutiny. Embezzlement also seems to be intertwined with fraud. Because it is fraud when local governments illegally collect money, but it is embezzlement when the officials take this same money for themselves. This takes us to the next question, what is the driving force behind the act of extracting corrupt favours at the bureaucratic level in China?

The traditional answer to this question is private gain. Nonetheless, this answer might to a large degree reflect the lens that corruption traditionally is studied under. In the theory chapter, the classical definition of corruption was criticised, as there are obvious examples of corruption where private gain is not the goal itself. This critical dimension of Nye's definition is also present in the findings from my literature review. The previous chapter presented two articles that lift the focus of corruption to a broader picture, framing it as a collective act.

In China, several of my findings show that bureaucratic corruption has increased due to decentralisation of powers (Lu 2000; Gong 2002; Gong 2006). This effect is further related to the findings of corruption as collective behaviour. In “The Intensification of Corruption in China” (2004), key author Wedeman, offers causal explanations for these mechanisms. As mentioned under the discussion for institutionalisation of corruption, local governments are to an increasing extent expected to find their own revenues and regions have been set up to compete against each other. This has led to collaboration between officials in local governments, gaining money for a collective goal, using methods that trigger the types of corruption, such as bribery and fraud.

This extracted money ends up in “little money lockers” (xiaojinku), hidden from the central authorities, where parts of these funds go back to the local governments budget, while other parts are divided between the officials in the department (Lu 2000; Gong 2002; Wedeman 2004). It is natural to see these findings of collective behaviour of corruption together with fraud, bribery and embezzlement as the most frequent mentioned types of corruption. Corruption is traditionally studied as an interaction between two actors. However, this approach does not have a broad enough perspective to see the potential collective mechanisms as driving forces behind this interaction. It is therefore important to ask whether bribery, embezzlement and fraud as the most frequent types, are a result of collective corruption, making the extent of corrupt mechanisms more complicated than what they first appear.

One of the benefits of the literature review as a method is the capacity to gain perspective on different takes on a topic. The potential link between collective corruption, and the most frequent types of corruption, is among the more interesting findings from the literature review. Due to the small sample size, caution must be applied when analysing this element, however, it is natural to make some enquiries. One natural question to ask is the direction of causality between the research and these findings. Are these findings the result of a new type of behaviour within the Chinese bureaucracy, or are these findings a result of applying a new and broader theoretical lens when studying corruption?

The feature maps did not directly ask for this intertwinement. Nonetheless, where data is lacking, theoretical assumptions might provide an indication. One interesting statement that can shed light on this question is Gong's (2002) argument that: "Corruption evolves as it's actors, forms and characteristics actively respond to social and economic changes, especially under the construction of the hybrid state of socialism and capitalism in today's China" (Gong 2002: 87). Applying this perspective, collective corruption and the high frequency of bribes, embezzlement and fraud can be a potential result of the Chinese states policies, giving more powers and fewer funds to the local governments, together with more opportunities for corruption that comes with economical growth. However, more research on this topic needs to be undertaken before the association between collective corruption and the most frequent types of corruption is understood more clearly.

It is also likely to assume that parts of these types of corruption are for private gain, while the other parts are for a collective gain. Neither my sample size, my feature maps, nor the literature review as a method are sophisticated enough to measure the strengths of how much of corrupt acts are for private, and how much is for collective gain. However, regardless of being able to stipulate this relation, one can conclude that bribes, fraud and embezzlement are the types of corruption one are most likely to meet when dealing with the Chinese bureaucracy. It is also likely that there is some cases are a broader collaboration within the bureaucracy behind these corrupt acts.

5.2.2 GRANDE CORRUPTION

Some of the findings suggest that corruption has moved upwards in the Chinese society, in that it has gone from low level to high level and big stake corruption. An important question to ask is whether these findings contradict the discovery of the expansion of corruption at bureaucratic level, due to decentralisation of powers, or if it is just an indication of corruption being further intensified in China.

In this relation it is interesting to bring forward arguments that corruption is in general being intensified in China, but the high-level and high-stake corruption is increasing more rapidly than other types (Wedeman 2004; Larsson 2006).

My findings first and foremost suggest that corruption at this level is inherent within the state apparatus, where high ranking party officials embezzle from state funds, or where they take bribes from lower ranking officials (He 2000; Lu 2000). This locus is therefore given less focus. Except for one finding of collective corruption, which involves private actors and organisations, as they collaborate with party members and state officials (Larsson 2006). It is this latter finding that is the only potential sphere where Norwegian organisations might have to steer away from corrupt mechanisms.

5.3 LOCATION AND TYPES OF CORRUPTION IN RUSSIA

Also in Russia the bureaucratic level is the most corrupt locus in society, with bribes, embezzlement and fraud as the most common types. My findings also suggest a similar pattern to classical corruption as in China, where public officials are empowered by the jurisdiction of which they are the gatekeepers of which private organisations seek access to. At the same time, an extensive part of the literature paints a picture of predatory behaviour within the state bureaucracy. Also in Russia the types of bribes, fraud and extortion seem to be intertwined. However, the findings do not suggest the same type of collaborator behaviour as in the Chinese bureaucracy.

5.3.1 CORRUPTION IN THE BUREAUCRATIC LOCUS

My findings suggest that a majority of corruption at the bureaucratic level revolves around private organisations paying bribes to avoid scrutiny and regulations (Johnson, Kaufmann et al. 2000; Levin and Satarov 2000; Safian, Graham et al. 2001).

Bribery of tax officials is the most frequent and carefully described corrupt interaction in the literature from my sample. As mentioned under institutionalisation of corruption, the regulations and laws regarding taxation are partly incomplete and partly absent in Russia. The tax officials are also allowed to negotiate tax levels with the subjected actor. This interaction

determines a large degree of corruption⁹. There are also extensive examples of the tax officials using this benefit in a predatory manner, as they also have unlimited right to inspect businesses. This is often used to assess the money flow or accountings of businesses, in order to map out potential incomes for the officials, before they come back and put the private actor under regulative scrutiny (Varese 1997; Johnson, Kaufmann et al. 2000; Safian, Graham et al. 2001). The private organisations are left with few options but to bribe the officials¹⁰.

One interesting finding that should be brought forward in relation to the predatory behaviour, comes from the article "Corruption and Micro Enterprises in Russia" (2001), which shows a positive correlation between paying more bribes and spending more time under scrutiny (Safian, Graham et al.: 1216). This indicates that the predatory behaviour can function like a spider's web when caught in it.

It is the use of public powers that allows for bribes and fraud to be intertwined. Fraud is when public officials manipulate information in relation to the power they have, between the task they are carrying out and the public citizens, for private profit. The cases from the literature review show that the tax officials use the lack of a developed taxation laws to extract bribes, bringing the two different types together. While the literature on corruption is most extensive on the tax authorities, this pattern of behaviour seems to be transferable to other departments. In other words, where there are bureaucratic powers combined with the potential for putting private actors under regulative scrutiny, there is a parallel potential for predatory behaviour among state officials. Some authors label the entire bureaucracy as a "niche for opportunistic behaviour" (Safian, Graham et al. 2001: 1212). These findings are highly relevant to the second topic

⁹ In a survey carried out by the world bank, private entrepreneurs stated that "excessive and frequently changing taxes" are claimed to be among the largest problems to businesses in Russia Varese, F. (1997). "The Transition to the Market and Corruption in Post-Socialist Russia." *Political Studies XLV*: 579-596.

¹⁰ One research shows that 90% of Russian managers claim it is normal to bribe state officials Johnson, S., D. Kaufmann, et al. (2000). "Why do Firms Hide? Bribes and Unofficial Activity After Communism." *Journal of Public Economics* **76**: 495-520.

question, were Norwegian leaders seeks to steer away from corrupt pitfalls in the Russian culture, as every bureaucratic regulation that an organisation is dependent upon, can be manipulated for personal enrichment by the state official.

Embezzlement is also a common problem at the bureaucratic level. Public officials selling state assets were a huge problem after the shock doctrine, and there still is a special tradition for this type of corruption in Russia. Some authors argue that while capitalism usually comes from a society developing private entrepreneurs, in Russia, capitalism has grown from the direct robbery of state properties (Cheloukhine and King 2007: 114). Other authors point out the link between embezzlement and bribes, claiming that the amount of payments in bribes, reflects the availability of embezzlement, which in 2000 was around USD 10-20 billion per year (Levin and Satarov 2000: 115). Favouritism is also common in relation to embezzlement. Especially in relation to privatisation of state assets, where state officials give protection to private businesses for ownership (Levin and Satarov 2000: 120).

5.3.2 GRAND CORRUPTION

The privatisation process that took place after the transition was a highly corrupt sphere in Russia, which determined large structures for the Russian society. As discussed under institutionalisation of corruption, this correlated with lack of functional and regulative capacity, generating a time period that comes close to anarchistic behaviour.

Both bribery and embezzlement is frequently mentioned in the literature. These findings often come from bribes being received in exchange for illegal sale of public assets¹¹ (Varese 1997; Levin and Satarov 2000; Shlapentokh 2003; Hsu 2005).

¹¹ The literature is full of example of embezzlement and favouritism on the grand level after the transition, such as the son of the prime minister ending up as the largest shareholder of Gazprom, at the time the owner of one third of the known gas resources in the world Varese, F. (1997). "The Transition to the Market and Corruption in Post-Socialist Russia." *Political Studies* **XLV**: 579-596.

The fact that the legislative body is for sale, is another sphere of corruption that should be mentioned in relation to bribery on the Grande level. There are also several sources which claim that a standardisation of prices for services of the state Duma has been made public (Levin and Satarov 2000; Cheloukhine and King 2007). The way that the legislative body is penetrated appears to have changed. In the early days of democracy the oligarchs invested in themselves for representation in the Duma. This has changed to a more effective short-term focus, as it emerged as more effective to simply bribe already elected representatives to lobby for their interest¹². One does not need to build long-term relationships with elected politicians when you can swiftly move in and buy the specific favour you are after. There now seems to exist a competitive market of lobbyists who know exactly the right price and the right deputy(s) to approach for the specific service (Cheloukhine and King 2007: 116).

5.3.3 PRIVATE CORRUPTION

The sample from Russia also generated the only examples of corruption in the private sector. One example of this stems from a statistical survey showing that 29% of sales in private firms being underreported (Johnson, Kaufmann et al. 2000: 497). It is however hard to determine if this is done simply to avoid paying tax, or if it is done to avoid the tax regulators, which again might lead to regulative scrutiny and demands of bribes. Other reports of fraud is where private businessmen are involved in trade of fake extracts, where only after the deal, a buyer learns that the vendors do not appear (Varese 1997: 584).

Other findings show that private corporations bribe law enforcement agencies in order to get advances in competition over other enterprises (Levin and Satarov 2000: 122-124). This interaction involves the bureaucratic level, but is categorised as private corruption as it is the entrepreneur who initiates the interaction. There is also evidence of theft, as 50% of the reported economic crimes in 1995 were property theft in the private sector (Varese 1997: 588). A straight-out robbery of property will often be done by bribing a judge to draw up

¹² One oligarch confirms that for USD 200 million one could buy half the Duma, generating 200 seats working for you. But all you really need is 30-40 of the most influential deputies lobbying your case. Cheloukhine, S. and J. King (2007). "Corruption Networks as a Sphere of Investment Activities in Modern Russia." *Comunist and Post-Comunist Studies* **40**: 107-122.

fake contracts. While this is the only evidence of this type of corruption from the literature review, it is nonetheless a remarkable finding due to indication of the extent.

As with China, it is surprising to find so few examples of corruption in the private sector throughout the literature review. It is therefore possible that these findings either reflect little corruption in this locus, or the literature does not focus on corruption between private entrepreneurs. If one takes into consideration the degree of institutionalisation of corruption in Russia and China, the latter argument seems more plausible. Why should private entrepreneurs avoid corrupt means when the rest of society to a large degree participates in corruption? Is it likely that the most suited competitor wins private contracts over those that use corrupt methods? Considering that few findings, such as private organisations willingness to bribe the law enforcement in order to gain advances, it is also likely that this level does not shy away from corruption in order to gain desired goals. However, the role of the literature review is to highlight the areas in the literature that are not covered by research, my understanding is that this is the case for corruption in the private locus. Future studies on this topic are therefore recommended, as it is likely to highlight an area not already covered by research, possibly together with bringing forward new definitions and understandings of corruption, as the focus must lie outside the interaction between state agent and private actor.

5.3.4 COLLECTIVE CORRUPTION IN RUSSIA

Also in the literature on Russia findings of collective corruption were brought forward. The article “Corruption Networks as a Sphere of Investment Activities in Modern Russia” (2007) was presented in the previous chapter. While the example of collective behaviour behind the corrupt acts has similarities to China, it also has major differences in attributes. The findings in Russia are not of collaboration within whole bureaucratic departments, but rather networks with individuals belonging to several departments. This seems to be set up in a functional manner, where different members serve different tasks, dependent on which public agency they work for.

With further regard to Russia the question regarding these new findings reflects the development of corruption, or whether the findings reflect the development in the literature. The direction of causality is hard to determine, but one indication might be in relation to the institutionalisation of corruption. Other findings mentioned earlier show that corruption is becoming more galvanised, as a de facto way to operate in Russia. Corruption within networks might therefore be a result of this process of institutionalisation, where corrupt activity within network is more sophisticated, as it both lowers the risk and decreases the gain. Another possibility is that the observed corruption within networks is the extension of former structures of the Blat.

The general findings from the literature review give a clear indication, where the bureaucratic level is the main locus for corruption in China and Russia. In both cultures it is bribery, fraud and embezzlement that are the most common types. The data from Russia indicates more of a predatory type of behaviour within this locus. Both countries also have collaborative behaviour behind the corrupt acts, though the attributes of these collective ventures differs somewhat. In China the networks go along bureaucratic departments, while they tend to cut across organisational structures in Russia. In both societies there seems to be a large degree of corruption at the Grande level. While the reported cases of corruption at this level are fewer, the scope of the acts are seemingly more damaging. However, Norwegian organisations are less likely to be meeting with corruption at this level of society. The literature review bears few indications of corruption in the private sphere. These findings are most likely to be in relation to the focus of the literature, as both the understanding of corruption, and the academic lens is focused on separation between public and private sphere in the bureaucracy.

5.4 INSTITUTIONALISATION OF CORRUPTION

The theoretical backdrop for analysing institutionalisation of corruption is based on Scott's (2003) three pillars.

5.4.1 THE REGULATIVE PILLAR IN CHINA

The regular element is based on the states "capacity to establish rules, surveillance mechanisms and sanctions to influence behaviour" in order to stamp down on corruption (Scott 2003: 880).

The result of my literature review shows that in order to analyse the regulative capacity in China, one has to understand the dynamic relation between rapid development, and regulations trying to keep up with these changes.

Sun (1999) explains that at the highest political level, Chinese politician have used the fight against corruption to gather the party after internal discord. After every major power struggle between conservatives and reformers, one has found common ground again in the fight against corruption. This is exemplified by the crackdowns on corruption following the reform waves in 1982, 1985, 1988, 1989 and 1992 (Sun 1999: 7).

Along with the rapid development and expansion of the market economy, more opportunities and new ways of being corrupt follow. The state attempts to meet these challenges by updated and further regulations. A central question is therefore who's winning this dynamic battle?

The majority of my findings suggest that the state's regulative capacity is constantly lagging behind. Some authors, such as Gong (2002) point out that that "involvement in corruption has become increasingly risky as China's central government has drastically intensified its anticorruption campaigns" (92). His argument is based on the fact that the amount of regulations and inspections are increased every year by the central government. However, numerous other findings indicate that while regulations are intensified, they are carried out in a wake of changes that are always ahead of the regulators¹³ (He 2000; Gong 2006; Larsson 2006). For example He (2000), points out that legislations have historically lagged behind the development of the market, generating loopholes for corruption (: 252). The conclusion in this dynamic relationship is therefore

¹³ One example of this is the fact that anti corruption agencies have addressed the new forms of corruption arisen in relation to marked economy, such as insider trading, manipulation of stock marked and cross boarder corruption He, Z. (2000). "Corruption and Anit-Corruption in Reform China." *Communist and Post-Comunist Studies*(33): 243-270.

that the extent of regulations is growing, but not as fast as the extent of corruption.

While the extent of regulations are losing out to the intensification of corruption, my findings also suggest that there is a general absence of political will along with a lack of capacity to stamp down on corruption. The sample of literature shows several cases of the Chinese government attempting to crack down on corruption without the effect being significant. For example Lu (2000) points out “regulations as well as laws, are often weak deterrents and are frequently ignored” (283). This problem seems to increase when the localisations of corruption is higher. Some cadres are convicted for illegal behaviour in relation to anti-corruption campaigns, which are often combined with a high media profile sending out a clear message. This is however the deviations rather than the norm, and rarely accounts for the higher-ranking officials (Sun 1999: 6).

The lack of an independent judicial body is highly relevant in relation to the lacking capacity to stamp down on corruption. Parallel to the underdeveloped judicial culture, neither media are free nor can voters express their meanings through polls (He 2000: 254). Today, penalisation of party officials is dependent on the party itself. And there exists a clear unwillingness within the party to restrain corrupt behaviour among the cadres. Throughout the market reforms organised crime and corruption have expanded significantly under the patronage of local officials (Larsson 2006: 271). This generates a picture whereby the party, from the outside sends out a message of being against corruption, but from the inside allows it to flourish.

Another clear tendency gathered from the findings, is an increasing degree of corruption in relation to decentralisation of power. Together with this downward shift of power is less surveillance by central authorities. This state relaxation of control opens up opportunities for corrupt behaviour. The combination of more power, a lack of accountability and less transparency seems to be a certain recipe for an increase in corruption (Gong 2006).

These indications draw a picture where the new regulations are always lagging behind the rapid changes. The state has no independent media, nor judicial

apparatus along with a lacking will within the party, which generates a picture of low regulative capacity for tackling corruption in China.

5.4.2 THE REGULATIVE PILLAR IN RUSSIA

The sheer lack of a culture for legal traditions is the most striking feature when analysing institutionalisation of corruption in Russia through the regulative pillar. Today, this is manifested by important legal areas simply lacking a jurisdiction. This again must be seen in relation to the collapse of the Soviet Union, where the authority of the communist party was never replaced (Sun 1999: 7; Levin and Satarov 2000). Most anti-corruption regulative powers did not exist after the transition to democracy and market economy. This factor also merged with the adoption of the neo-liberal ideology, where the role of the state should be minimized. Together with the weakened authority, the state had very little capacity to monitor the behaviour of corrupt actors (Levin and Satarov 2000: 7). The functional void of the state apparatus was soon filled by corrupt mechanisms. My findings suggest that while the behavioural outlook of corruption has changed since the early nineties, the intensity has not decreased.

Property rights is one example of the judicial areas that are poorly defined (Varese 1997: 583). The same can be said for the jurisdiction regarding share holding¹⁴. Russia also doesn't have a proper tax code. A large part of the tax regulations are also left open for interpretations by the tax inspectors.

Generating a lack of verifiable and transparent relation between inspectors and tax payers, this is an area that breathes corruption¹⁵ (Varese 1997: 416; Gerber and Mendelson 2008).

Russian regulators also have unlimited powers to inspect. This is often used to assess how profitable private enterprises are before putting the same businesses under regulative scrutiny in order to extract bribes (Safian, Graham et al. 2001: 1219). In this way, the pillar that should protect organisations against corruption

¹⁴ One interesting attitude is expressed by Michail Yukov, first vice-president of the Supreme Court, who declared: "This share business is too complicated for us. We do not understand it. We have no laws to deal with it. Our laws do not answer these new questions. We are paralysed" Varese, F. (1997). "The Transition to the Market and Corruption in Post-Socialist Russia." *Political Studies XLV*: 579-596.

¹⁵ The tax regulators are even allowed to negotiate the tax level with the subject organisation.

instead uses their powers to produce corruption, generating a predatory type of bureaucratic behaviour. These findings are in line with Johnson and Kaufmann et al (2000) finding that managers in Russia uses a fifth of their time dealing with state officials (505).

One important finding is Checouline and King (2007), who shed light on corruption within networks. The collaborative behaviour often involves a joint venture between both private and public actors, which are set up under protection from both law enforcement bodies and political actors. In this way a fight against these mechanisms also falls under anti-party conspirators. This approach to organising corruption is in line with findings suggesting that the risk of being caught for corruption has gone down while benefits have increased since the Soviet area (Cheloukhine and King 2007-110).

To summarise the findings within this pillar, both China and Russia have a low regulative capacity. In China, this is exemplified by the findings of anti-corruption regulations losing out to the growing extent of corruption that follows in the wake of rapid economic development. At the same time, there is a lack of will to fight corruption within the Party. Russia seems to be experiencing an intensification of corruption from the regulative perspective, due to the lack of jurisdiction generating predatory behaviour by the state regulators themselves.

5.5 THE NORMATIVE APPROACH TO CORRUPTION

The normative pillar analyses elements that involve “(...) the creation of expectations that introduce a perspective, evaluative and obligatory dimension into social life” (Scott 2003: 880).

5.5.1 THE NORMATIVE PILLAR IN RUSSIA

The perspective of moral confusion, parallel to major political transitions was pointed out several times throughout the literature review. In Russia one went from communism to capitalism by way of shock therapy. The different orientations of values, attached to each system, are that of extremes. It is therefore not surprising to find that manoeuvring between them has caused

moral confusion and extreme behaviour. Especially for state officials and those who believed in the old system, the barrier for being corrupt in the new system, has been low (Sun 1999; Satarov 2000).

My findings paint a clear picture of normalisation of corruption in everyday life in Russia. This is exemplified by the fact that average Russians have grown accustomed to bribes as being a normal part of life. Some findings even point out that a collective development of standardisation of fees has taken place. The general population knows when to pay and how much to pay depending on the situation. The same goes for private organisations, which have developed an opinion on what is a fair and what are expensive prices to pay for protection (Shlapentokh 2003: 152-153). This correlates with findings on the political level, such as a standardisation of prices for bribing members of the Duma, being published in several of the larger Russian newspapers (Cheloukhine and King 2007: 113-115). Other findings indicate that the discourse on corruption as a problem is completely absent in both the media and the public.¹⁶

Democrats who achieve political power seem to collapse into the existing structure rather than changing it. While changes regarding corruption have taken place, they are towards a more calculated manner. After the transition the norm was to grab what one could while one could. My findings suggest that one now calculates, grabbing more but less frequently, whilst covering up better. This behaviour correlates with the development of corruption through networks (Cheloukhine and King 2007). It is also likely that the normalisation of corruption is in line with the system depending on corruption. Cheloukhine and King (2007) argue that if one were to cease all corrupt activities immediately, the whole Russian state and economy would collapse. The extent of this finding is of interest, since it is hard to be against something one is dependent upon.

¹⁶ The media have stopped criticise corruption like they did in the 90's, research shows that people don't talk about corruption in public and only 23% of the Russian population do not find corruption to be a major concern Shlapentokh, V. (2003). "Russia's Acquiescence to Corruption Makes the State Machine Inept." *Communist and Post-Comunist Studies* 36: 151-161.

5.5.2 THE NORMATIVE PILLAR IN CHINA

A striking feature from a Norwegian perspective is the vacuum between expressed norms, governed by the regime in China, and actual behaviour. Traditionally, anticorruption campaigns have approached corruption as a normative phenomenon, which is related to the individuals' character. The corrupt officials have been understood to have a rotten nature and the solution to the problem would be general ideological education (Manion 1996: 188). While this approach has not had a desired effect, it is an expression of the Party's attitude.

He (2000) argues that Mao's Cultural Revolution led to many people turning their back on values anchored in Marxist-Leninism (: 254). He also points to a "gap between moral education and reality" (He 2000: 254). The official norms are still those of the old regime; where one is supposed to work hard, live simple and be selfless. Policies on the other hand, urge people to get rich fast. (He 2000: 254-255).

Also in the normative pillar, the focus of the goal being holier than the means becomes obvious. There are several findings suggesting that corruption is tolerated if it can be related to economic development as an outcome (Wedeman 2004: 6-7). This perspective is also related to the Norwegian normative perspective of corruption only being a negative thing. If the goal is economic growth, how can one argue that corruption has a negative effect when the Chinese economy is outperforming every other economy, while corruption has been further intensified in the same period? It is these norms one has to understand, when analysing why the Chinese government partly views corruption as legitimate (Lu 2000). Corruption is therefore only regarded as a problem if the act is not carried out under the larger goal of economic growth. And it seems to be this normative rank that generates the contradicting signals, where corruption is painted as an evil on the outside, while tolerated from the inside of the Party.

To summarise, the findings from both Russia and China generate a normative climate that to a large degree accepts corruption. A normalisation of corruption seems to have taken place in Russia, where a more sophisticated approach to

corruption has emerged. In China corruption is downplayed in favour of economic growth, a normative rank that is not likely to change.

5.6 CORRUPTION AND CULTURAL-COGNITIVE ELEMENTS

The cultural-cognitive concept seeks to describe the way of thinking behind corruption in the two cultures. This is done by looking for concepts and frames, which allow for a common nature of a social reality within a culture (Scott 2003: 881).

5.6.1 THE COGNITIVE PILLAR IN CHINA

The first thing that should be mentioned in relation to China and a cognitive understanding of corruption is the lack of separation between the state and the Party. As pointed out under the development for rational-legal culture, the complete lack of this element is in stark contrast to a Norwegian understanding of corruption, separating between private and public spheres. The same can be said for distinguishing between politics and the Communist party. It is portrayed as almost impossible for average Chinese to see this difference, because in their worldview they are the very same.

The question then becomes, if one has never experienced a separation between the private and public spheres, how can one then understand the concept of corruption as something within this frame of logic? Gong (2002) touches upon this element when pointing out that China “lacks a stable normative consensus in society that corruption is an unacceptable, not unavoidable, part of social life” (: 101).

My findings suggest that the understanding today is of corruption being inevitable for development. The anti-corruption focus is for example understood to hold the potential for hampering reforms (He 2000:252). The findings also show an extreme widespread use of illegal levies, together with the fact that entire agencies operate together in collecting and shearing these corrupt fees (Lu 2000). This behaviour might indicate an understanding of this manner as being legitimate benefits that come along with the job.

The literature also indicates a strong relationship between decentralisation of power and a cognitive shift relevant to corruption. The new reforms have created new collective frames for achieving state budgetary money. Parallel to the decentralisation of powers, regional governments have received significantly less budgetary allocations whilst expenditures have been increasing. The central governments have also created clear policies for internal competition between regions creating geographical winners and losers. At the same time the local governments have been encouraged to pursue their own economic advantages. The competition and relations between regions have become fierce. This has triggered a new approach to maximising revenues, where local state bureaucracies shift the focus on how to alternatively earn money. This again has forced local governments into bureaucratic empowered extractors of local revenues and self-interest. And this is a cognitive shift that has led to outspread corruption behaviour among officials (Gong 2006: 92). Not only are they being corrupt, but from their perspective, the act is for the better of their local governments.

5.6.2 THE COGNITIVE PILLAR IN RUSSIA

Throughout the literature review, a strong relationship between corruption and normalisation of the act was found. One survey for example shows that “two thirds of the population assumes corruption is a normal part of everyday life” (Mokhtari and Grafova 2007: 152).

These indications are further manifested by the attitudes of the Russian youth, which ranks bribes and connections as the only way to become successful and being dishonest as a part of this process, while hard work and education is regarded as a less important factor. These shifts of concepts has changed significantly for the worse since the early 90’s (Beck and Lee 2002: 157).

The taxation system created by Yeltsin’s government might hold explanatory powers relevant to this shift of focus. The system placed people in an illegal and immoral position. The semi-criminalisation of the citizens was done to obtain control during the transition period. This led to a loss of ideological identity by the state officials. Over time, the notion of being a part of a system was replaced by the cognitive approach of working for self-preservation through personal

enrichment. This is also likely to have had an effect on the “criminalised” population, who had to use corrupt means to get out of the trouble that the state had placed them in (Cheloukhine and King 2007: 112-114).

During the Soviet area, the common understanding was that of the state being public property. After the transition, the public experienced the massive theft of these public properties. This extreme embezzlement of public goods generated a public image where the citizens were completely lacking protection from criminal cartels on the one hand, and the state representatives on the other. These public images are still fresh among the Russians consciousness (Levin and Satarov 2000: 114).

The findings, in relation to the cognitive pillar, highlight the major cultural challenges that Norwegian organisations must face when operating in China and Russia. What is deemed as corruption by Norwegian standards can be carried out from the perspective of bringing in revenues to the state budgets, by Chinese officials. This is further related to the lack of rational-legal traditions in China. In other words, the frame that Norwegians understand corruption in is absent in China, hence the different cognitive approach to corruption.

5.7 SOCIAL NETWORKS

The social networks in China and Russia are of interest when tackling corruption in China and Russia. The mechanisms of Blat and Guanxi determine a significant amount of flow of resources, some of which can come in contrast with the Norwegian understanding of corruption. While these social networks can determine corruption, they also provide an understanding of a link across levels in society. Michailova and Worm (2003) point out that “although Blat and Guanxi are phenomena anchored at the individual level, they become an important asset at the organisational level as personal relations are dedicated to and used by the organisation” (: 511).

5.7.1 BLAT

My findings indicate a rather extensive change of the mechanism in Blat. The previous chapter presented an article by Ledeneva, the key author on Blat, who

highlighted how the social networks had responded to major political, cultural and economic changes in the Russian society. The outcome of these changes is highly relevant in relation to corruption. Ledeneva (2008) argues that “(...) the post-Soviet reforms have changed informal practices so much that blat has almost lost its relevance as a term that describes the corrupt use of personal networks in contemporary Russia” (: 118).

These findings do not simply imply that Blat does not determine corruption anymore. Rather the opposite, the functional outcome of the network has gone from small-scale to large-scale corruption. The causal link in this shift is how the central mechanisms in the network have responded to the major changes in Russian society.

Two attributes are important to highlight in relation to this. First of all, the major structures of distribution have changed. Blat used to function as a redistribution of commodities and services in short supply in society, structured so the general people benefited at the expense of state property (Ledeneva 2008: 131-132). Now, the mechanisms in the network are used in a calculative and manipulative manner, for private gain and personal enrichment. At the same time the value of favours has been exchanged with hard cash, which now is the commodity in shortage and the driving force for connections within the network (Ledeneva 2008: 132). And it is these changes, which have practically reoriented the entire network.

The period after the transition has also seen large normative shifts. For example the understanding of what is necessity and what is luxury, together with the understanding of what's private and what's public (Ledeneva 2008: 131). All these normative changes are also a parallel change towards a more corrupt use of the mechanisms in the network.

On the one hand, these changes deviate significantly from the origin of Blat. At the same time, this more corrupt outcome of Blat still fits the original definition as “(...) the use of personal networks and informal contacts to obtain goods and services in short supply and skirt formal procedures” (Ledeneva 2008: 120). It is just that the “goods and services in short supply” has changed severely, while the

flow of resources in the structure has gone the opposite way, from benefiting many people in the lower end of society, to benefiting fewer at the high level end of society, often on behalf of public properties. And it is these shifts that make the mechanism in the network more corrupt.

While the functional structure of Blat has changed, the network still determines behaviour in the Russian culture. Michailova and Worm (2003) explain that the network "(...) develops the ability to establish and disseminate a system of shared and tacitly understood norms and rules, which allows the members of Blat and Guanxi to act appropriately not only under well-defined conditions but also under changing contingencies" (Michailova and Worm 2003: 512). Blat was traditionally built around trust in a manner that is important to understand. As mentioned under the cognitive pillar for institutionalisation, Russians place more trust in relations than in rules and laws. This, however, needs to be further specified.

The Soviet past, where it was hard to trust others as they could potentially harm you, has shaped the Russians approach to trust. Those who one does not know are potentially harmful, while those who one trusts receive a higher degree of intimacy than what is normal in the west. And it is over these latter relations that one will seek to do business with. It is for the very same reason that there exists a widespread belief that success in business, is to a large degree the result of good personal connections and networking, rather than a result of quality and price of the product or service (Michailova and Worm 2003: 511)¹⁷. This is in line with other findings suggesting, that people have lower normative barriers against doing something illegal, while maintaining a high barrier for breaking promises in a relation (Cheloukhine and King 2007: 113). Trust can only be achieved through a long-term perspective.

The different emphasis on the separation of private and public spheres is also reflected in the business level. In China and Russia, one prefers to do business

¹⁷ Russians also rank personal relationship as the second most important factor, after big income in survey, indicating how important relationships are in Russia. Michailova, S. and V. Worm (2003). "Personal Networking in Russia and China: Blat and Guanxi." *European Management Journal* 21(4): 509-519.

through well-known relations, since these are regarded as more trustworthy (Michailova and Worm 2003: 13). This comes into conflict with the Western tradition of emphasising a distinction between corporate and private life, and where a combination of these two spheres is regarded as problematic, as it can lead to choices based on who one knows instead of the best alternative (Schneider 2003: 40). From the perspective of corruption, the Western concept of favouritism can therefore be problematic when doing business through relations in China and Russia. Both are collective orientated societies where the flow of resources to a large degree is managed through social networks, best understood through the concepts of Guanxi and Blat.

5.7.2 GUANXI

My findings on Guanxi suggest that the network also responds to changes in relation to political and economic factors. These changes are however less drastic compared to Blat. This is likely to be in relation to the Guanxi practices dating back to old Confucian values and traditions, generated from concepts of family and relationships, in contrast to Blat, which evolved around the time of the Soviet era (Hsu 2005: 313-314). All the included articles echo the theoretical assumption, that Guanxi is the mother of all relations in China (Michailova and Worm 2003; Hsu 2005; Ledeneva 2008). While Guanxi is necessary to get anything done in China, Guanxi is also something that one is expected to participate in.

The concepts of reciprocity and face are essential to understand as they reinforce each other.

The expectations of participation is further anchored in the Chinese external locus of control, where every individual seeks to be in balance with social relations in his environment (Michailova and Worm 2003: 511). It is also important to see this together with the widespread belief that success in business to a large degree is a result of good personal connections and networking rather than quality and price of services and products (Michailova and Worm 2003: 511).

The participation often builds on generating life-long patron-client relations. In general it is the client that can make unlimited demands of the patron. This is often done by offering a gift or a favour, which is unthinkable to turn down. When this exchange is done in the patron-client relation, it has to be reciprocated, for the receiver in the relationship to be in balance. Ledeneva (2008) expands on this interaction by pointing out that “the moral force of Guanxi reciprocity is so strong that it is difficult for a person to decline the request of a friend or to fail to repay a debt of renqing. Such behaviour would mean that the person lacks human feelings and does not know how to conduct themselves” (: 127).

A failure to live up to these expectations would lead to a loss of face, which is further tied to loss of prestige and the interdependent self, and it is for the same reason that the concepts of Guanxi and face reinforce each other (Michailova and Worm 2003: 515). It would also be impossible to restore a friendship or a relation if loss of face took place. It is the skills attached to reading, interpreting and handling these mechanisms that gives the understanding of handling Guanxi as an art (Ledeneva 2008: 121).

Once the patron has received a gift or a favour, the client can make unlimited demands in order to restore the balance in the relation. It is therefore not surprising that several of my findings also point out that those who are skilful at handling Guanxi, manage to avoid situations that might lead to demands of reciprocity (Michailova and Worm 2003; Ledeneva 2008; Luo 2008). The demands of reciprocity can also determine corruption.

Several findings also suggest that the knowledge of negative information of a member in the network is often regarded as some of the best information in Guanxi (Dunfee and Warren 2001; Michailova and Worm 2003; Ledeneva 2008). The negative information serves as a potential threat to individuals as it might lead to loss of face. In this way, the person inhabiting the key information can partly determine the behaviour of the person one has negative information on. This again can easily lead to misallocation of resources and corruption due to

obligation and reciprocity. It is for the very same reason that a skilful member of a Guanxi network manoeuvres themselves in a way where they are not weighted down by obligations (Dunfee and Warren 2001: 198).

Guanxi is often used as a tool for getting things done by international organisation in China. Nonetheless, the use of illegal channels often ends up as a powerful tool in form of negative Gunaxi, where the corrupt officials use the information to blackmail the organisation. It is for the very same reason that foreign organisations in China should know that short term gains from illegal Guanxi often can generate long-term losses (Luo 2008: 192)

Some of the mechanism inherent in Guanxi can also determine behaviour that will come in conflict with a Norwegian understanding of corruption. First of all, in order to establish a dependency between patron and client, the gift can be paid in pure monetary forms. This, of course, is straight out bribery. Interesting findings in relation to this, is that there is a notion of good and bad Guanxi inherent in the network. Guanxi should be a manner of establishing a trust based on long-term relations, which further belongs to a broad network of relations with mutual obligations. Straight out bribery does not fit into this orientation. Legal Guanxi is therefore not dyadic, in that transactions only go between two people, hidden from the rest of the network (Michailova and Worm 2003: 518). In that sense, bribery is not legal, neither in China nor in Norway. But it still happens determined by Guanxi, especially in the level between private organisations and government officials (Ledeneva 2008: 131).

While Guanxi is necessary to get anything done in China, the symbolic interaction of the gift is a practical requirement when establishing relations. The question therefore becomes whether the gift in itself triggers the definition of corruption. According to the types of corruption in this thesis, a bribe is a “fixed sum, a certain percentage of a contract, or any other favour in money or kind” (Andvig, Fjeldstad et al. 2001: 8). Money as a gift will therefore be defined as corruption. It is however harder to establish if the use of a non- monetary gift is a problem. Since corruption is an evaluative concept, it can often be hard to determine whether an act is corrupt or not.

In Norway, there are several incidents where gift giving has been criticised within the frame of corruption. For example komunalminister Liv Signe Navarsete was deemed by the media for receiving a gift from a private entrepreneur, and handed the gift back. In China, on the other hand, these gifts are a natural part of establishing relations. It might therefore be natural to draw the line on corruption dependent on whether the gift is of such a kind that it replaces monetary favours and therefore has similar assets to a bribe. At the same time this approach also has no clear upper or lower limit, making it hard to determine at what time a gift is only a friendly symbol or a bribe. This again calls attention to the problems of labelling an act that does not belong to a fixed category, but is dependent on being evaluated according to its context.

Favouritism is another aspect of Guanxi that can be problematic in relation to corruption. As one does business according to a network, one is likely to establish contracts of deals according to who is closest rather than those being the best qualified (Michailova and Worm 2003; Hsu 2005). A flow of resources determined by favouring those close to you, or in order to reciprocate a relation, comes in conflict with the Norwegian principals of a clear distance between private and professional spheres.

Several findings suggest that it is normal to use Guanxi to bypass or circumvent bureaucratic rules and regulations (Michailova and Worm 2003; Hsu 2005; Ledeneva 2008). On the one hand this is very problematic in relation to corruption, as it does undermine the rational-legal bureaucracy. At the same time, the bureaucratic level is the most corrupt level in the Chinese society. And some findings suggest that this protects organisations from both rent-seeking and corruption (Dunfee and Warren 2001: 190-192).

5.8 CONCLUSION

Throughout this analysis I have applied four theoretical concepts for mapping out corruption in China and Russia, based on the data from the literature review. This has been done in order to answer research question 1: *What is the localisation, type and institutionalisation of corruption in China and Russia.* The

most obvious finding is that of the bureaucratic level being the most corrupt locus in China and Russia, according to the literature. This is also in line with the expectations. The bureaucratic locus is also a level in society that Norwegian organisations will have to relate to when operating in both countries. Bribery, fraud and embezzlement are the most common types at this locus. However, in both China and Russia the interaction behind these types seems to be intertwined. In Russia, this level is tainted with predatory behaviour, which seeks to extract bribes from private enterprises. A similar behavioural pattern is found in the Chinese culture, where private enterprises are likely to be exposed to fraud, in the form of illegal fines. This corrupt behaviour is at times organised within entire departments of local governments in China. Both countries also have a large degree of grand corruption. This is however given less focus; due to the findings, which indicate that the types of corruption at this level do not expose a direct threat to Norwegian organisations.

The use of the rational-legal paradigm also highlights major cultural differences in the frame that one understands corruption within. In Russia, former regimes have generated a culture that emphasises trust in relations over the state system, and emphasises orders over rules. The data from the Chinese culture forwards an even stronger contrast to the Norwegian culture. This is exemplified by a general lack of separation between private and public spheres, and rules and procedures being toned down in favour of a goal orientated approach.

The institutionalisation of corruption has been analysed through Scott's (2003) three pillars. Both cultures have a high degree of institutionalisation of corruption, which impose several challenges for Norwegian organisations operating in the two cultures. From a cognitive perspective, the lack of separation of public and private spheres in China, determines a stark contrast to the frame that corruption is understood within in Norway. Some findings also shows that corruption can be carried out within a cognitive frame of it being "the better for China", as local authorities need to extract revenues to their own state budget. Both states also suffer from a weak regulative capacity. In China there is a lack of will to stamp down on corruption, within the party on the one hand,

while the newly imposed regulations are constantly lagging behind the rapid development, on the other.

Russia lacks regulative jurisdiction in important areas, hence the predatory behaviour, as it operates in this vacuum. The normative pillar sheds light upon the normalisation of corruption in both countries. The extreme reorientation from communism to market economy by shock doctrine has created moral confusion in Russia. Today this normalisation is manifested in the fact that the average Russian knows when to be corrupt and how much to pay in a specific situation. In China the normalisation to corruption should be seen in relation to the preferred goal of economical development. Simply as corruption is only seen as negative when not in conflict with the favoured approach to economic development.

Findings show that the two social networks, Blat and Guanxi, are experiencing rapid changes. My analysis also indicates that the structure of Blat has changed so severely that corruption might best be analysed from a different perspective, like corruption within networks. Nonetheless, the mechanisms in the network still generate interesting information, such as avoiding dyadic relations in order to avoid corruption in networks. Guanxi has experienced less fundamental changes compared to Blat. The network still determines a high degree of the flow of resources in China, and with that also corruption. Interesting findings have however shown that there is an inner understanding of what is considered corrupt and not, embedded in Guanxi. And it is these findings which generate possibilities for participation in Guanxi for Norwegian organisations without being corrupt. All together, these four concepts have mapped out and given an indication on corruption in China and Russia. This takes us to the next step, which is moving from comprehending corruption, to acting in order to steer away from corrupt mechanism in foreign environments.

6 COPING WITH CORRUPTION

This chapter takes the focus from mapping out corruption, to handling – or acting when in corrupt environments. This is done in order to answer research question two: *How can Norwegian leaders get oversight and understanding of corruption in China and Russia, and what are the appropriate available main strategies to cope with the various types of corruption in these countries?* While in mapping out corruption, the previous chapter used five theoretical concepts to analyse the findings on the topic. This chapter moves to address handling corruption with an aim to equip leaders of Norwegian organisations with “tools” to understand and cope with corruption. This is done on two different levels. The first level is based on the findings from the previous chapter’s literature review; a checklist for the most corrupt spheres will be presented. Leaders of Norwegian organisations can use this in order to steer away from typical corrupt mechanism in China and Russia. This checklist contains an examination of different cultural understandings of corruption, mapping out the organisations’ dependency on the bureaucracy, building resistance to regulative scrutiny and highlighting the corrupt mechanisms embedded in social networks. The second level of this chapter presents five different strategies that leaders can use, in order to act towards corruption, in the challenging environments in China and Russia. These strategies are exit, education, reporting, collaboration, and translating back.

6.1 A CHECKLIST FOR AVOIDING TYPICAL CORRUPT MECHANISMS

The checklist draws on the findings from corruption in China and Russia. The aim is to help Norwegian leaders to both map out corruption in the subjected culture and to avoid the areas where one is likely to meet corruption.

6.1.1 EXAMINE THE DIFFERENT CULTURAL UNDERSTANDINGS OF CORRUPTION

At this step the rational-legal concept is used to analyse differences between cultures. This is the frame that Norwegian corruption is understood within, and can therefore be used as an analytical tool for highlighting cultural differences to the Chinese and Russian understanding of corruption. Generally, other cultures,

which have not experienced the same development as Western Europe, will not necessarily have the same understandings of corruption. These variations over cultures can be diagnosed according to this frame. Throughout the analysis, several differences were pointed out as central elements to analyse, such as the separation between private and public spheres, the bureaucratic traditions, and trust in the system versus trust in relations.

After the diagnosis, the organisation is left with results specific to the subjected culture. These results create a basic platform. At this point, leaders can use the general results to make relevant strategies to the particular cultural environment. From the analyses, we know that both China and Russia are ranged as highly particularistic cultures, where people emphasize trust in relations over trust in rules and regulations. While this lack of emphasis on rational-legal culture can lead to general challenges on corruption, this information can also be used to avoid corruption.

Due to the preference of trust in relations, the time perspective relevant to this frame also differs. Michailova and Worm (2003) argues that “Russians and Chinese invest serious effort and considerable time into building personal relationships. These investments only pay off if the relationship can be sustained over a longer time period. Several of our Russian and Chinese respondents express frustration at the fact that foreign expatriates come and go, often only staying in Russia or China for two years or less” (: 512). This again is a clear indication of the fact that Norwegian organisations need to approach network-building policies in a very different manner compared to when operating in Norway. By building networks according to local norms, in the form of emphasising a long-term perspective, one uses the trust installed in relations to open doors, instead of corrupt means. In other words, one can to some degree replace corruption by building social relations according to local norms.

In this way, the lack of separation between private and public spheres is used according to local values, in a manner that determines less corruption. This is also in line with findings that points out that Guanxi can be used to avoid corruption, by bypassing the actor that otherwise would have pressed for

corrupt means (Dunfee and Warren 2001: 198-201). This element has two obvious challenges. The first is the difficulty of maintaining employees long enough in a role that allows for building a desired level of trust. One also has to be careful when using Blat and Guanxi in these manners, as the borders to favouritism are blurry at best. However, if networks with the desired degree of trust can be achieved, it is the Norwegian organisations that have the initiative to not be corrupt. In this way, the tables are turned.

6.1.2 HIGHLIGHT CORRUPT MECHANISM IN SOCIAL NETWORKS

Social networks contain both good opportunities for networking, but also mechanisms that might determine corruption. Michailova and Worm (2003) also argue that “to ensure financial success, Western business people must be familiar with and sometimes play the game of Blat and Guanxi. This can be done by incorporating elements of Blat and Guanxi in Western Business strategies in Russia and China” (: 518). It is therefore important to map out which elements one can participate in, which elements one has to be careful with, and which mechanisms one must avoid. Employees that will participate in these networks must be made aware of these mechanisms.

In Russia, Blat has to a large degree lost the traditional functional outcome. Some elements do however still exist. One of these is the dyadic element of the network, where initiative for corrupt exchange is only made when under four eyes. This stems from Blat developing as an illegal way of distributing resources under the Soviet area. Demands of services are still made through similar channels, but never in public. Mechanisms like this can be mapped out in order to inform employees, who can use the information to tactically avoid situations that can lead to corruption.

Guanxi in China is more complicated. One is expected to both participate and one does depend on the relation to get anything done. The gift is one mechanism that needs clear policies. It is important to remember that in Guanxi there is also an understanding of differences between a gift and a bribe. The gift must therefore not exceed the monetary values of a bribe. At the same time one has to manoeuvre carefully in order to not be weighted down by obligations. As with Blat, illegal Guanxi is usually not dyadic. A network analysis done by the

organisation can be an important tool in order to achieve an overview of the network one should participate in

6.1.3 MAP OUT THE ORGANISATIONS' DEPENDENCE OF THE BUREAUCRACY

The literature review clearly identifies the bureaucratic level as the most corrupt sphere in both China and Russia. Foreign organisations are dependent on the local state bureaucracy on several levels. The general problem of corruption at this sphere is in relation to the state officials being the gatekeepers of the jurisdiction that the organisations seek access to, such as licenses to operate legally. This highly corrupt sphere therefore needs special attention, which can be acted out by five steps.

At the first step the organisation can map out its typical dependency relations to the bureaucracy. This is done in order to create awareness for a potential situation of corruption before an employee ends up in one. This can be achieved by issuing a designated status in relation to these spheres, such as “potential corrupt situations”. The next step would then be to attach policies to this status, where employees in the organisation can register before entering into an interaction that triggers this status. This allows the organisation to taint these situations with procedures for transparency and strategies. When the status of “potential corrupt situation” is triggered, the person that will be in the situations can report to a designated member of the organisations in order to establish strategies for the critical interaction. By registration both bureaucrats and employees, the organisation allows accountability. By going over the potential scenario in the situations one can predict potential outcomes in the intertwinement with state officials. At this stage it would also be beneficial to remind employees of the option to exit situations where one might end up being pressured for corrupt means. The last step is to debrief by reporting back after the interaction. This can both have a monitoring effect, while the information gathered from the debriefing can form a background for how the state agents at this level work. Further down the line this information can be used to build better and more precise information of these interactions, and how to manoeuvre when in them.

This generates the following five steps:

- 1 – Map out dependency relation to bureaucracy.
- 2 – Attach status of “potential corrupt spheres”.
- 3 – Attach policies to interference with these spheres.
- 4 – Taint interference with transparency and strategies
- 5 – Debrief.

This process makes for a careful and nuanced way to act towards the most corrupt spheres, based on the findings from the literature review. However, one obvious limitation is that this procedure requires a lot of time and resources. These procedures might therefore be considered to be too costly for smaller organisations, or quite rigid for those processes that are hard to plan ahead for. On the other hand, the only quick fix in a potential corrupt situation is to be corrupt. For the very same reason it is important to keep the right normative rank intact, as the focus on operating legally should not be downplayed for effectiveness. Or as Luo (2008) points out in the relation between Guanxi and corruption in China; while corrupt means and channels often are used as a tool for getting things done by international organisations, this act often ends up as a powerful tool, where the corrupt official uses the negative information to blackmail the representatives from the same organisations. It is for the very same reason that foreign organisations in China should know that short term gains from corrupt means often generate long-term losses (Luo 2008: 192-193).

6.1.4 BUILD RESISTANCE TO REGULATIVE SCRUTINY

My research shows clear evidence of predatory behaviour in both China and Russia. This can be harder to prevent than the previous point on the checklist, as this is corruption that “hunts” the organisation. Examples from China show a large degree of fraud subjected to organisations by illegally imposed fines. In Russia, predatory behaviour by tax officials is among the most frequent findings. Other data from Russia shows that the more time managers use on state officials, the more time they end up spending under regulative scrutiny.

Predatory behaviour is based on regulative scrutiny that is imposed to the organisations based on illegal use of actual policies, rules and regulations. And it is this element of the corrupt act that can be used against the corruptor. The

problem, however, is that managers of organisations usually do not have capacity to gain overview of political rules, regulations and specific laws. Norwegian organisations should therefore try to establish an external organ that meets these demands and try to create policies where no member of the organisation is allowed to negotiate under regulative scrutiny. When subjected to regulative scrutiny, one can refer the state official to the external organ. This external reference point can typically be a law firm with competence in typical jurisdictions that are used for regulative scrutiny. In this way the state official becomes dependent on acting according to legitimate jurisdictions.

6.2 STRATEGIES

This level presents five different strategic approaches leaders of Norwegian organisations can take when acting in relation to corruption in China and Russia.

6.2.1 EXIT

The first strategy is also the most drastic. Exit should be used when corruption in a foreign culture is so institutionalised that operating legally is close to impossible. From an ethical perspective, the exit status is triggered when the relation to the foreign environment has become so intense that there are no other options but being corrupt. From a cost-benefit perspective, the exit status is triggered when the price of operating in the environment, without corrupt means, exceeds the long-term gain. However, it is important to highlight that only one of these perspectives needs to be present in order to put the exit strategy into effect. It is, for example, incorrect to stay in a foreign environment where it is impossible to not use corrupt means, but where potential for long-term gain is present.

6.2.2 EDUCATING

Education is a softer strategy with a longer time perspective. Education is understood here as an approach to teaching and informing local actors of expectations in relation to corruption from a Norwegian perspective. Installing incentives for education can be done by referring to international and Norwegian expectations, law and consequences. This gives the organisation arguments for why one can't participate outside these standards. The obvious backside of this,

is that Chinese or Russian actors simply can move on to other company's that are willing to operate on their terms. And it is for the very same reason that this strategy is mentioned together with the anti-corruption pool in scope conditions, as it is through cooperation that international organisations can found pressure for higher standards on corruption.

One perspective within the frame of managing across culture can be helpful in relation to this strategy; distinguishing between core and periphery values. Core values are central to people's identity within a culture and are adopted by the majority of the individuals of a population. It is also for the same reason that overriding of core values are likely to backfire. Periphery values, on the other hand, are less central to an individual's identity, are adopted by fewer in a culture, and are more prone to changes by socialisation (Lachman, Nedd et al. 1994: 42-44).

For example, findings from the literature review shows that Guanxi is labelled as the mother of all relations in China, which makes participation in the network a core value. However, other findings indicate that there is an embedded awareness within Guanxi, of normative differences between a gift that symbolise an emotional relation, and gifts that are bribes (Luo 2008: 189-191). In other words, it would be unintelligent to criticize Guanxi, but going along the local values, one can participate in the network and still take distance from corruption.

A similar approach should be made in more severe cases on widespread corruption. The message must be clearer, as in these is behaviour and acts that we as an organisation cannot stand for or participate in, while also explaining that the actor one relates to has to develop severely if one is to do business again. In these cases, one should also try to appeal to local norms, as it is likely that corruption is considered as something negative in the specific environment, even though it is widespread. However, do not try to educate on core values, as this will only cause resistance against the long-term goal in the environment.

6.2.3 REPORT

The strategy of reporting has several benefits in relation to both managing and anti-corruption. Reporting as a strategy is related to documentation of corrupt situations that the organisation experiences. One can report to three different authoritative bodies: the Norwegian government, local governments of foreign environment, and international organisations that work across borders, such as Transparency International, expatriate business environment in local culture, and over national legal bodies.

There are three reasons to report. The first is encounters of corruption where the organisation manages to steer away from the corrupt mechanism. These instances should be reported as they create awareness within the organisation, among other international organisations, and it sends out a clear message to local governments about undesired behaviour. The second scenario is where the organisation finds out that there are corrupt circumstances amongst the actors they relate to. The third and most serious scenario is where the organisation discovers that its own operations have been involved in corruption.

In both of the latter scenarios it is highly important to report, especially to Norwegian governments, the jurisdiction one is under due to the location of the headquarters. Making sure that the organisation is open in these situations is not only a matter of adhering to the law, but also from the perspective of reputation management. There is a vast difference in the reputation between an organisation that discovers, reports and distinguishes corruption and one that tries to cover it up.

Having clear policies on reporting also sets the organisation in a special mode, as openness emphasises transparency, which again functions as a sanction that influences behaviour. Reporting is also likely to have another effect in relation to reputation managing. In situations where the organisation discovers or encounters corruption in the relation to actors from the local environment, one is likely to be met with considerably more understanding than if reporting regularly while trying to operate in a highly corrupt culture.

6.2.4 COLLABORATION – THE ANTI-CORRUPTION POOL

In any foreign environment there are likely to be several international organisations. And while competition may exist in some areas, common goals are also likely to be found, like avoiding corruption. At the same time other international organisations also have to answer to the jurisdiction of their headquarters. These are all incentives for international organisations to collaborate on creating an anti-corruption pool, where representatives of all organisations collaborate through this organ. Working across organisation can also make the anti-corruption work more effective in several ways.

First of all, other organisations are also likely to have different experiences of corruption in the same environment. By sharing interactions with corrupt incidents, broader and more effective data can be collected, which allows for a more precise background for mapping out corruption in the environment. This map can be shared with all the members of the pool. When several international organisations work together one also gains more power, which can be used as pressure towards actors in the environment for not using corrupt means. This latter argument can also be reversed, as in when fewer participate in corrupt means, the corruptor has larger incentives for changing its methods. The anti-corruption pool is also likely to have a regulative effect on its members, as organisations then become monitors of one another.

6.2.5 HANDLING – TRANSLATE BACK

This last strategy takes the focus from corruption in the foreign environment and back to the Norwegian culture. The general understanding of translation is when “something”, in form of ideas, is taken out of one context, and recontextualised, before “something” is attempted to be replaced in a new context (Røvik 2007: 247). The general focus in this thesis is handling corruption across cultures. However, the normative focus is mostly in the direction of China and Russia adopting Norwegian standards. This strategy, on the other hand, attempts to add the cultural perspective from these two countries to the Norwegian environment. The Norwegian values, focus, and understanding of corruption have changed rapidly over the last fifteen years. This is reflected by government regulations and the media discourse.

As late as in 1996, private entrepreneurs were given tax relief for bribes paid outside Norway, on the public tax equation (Hjellum 2007: 12). Corruption was not a topic among authors in Norwegian political science until the 1990's. Until the revision in 2003, the criminal code had a limited definition of corruption based on bribery (Hjellum 2007: 11-12). Bribery is a basic expression of corruption, where favours are exchanged for hard cash. One can therefore label an understanding of corruption, limited to bribery as "core corruption". In the last decade, the focus on corruption has expanded vastly. Still only a few cases of "core corruption" are known in the public discourse¹⁸, while a large extent of the media focus is on "periphery corruption", such as Navasethe receiving a ring from a private investor, Audun Lysbakken giving funds to a favourable receiver, or Gahr Støre's potential generating funds when he was incapacitated due to close relations to the receiver.

This dynamic media discourse is on the agenda today; it is constantly developing, covering new ground and determining new values. One of the later contributions in the discourse came from professor Trond Nordby, who argued that politicians should not even receive a pen from external actors, as there is no lower cognitive barrier for what one is influenced by¹⁹. In other words, the development in the discourse has intensified from very little focus on "core corruption" in the early 2000's, to a vast amount of attention on "periphery corruption" today. But to what degree does this discourse contain room for corruption over cultures?

Throughout the previous chapter, differences regarding corruption across cultural borders have been analysed. Needless to say there is a vast disagreement between values that deem receiving a pen as unethical, and values which determine gifts as obligatory for establishing a relation, such as in Guanxi. Nonetheless, while the Norwegian discourse has intensified, the perspective in this discourse debate has been limited to the Norwegian culture. And it is this lack of perspective in the debate that is problematic for organisations operating in foreign environments such as China and Russia.

¹⁸ Such as the "Statoil-Horton case" and the "Nedre Romeriket Vannverk" case.

¹⁹ During an interview on "dagsnytt 18.00" on NRK P1 2/4-2012.

An organisation's legitimacy is anchored in the environment. Lachman, Nedd et al. argue that "cultural values give an important role of legitimizing the organization's existence and its modes in functioning, as well as the pattern of behaviour of its members" (1994: 43). The problem is that the Norwegian discourse generates values of how organisations should handle corruption that at no level takes the perspective of cultural differences into account. And it is towards this crux that leaders of international Norwegian organisation must act; by participating actively in the discourse in order to add the perspective of operating in foreign cultural environments. Needless to say, cultural values that deem the gift of a pen as critical and values that determine a gift as obligatory to establish a relationship do not go hand in hand. By lifting the discourse up, to take the cultural perspective into account, Norwegian organisation help develop new values, in its own environment, that are more consistent with the challenges of corruption when operating across cultures.

6.2.6 SCOPE CONDITIONS

Some of the approaches to handling corruption can also be combined. The strategies of reporting and translating back are examples of that. Reporting is to a large degree about opening up in relation to scope conditions. But reporting is also where the meeting with the corrupt environment is documented. It is for this reason that the strategy of reporting can provide documentation of how it really is to manage in cultures with vastly different values and traditions to Norway. And it is because organisations are transparent about their activity and play together with authorities on three levels that the argument for an international cultural perspective in the Norwegian debate becomes more valid. In other words, it is more credible to argue for a cultural perspective when the organisations that make the claim both play with open cards and make it visible that one is trying as hard as possible.

Education as a strategy can also be more effective when done together with reporting. By combining these two, one couples together the fact that Norwegian organisations can't cooperate with corrupt behaviour and regulative authorities that provide the jurisdiction for the very same argument.

The anti-corruption pool is the one strategy that can strengthen most other strategies. One reason for that is because one gains a larger capacity to pressure for influence with more powers behind the claims. Education is likely to have more of an effect if a larger amount of the international organisations in the environment are behind the values being taught. The coordination is also likely to make the anti-corruption work more effective, such as with mapping out corruption, or reporting. Resistance to regulative scrutiny can also be cooperated, for example by the members of the pool hiring the same law firm, specialising in resistance to regulative scrutiny.

6.3 CONCLUSION

Handling corruption can be more complicated than mapping out corruption. Throughout this chapter I have accounted for some approaches to this challenge. This has been done in order to answer research question two: *How can Norwegian leaders get oversight and understanding of corruption in China and Russia, and what are the appropriate available main strategies to cope with the various types of corruption in these countries?*

Based on the concepts and the data from the literature review, some tools for analysing corruption in China and Russia has been introduced. The rational-legal paradigm has been used in order to highlight cultural differences. Then I have exemplified how highlighting mechanisms in social networks can be used as both avoiding corruption and to overcome corruption in China and Russia. The most corrupt levels in society, according to the literature review have been addressed with especial attention in order to meet the dependency relation to the bureaucracy. The last step is focused towards predatory behaviour, and how leaders of Norwegian organisations can build resistance, based on the analysed data in the previous chapter.

At the last level I have brought forward five strategies and the circumstances they can be used in. First the strategy of exit has been explained. Education has been brought forward as an approach to how one can inform local actors of Norwegian standard on corruption. Reporting has been flagged as a way to both

collaborate with Norwegian, International and local authorities on the one hand, while making the organisations more transparent on the other. The possibility of creating an anti-corruption pool has been discussed for working together with other international organisations in the same situation. The last strategy takes the focus back to the Norwegian culture, by attempting to change the Norwegian discourse in a matter that adds the challenges of corruption across cultures.

All together this chapter provides some examples of how leaders of Norwegian organisations can achieve oversight and understanding of corruption in China and Russia, before producing strategies for coping with these challenges. While these suggestions allow for ways to deal with corruption in the environment, they do not cover all challenges. Nonetheless, the environment of the organisation will always be more complex than the organisation itself.

7 CONCLUSION

This dissertation has investigated how Norwegian organisations can maintain a streamlined standard on corruption across cultural borders. While Norway has been used as the environment the organisations act out from, China and Russia have been studied as the cultures where corruption occurs. This has been operationalised through research question one: *What is the type, and localisation, and degree of institutionalisation of corruption in Russia and China?* In Russia I was expecting a high degree of institutionalisation of corruption, especially when relating to state officials. This was in line with the findings. Nonetheless, the data material from the literature review allows for a much more nuanced map of corruption in the Russian environment.

The evidence of this study suggests that trust in relations are emphasised over trust in rules and regulations. Also within the bureaucracy itself there is a lack of rationality, as officials adhere to order over rules, due to historical traditions relating to the Tsar – and Soviet era. These findings generate examples of a vastly

different culture for understanding corruption, in relation to the rational-legal paradigm.

The most obvious finding to emerge from the literature review is the bureaucratic level as the main locus for corruption in both China and Russia, with bribes, embezzlement and fraud as the most frequent types. In Russia this was related to bureaucrats misusing the jurisdiction to generate regulative scrutiny, such as tax officials trading taxation levels for bribes. It is findings such as these that enhance the general picture of predatory behaviour within this locus in society. From the perspective of Norwegian organisations, one can claim that where bureaucratic powers are combined with potential for being put under regulative scrutiny, one should expect to meet predatory and corrupt behaviour.

The results of the study also reveal the grand level as a highly corrupt sphere in both cultures. In Russia the entire legislative body is for sale and standardisations of prices for services have taken place, which have even been made public in the media. In China, the literature review shows that embezzlement is widespread on the grand level. However, the findings at the grand levels are not a direct threat to Norwegian organisations, as the corrupt interactions are interactions within the state itself.

The literature on Russia provides the only data of corruption in the private locus. These findings are of private entrepreneurs bribing the law enforcement for advances in competition over other entrepreneurs. Even though there are few examples of private corruption in the literature, each finding suggests that the phenomenon is widespread. In general, therefore, it seems that this result reflects the limited focus of the literature, rather than corruption being limited to the bureaucratic and the grand level.

The second major finding, regarding the Russian environment, was a high degree of institutionalisation of corruption. Throughout the literature review the general lack of legal traditions became obvious. This is manifested in several important legal jurisdictions being absent, which again allows for a predatory behaviour within the bureaucracy. The evidence also suggests further institutionalisation, as corruption is becoming more sophisticated. This can be

evident for example by the growing tendency to grabbing more, but less frequently, whilst covering up better. Again, this is in line with the data implying a clear picture of normalisation of corruption in everyday life. This picture was also manifested through the findings in the cognitive pillar, as the Russian culture also generates a way of thinking that promotes corruption.

My expectations for China were of a less corrupt environment than Russia, since the state apparatus has been intact during the transition to the market economy. At the same time, I did expect a growing amount of opportunities for corruption due to the rapid expansion of the economy. My findings confirm this. However, and more importantly, this study revealed cultural differences that determine significant challenges for Norwegian organisations.

Applying the rational-legal paradigm on China brings forward important cultural differences such as a general lack of separation between public and private spheres. The results of the investigation also show that equality to the law has generally been downplayed in favour of a goal-orientated approach in the state bureaucracy. This is a frame of logic one does not deviate from in relation to corruption, as corrupt means are legitimised by economic development. These findings therefore suggest a vastly different backdrop, compared to the Norwegian frame that corruption is understood within.

The bureaucratic level was the main locus for corruption in the literature on China. The results of the study clearly indicate similarities to Russia, as in the use of public roles for private gain, where the private actors depend on access to the jurisdiction, which the bureaucrats are the gatekeepers of. The findings of the study also suggest that Norwegian organisations are likely to meet corruption in the form of illegally imposed fines. This type of fraud is often collectively organised, through collaboration within entire departments in the bureaucracy.

The study also brings forward paradoxes in normative signals, where corruption -from the outside is painted as a lack of moral character by the Party, while it is tolerated inside the Party. This is especially found in relation to economic growth. The general rule is that corruption is an evil, but only when not carried out under the larger goal of economic development. From a cognitive perspective

it is important to stress that China has never had a separation between private and public on the state sphere. This again has caused a cognitive frame completely different to the Norwegian understanding of corruption. Taken together, these findings in relation to institutionalisation therefore suggest a clear tendency for intensification of corruption in China.

The evidence from this study also shows how mechanisms in Guanxi can determine significant amounts of corruption. It is further related to the network as the most important channel for socialisation and establishing relations in China. However, my study also shows ways to participate in the network without being corrupt.

In this investigation, the aim was to assess how Norwegian organisations could handle corruption in Russia and China. Returning to the research question posed at the beginning of this study, it is now possible to state that the culture in China and Russia generates organisational environments that hold major challenges regarding corruption for Norwegian organisations. These challenges must to a large degree be seen in relation to the cultural background of the corrupt environment.

These current findings add substantially to the understanding of corruption in these environments. This provided a backdrop to research question two, as these findings suggested several courses for action that Norwegian organisations can use when operating in cultures that present challenges in relation to corruption. The second research question asks: *How can Norwegian leaders get oversight and understanding of corruption in China and Russia, and what are the appropriate available main strategies to cope with the various types of corruption in these countries?*

The four different theoretical concepts used for research question one, have also been used to equip leaders of organisations with an anti-corruption checklist when operating in foreign cultures. I have then suggested five different strategies for anti-corruption work. These range from exiting the culture, to education, reporting to three different authorities, collaboration with other international organisation in the same environment, and translating challenges on corruption

across cultures back to the Norwegian environment. Some of these strategies can also be more effective when combined. These approaches and strategies does equip leaders of Norwegian organisation with “tools” to cope with corruption in China and Russia. Nonetheless, it is important to stress that the checklist and the strategies does not cover all the challenges relating to corruption in these environments on it’s own.

This research has thrown up many questions in need of further investigation. This is partly due to the broad focus in the thesis. The nature of the literature review as a method is also to highlight new findings, differences within the literature, and areas not covered by academia. These elements have been discussed, such as the findings of collective corruption and the lacking data on corruption in the private locus. The focus this thesis is carried out within also provides for several courses for new action. Seen from the perspective of the organization that is operating across cultural borders, several courses for new action would be complementary. In relation to research question one, the development of better tools for mapping out the corrupt environment can be complementary. A similar focus can be applied to developing better strategies for handling corruption across cultures. Not at least, implementing strategies in the environment of managing across cultures provides for another challenge.

One should be careful when claiming that a small master thesis can make any contribution to a body of academic literature. I do, however, hope that this dissertation has helped in shedding light on a topic, which on the one hand has received little focus, and on the other hand contains several challenges. As both organisations and corruption are constantly changing, the research on these topics must develop further. And the evidence from this study suggests that the combination of these fields deserves even more focus.

8 INDEX OF LITERATURE

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