



HIGHER SCHOOL OF ECONOMICS  
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# **Corruption and balance between public and private interests: micro-, meso- and macro- levels**

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# Research problem: two controversial theses

**Thesis 1. Acceptability of the corruption and orientation towards public interests supposed to be negatively related:**

As core characteristics of corruption are perversion of public duties [Johnston 1996, Alatas 1986, Rose-Ackerman 1999, Granovetter 2005, etc.] and damage to societies' good [Murphy et al. 1993, Mauro 1995, Bardhan 1997, Aidt 2009, etc.].

**VS**

**Thesis 2. In some cases satisfaction of public and private interests can blend:**

Recent researches indicated that even in the highly corrupted public institution, such as police in Russia, officers at the same time highly motivated to work for a society's good, intended to achieve high performance and professionalism [Dubova 2013, Beck, Lee 2001]. While in medical sector in Russia the most professional doctors set prices for informal economic practices [Bogatova et.al. 2002].

# Key research question

**How acceptability of corruption and balance between public and private interests interrelate with each other...?**

**...on the individual level?**

**...on the occupational level?**

**...on the country level?**

# Theoretical framework

**Modernization theory:** Modernization gives rise among other things to civic activities [Inglehart, Welzel 2005], which encourage development of institutions of public good. Therefore, countries vary in matureness of institutions of public good.

**New institutionalism in economic sociology:** As economic actions are embedded in socially constructed institutions [Nee 2005, Granovetter 1992, etc.] , if the institution of public good in some countries has not been developed yet, economic actions in favor of private interest, such as corruption, are free from norms and sanctions that are supposed to defend public interests, furthermore, actors even share different beliefs in concern to what is a public good.

**Comparative studies of public and private sectors:** The incentives' system in the public sector differs from the private sector: workers here are more pro-socially motivated [Smith, Cowley 2011; Perry 1996; Houston 2000, etc.].

# Theoretical framework

## **Traditions of public-private studies:**

- ✓ Private interests can be considered as “pursuit of a better life for oneself or one’s family” [Hirschman 1982].
- ✓ Public interests can be conceptualized as pursuit a better life for the society in general, production of goods that are accessible to everyone without exceptions, i.e. public goods [Habermas 1974, 1991].
- ✓ Serving the public interest linked to two conditions: 1) restriction of private interest and 2) participation in collective action in provision of public goods. Orientation towards provision of public goods can be characterized as orientation towards 1) non-rival and 2) non-excludable actions.

**Private VS Public interests = Selfishness+Individualism VS Altruism+Collectivism**

# Methodology

World Value Survey, the 5<sup>th</sup> wave

Primary hypotheses:

1. The balance between public and private interests is different in countries with developing and developed institutions of public good. We suppose that different combinations of its' elements (selfishness/altruism and collectivism/individualism) are possible and this combinations determine different attitude towards corruption.
2. In countries with mature institutions of public goods the orientation towards public interests determine negative attitude to corruption, while in others – these concepts are low or not at all correlated.
3. The balance between public and private interests is different in public and private sectors of employment and it also varies among countries on the different stages of formation of institutions of public good.
4. At the one hand, individual orientation towards private interest highly predicts individual corruption acceptability in countries with mature institutions of public good. At the other hand, in states with underdeveloped institutions of public good the individual corruption acceptability is determined primarily by acceptability on occupational or country-level.

# Operationalization

Concepts	Indicators (the name of variables)
Acceptability of corruption	<ul style="list-style-type: none"> <li>- Someone accepting a bribe in the course of their duties (V201)</li> <li>- Claiming government benefits to which you are not entitled (V198)</li> </ul>
Orientation to private interests: A) Money is a private good B) Selfishness C) Individualism	A) People can only get rich at the expense of others (V121) B) It is important to this person to be rich; to have a lot of money and expensive things (V81) Being very successful is important to this person; to have people recognize one's achievements (V85) A good income so that you do not have any worries about money (V48 – 1) A safe job with no risk of closing down or unemployment (V48 – 2) C) Signing a petition (V96) = "Would never do" Joining in boycotts (V97) = "Would never do" Attending peaceful demonstrations (V98) = "Would never do" I would give part of my income if I were certain that the money would be used to prevent environmental pollution (V105) = "Disagree"
Orientation to public interests A) Money is a public good B) Altruism C) Collectivism	A) Wealth can grow so there's enough for everyone (V121) B) It is important to this person to help the people nearby; to care for their well-being (V84) Looking after the environment is important to this person; to care for nature (V88) Doing an important job that gives you a feeling of accomplishment (V48 – 4) C) Signing a petition (V96) = "Have done", "Might do" Joining in boycotts (V97) = "Have done", "Might do" Attending peaceful demonstrations (V98) = "Have done", "Might do" I would give part of my income if I were certain that the money would be used to prevent environmental pollution (V105) = "Agree"
Matureness of institutions of public good	World Bank CPIA public sector management and institutions cluster average
Working sector	Government or public organization (V243 - 1) Private business or industry (V243 - 2)

# Methodology: construction of indices

- ✓ All variables were transformed into scale from 0 to 1, by application of the following formula [Welzel 2009]:

$$X = (x_i - \text{“min dimension of the scale”}) / (\text{“max dimension of the scale”} - \text{“min dimension of the scale”})$$

- ✓ All indices than were constructed as a mean of all indicators that are included in it.

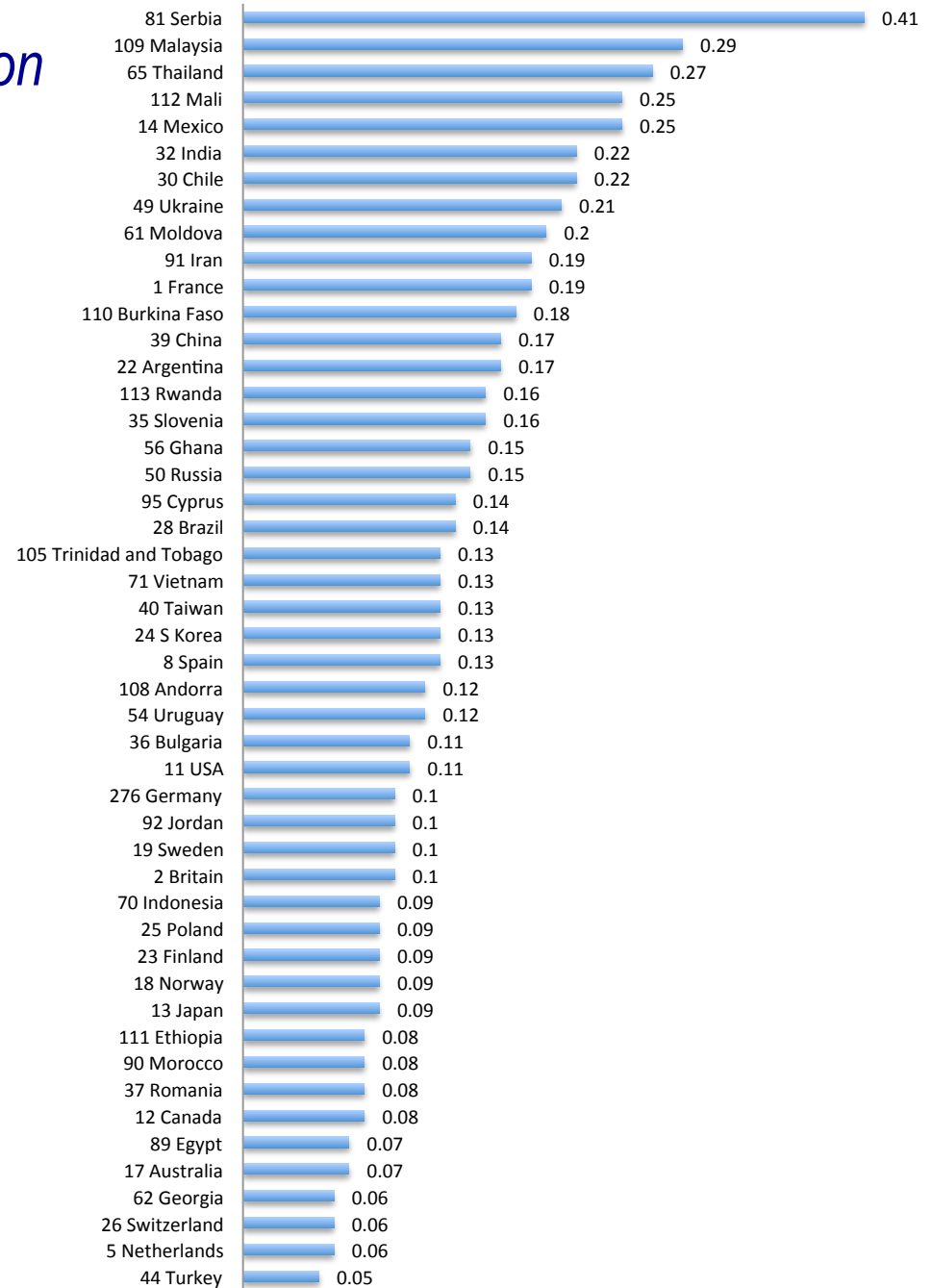


# Index of acceptability of corruption

$min=0$

$max=1$

$mean=0.14 (0.2)$



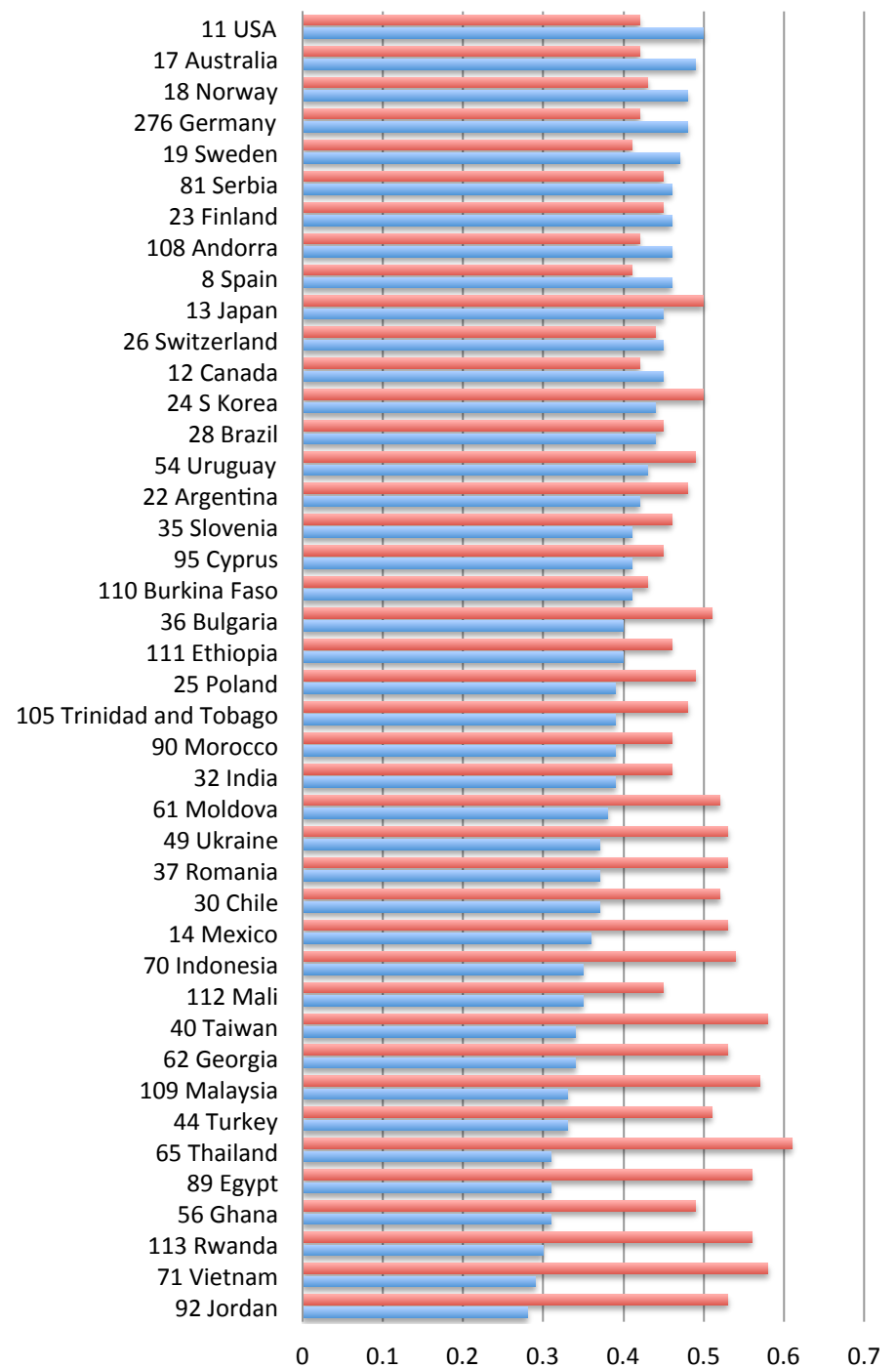
# Indices of orientation towards public and private interests

$min=0$

$max=1$

Pearsons'  $R = 0.7$  ( $p=0.01$ )

Public interest index  
Private interest index



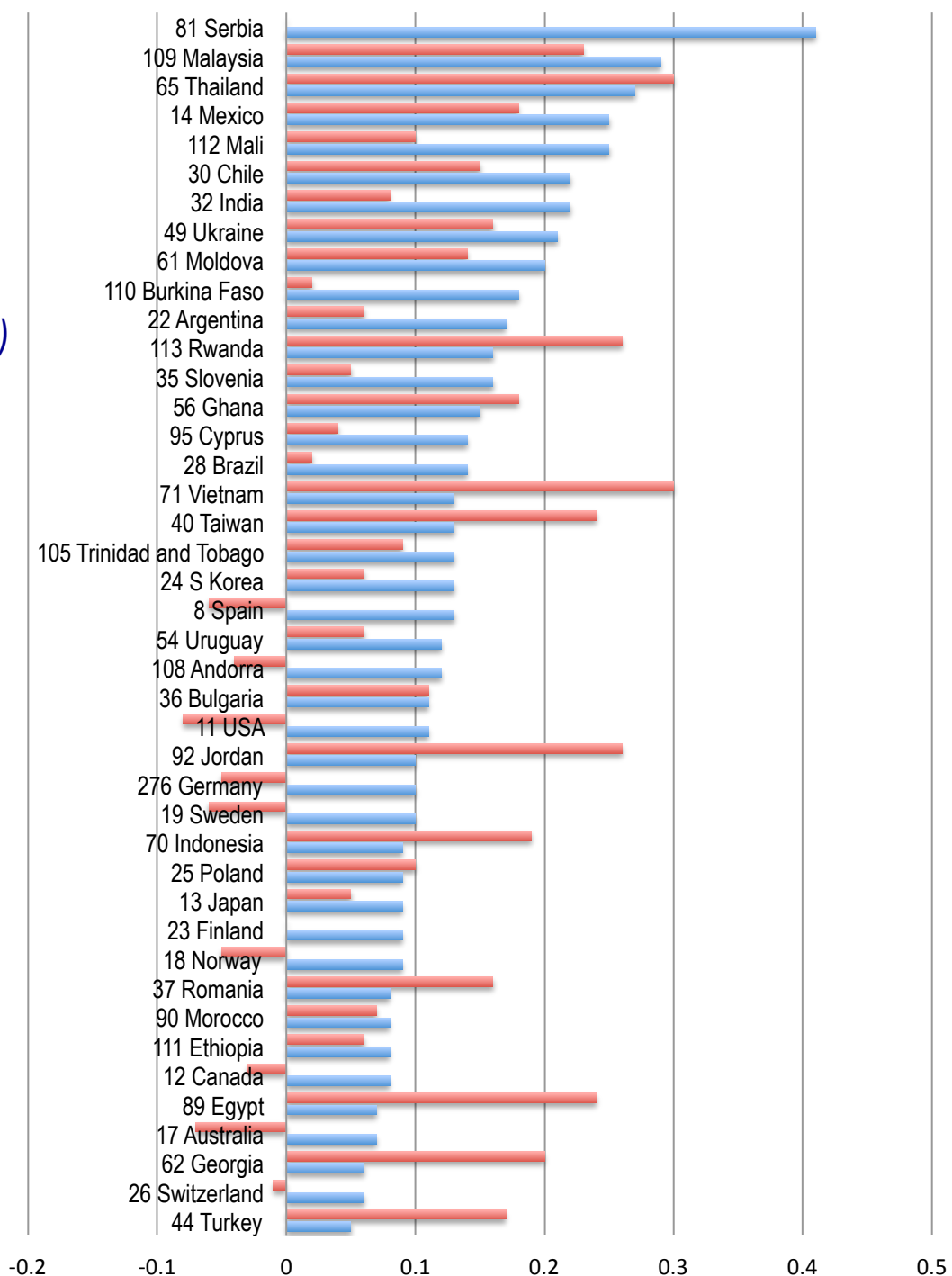
# Acceptability of corruption & gap between public and private interests

(Accept. of corruption x gap)  $R = 0.06$  ( $p=0.01$ )

(Accept. of corruption x private)  $R = -0.04$   
( $p=0.01$ )

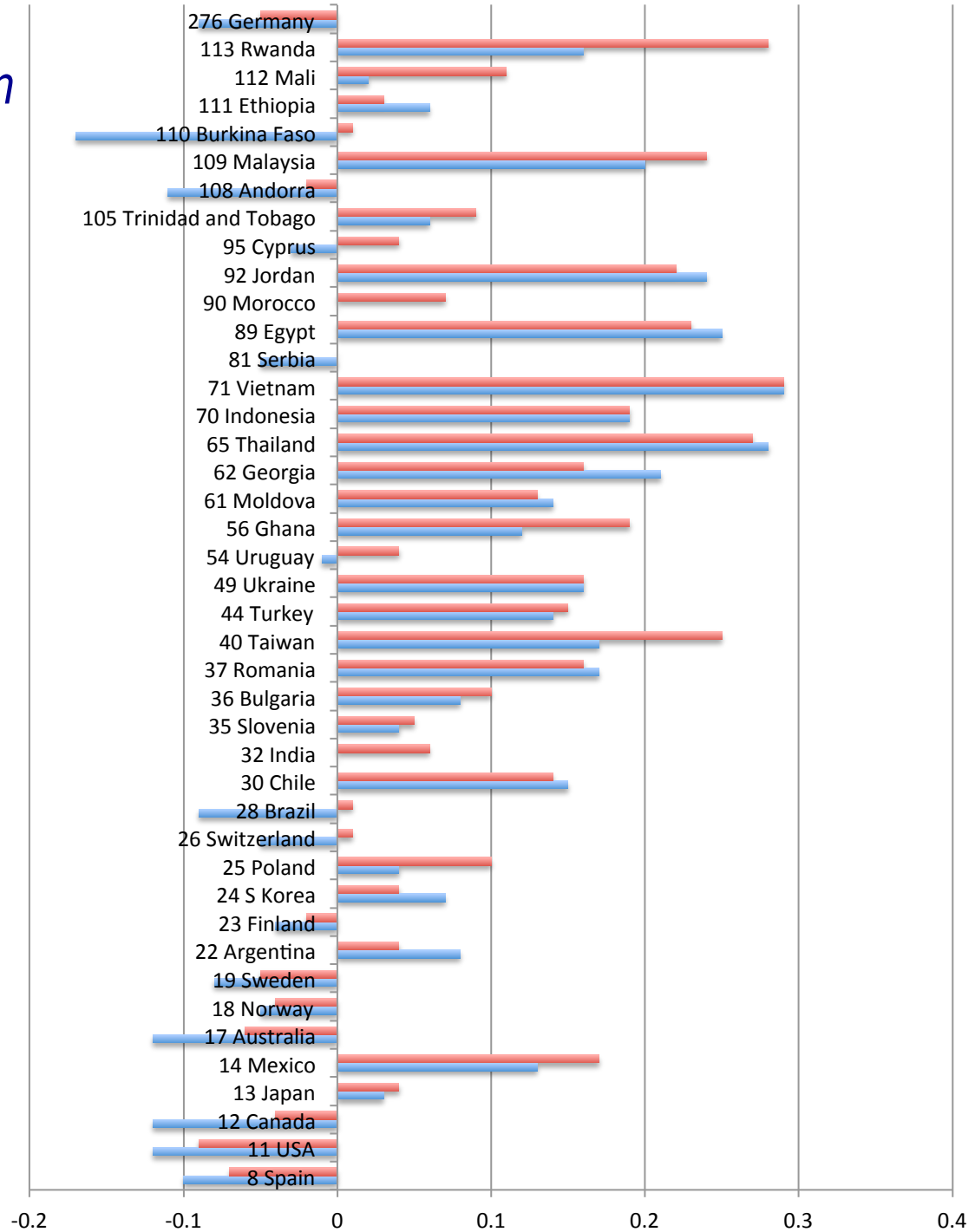
(Accept. of corruption x public)  $R = 0.07$   
( $p=0.01$ )

- gap between public and private interests
- Acceptability\_of\_corruption



# Sector of work & gap between public and private interests

■ Private sector  
■ Public sector



# Further steps & obstacles to overcome

1. Find a new, more valid conceptualization and operationalization of individual orientation towards public and private interests.
2. Maybe choose another database
3. Think of a valid measurement for matureness of public institutions in a country.