BUSINESS-TO-BUSINESS CORRUPTION

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Abstract: The business corruption is established and active in the circle of the businesses partners that express a gratitude, return a service or bribes (apart from ordinary price) for a business transfer to be provided. Those prohibited transfers differs from the usual business transfers, such as activities related to marketing and public relations where they have a specific goal to use illegal means in order to infringe the recipients` identity of prohibited value in an interchange for a inducement. That is a procedure of enticement, which prevents the useful instruments in the permitted bazaar and not solitary that it is harmful for the businesses whose representatives accept bribe, however it is also harmful for the civilisation as an entire. The occurrence of business corruption is intended as a amount of companies that presented cash, a gratitude or a service in return, in adding to every usual deal of any person who is working for a business entity from the private sector in any capacity, including the one through a mediator, happening to at minimum single juncture in the past 12 months previous to this research. The usual commonness of the business-to-corruption in the Republic of Macedonia is 3% compared to 4% at a regional level). While it is fewer than the regular pervasiveness of salaried bribes by enterprises to civic bureaucrats, this discovery designates that bribery in the secluded segment is a difficult in the Republic of Macedonia.

Key words: *business, bribery, corruption, bribe, transaction, illegal means, service in return*

Introduction

In the world of business, perceptions are the basic factors for the establishment of choices, financial performance and results. The insight of a constructive business atmosphere, for instance, generates an anticipation of an optimistic result and a reappearance of the investment, which makes the companies more prone to invest than in an undesirable situation. The superior asset makes greater request, additional job positions, greater

development and extra lively and wealthy economy. For this reason, insights in economy are usually transformed straight hooked on results. In instruction to efficiently perform their financial actions then to achieve their business objectives, private corporations need a business situation with real circumstances that will empower them to be prolific and moneymaking. These situations embrace the decree of regulation in order to administer the agreements and to afford sanctuary, the required supervisory atmosphere and functional organisation, which are only a part. Contrary to this, the non-appearance of these circumstances or the attendance of issues that are harmful to the commercial environment is a difficulty to conduct business and they avert the prosperity of the private segment and its development with a complete budding.

1. Subject, goal and methodology of research

The subject of this scientific paper is the research of perceptions of corruption in the business sector in Macedonia.

The objective is to research: the forms of corruption, the manner and the time of the requested bribery, the goal of the business-to-business corruption, the reporting of this type of corruption etc.

The methodology of research includes collection of secondary data from the State Statistical Office, the competent ministries and Eurostat, followed by their

qualitative processing by means of descriptive analysis.

2. Forms of business-to-business corruption

Same as bribery in the civic segment, in the business-to-business corruption, the imbursement is able to be performed in different methods: cash, properties, sustenance and drinks, loots or in a practice of obvious argument for another service. In the sphere of business of the Republic of Macedonia, the endowment of fare and drinks is the greatest imperative procedure of imbursement of bribe between the private divisions of units, such as among trades and community administrators (UNODC, 2013). Though, the interchange of a service on behalf of alternative service and currency expenditures as well have a significant part when it arises to illegal deals between the representatives of the companies.

3. Requesting a bribery, manner and time

According to the research (State Commission for the Prevention of Corruption of the Republic of Macedonia, 2016), more than (35.8 percent) of the business-to-business corruption is salaried deprived of existence demanded by single legislatures of the companies that are included and offered as an exchange by the payers of forbidden payments in instruction to get a specific illegal benefit (for instance, to ease or hurry the process or to get an benefit compared to a contestant) (UNODC, 2013). Contrary to this, nearly (64.2%) of the circumstances include some method of a demand. Bribe is assumed afterward it would be demanded explicitly (3.5%) or indirectly (47.6%), though in 13% of the circumstances it is connected to corruption requested by a third party. It is observable that most of the bribes are salaried when

the distribution of the properties or the facility in query. In addition, 14.4 percent of the bribery is salaried at the similar period and (8.2%) legislatures of the companies do not remember when the bribery was given.

4. The purpose of bribery

When bribery is paid by one representative of a company to another representative, it is normal for the damage to be caused to the company whose representative accepts bribery, while the company that is paying the bribery expects to have a benefit of the bribery. That is obviously observable in the detail that after it originates to business-to-business inducement in the Republic of Macedonia, the greatest vital objective of the bribery is to provide improved values (21,8 percent) (UNODC, 2013). Nearly the same number of bribes has been paid in order to get an economic advantage over the competitive companies (21.4%), 8.4% are paid in order to arrange a covenant for a civic affectionate and 4.2% in order to get an agreement, to get singular info or to become an assurance (EUROSTAT, 2016). In adding, more than 1/3 of altogether business-to-business corruption (36.3%) is salaried directly without a visible goal, although one may assume that such payments are used in order to attract the bribery receivers for a long-term “dependence” which in some point in the future makes them more susceptible to awarding services to the companies that pay bribery.

5. Reporting of business-to-business corruption

In the local normal, only 0.8 percent of altogether salaried bribes among the legislatures of the companies are stated to the establishments, such as the forces, the anti-dishonesty organization or administrators from the pretentious

industries (UNODC, 2013). About 0.2 percent of the business-to-business bribes are stated to the officials, and the condition in the Republic of Macedonia is alike. That is an indicator that both sides of the business-to-business bribes sense similarly involved in corruption then they are not prepared to make an exception and report the illegal operation to the official authorities. The above indicated assumption is established with the detail that the greatest significant reasons not to report bribery indicated by the companies that pay bribes in the Republic of Macedonia include: the imbursement or the gratitude are agreed as an emblem of thankfulness (34.5%) then that reflect that it would be useless to account it because no one would take attention of the case (30.6%) (UNODC, 2013).

The other bribery givers do not notify the establishments since they reflect that bribe is such a usual repetition and that it is not necessary to account it (13.2 percent), the business gets an advantage by inducing an agent of additional business (11.4%), anxiety of revenge (0.9%) or because of additional details (9.3%) (UNODC, 2013). In the region of the Western Balkan as a whole, similar reasons for non-reporting of business-to-business corruption have been indicated (EUROSTAT, 2016).

6. Perceptions and attitudes of the business corruption

When being requested if specific issues are a problem to run a commerce in their state, the proprietors and the agents of the companies in the Republic of Macedonia rates dishonesty as the fifth greatest imperative subject immediately afterward tall duties, recurrent vicissitudes of rules and guidelines, difficult tax rules and incomplete admission to funding. Actually, dishonesty is careful the main

problem for 13.5% of the representatives of the companies, afterward tall duties (24.7%), regular variations of rules and guidelines (21.3%), complex tax rules (21%) and incomplete admission to coffers (19.5%) (UNODC, 2013). In adding, extra 26.6% of the defendants reflect that venality is a reasonable difficulty to run commercial sectors. Since the representatives of the companies remained queried whether they contemplate that the imbursement of bribery to specific representatives of “businesses such as theirs” happen regularly, the assessment according to a kind of authorities is the furthestmost important one compared to alike industries in their segments (State Commission for the Prevention of Corruption of the Republic of Macedonia, 2016).

More than one fifth (21.6%) of the representatives of the companies in the civil sector consider that the bribery of municipal officials is performed quite frequently, while one of ten (10.8%) of the respondents in a combination of the sectors accommodation and transport, 8.4 of the defendants in production and 8.3% of the defendants in commerce, share the similar view (UNODC, 2013). The police officials are considered greatest vulnerable to corruption in the sectors Lodging and Transport – shared (11.4%) also in the subdivision of Processing Industry (9%). Contrary to this, the customs officials (9.4%) are considered most susceptible to bribery in the sector of Trade.

7. The relation towards corrupted behavior

As in the circumstance of insights of fraudulence, the approaches on anything makes fraud also whatever is an satisfactory behavior, are frequently different between entities, humanities and diverse financial subdivisions. The inquiries of the

representatives of the companies in regard to their approaches to specific methods of corrupted behavior, is able to also highlight on their preparedness to develop complicated in inducement and fraud, as well as their prospects in this regard. The statistics appearance that greatest legislatures of the companies are well familiar with the bounds of moral behavior in commercial dealings and they categorize the action beyond these limits as “unacceptable”. Still, many of them qualify some illegal actions as acceptable behavior, especially once the seriousness of the breach is not directly clear. For instance, more than a partial of the legislatures of the companies in the Republic of Macedonia (56.1%) reflect that it is more acceptable to use the relations and the personal contacts in the public institutions in order to accelerate the procedures that are related to the business (UNODC, 2013). In addition, in cases which obviously violate the ethical standards, such as the use of civic properties for private benefit, a large part of approximately 20% of the representatives of the companies consider that it should be acceptable. In addition, 15% of the representatives of the companies consider that other seriously corrupted actions are acceptable (which include use of public properties in the interest of third parties and performance of civic purposes that are in the interest of private companies). Furthermore, approximately one of seven representatives of the companies (14.7%) considers that the simultaneous performance of several public functions is acceptable. Different attitudes to corruption turn into different models of bribe (Transparency International, 2016).

The statistics display that the fewer conscious the commercial bests are that specific financial dealings are unacceptable – predominantly in the connections with civic bureaucrats – the additional probable it is that these representatives of the companies will participate in such

performance. Even a comparatively “soft” procedure of illegal interference with the civic representatives (custom of relations also private associates in the civic organisations for acceleration of the procedures related to the business) can show that the representatives of the companies that consider that such illegal actions are suitable, likewise take an advanced occurrence rate of inducement.

8. Perception of the reasons for corruption

The inquiries (State Statistical Office of the Republic of Macedonia, 2016) of the companies’ representatives in regard to their awareness of the reasons of fraud may highlight on some reasons for fraud that may be the objective of the efficient strategy for fight against corruption. The statistics demonstration that (33.5%) of the companies’ legislatures deliberate that the countless power of the civic administrators can be a frequent reason of fraud, monitored by the inspiration of the influential entities (32.3%) (UNODC, 2013). In adding, among 28.3 and 25% of the representatives of the companies in the Republic of Macedonia contemplate that the absence of truth of the administrators, the absenteeism of assessment instruments, the little salaries and the unsuitable effect of representatives can be a frequent reason for fraud. Contrary to this, about one fifth of the companies’ representatives consider that the nonexistence of transparency and the deficiency of honesty inside companies (21 and 19.3%) can be a frequent cause of corruption.

9. Occurrence and models of additional procedures of business-to-business fraud

In addition to corruption, the companies in the Western Balkan, as well as the corporations ubiquitously, are

pretentious by additional different procedures of corruption beside their personal stuff or commercial actions. The influence of such types of corruption is able to be significant, together in regard to straight prices and compensations, as well as in regard to unintended prices, in a form of assurance payments, sanctuary costs and misplaced asset chances. Although corruption is not graded between the greatest significant difficulties to run a commercial in the Republic of Macedonia, there is still a significant part of the companies that reflect that corruption is a great obstacle (11.9%) or a reasonable complication (26.5%) to run a business (UNODC, 2013).

The measurement of the direct influence of corruption is a challenge for many reasons, regardless of if the sufferers are persons or companies. The crimes reported to the police are generally accepted as a true measure of corruption activities. Prior to the registration of the crime in the statistics of administrative corruption, it has to be noticed, stated to the police, documented as a crime and registered as a corruption in the figures of the police (United Nations Global Compact Office, 2011). Many criminalities are not described to the police department, and some of the testified ones are not chronicled in the figures of the police.

Such limits in the authorised figures of corruption can be overwhelmed by means of research on persecution of corruption, which delivers statistics in order to evaluate the so named “dark number” of corruption that is not registered in the police. Such data provide an extra insight of the nature and the manners of crimes, as well as the features of the fatalities – an evidence that is regularly unavailable from authorized police force figures. The companies in the Republic of Macedonia are pretentious by various procedures of corruption to a different extent, reliant on

their scope, kind of financial action, site and other issues. If one considers the detail that the comparability of the consequences of the research to the ones in other nations might be affected by differences in the research measures, such as alterations in the assortment of the sample, the way of research, the responses rate and the weighting procedures, the international comparison to the findings of the research in other republics will enhance additional viewpoint of the obtained consequences. The greatest comparability is available with the last outcomes of the research in the region of the Western Balkan, wherever the similar project and practise of research was used.

10. Costs for business-to-business corruption

Data (Transparency International, 2016) from different research designate that the regular price of the injury produced by the five kinds of corruption is important in the Republic of Macedonia. Still, such prices are quite unequally dispersed, through an incomplete amount of corruption instances that reason exceptionally expensive damages and an increased quantity of events that consequence in an under - regular cost for the damage. This slanted supply can be designated with the use of two separate indicators, namely, average value for a damage caused with the criminal act and a mean price of damage caused with the criminal act. The average value of the damage caused with the criminal act is approximately 4 to 6 periods advanced than the average value of all types of corruption, excluding for a theft where the relation among the average and the mean value is 8.6 (UNODC, 2013).

11. Victimization by economic sectors

Various analyses (Transparency International, 2016) of the prevalence of victimization of the companies in the five economic sectors indicate specific clearly expressed changes among subdivision - exact rates of persecution in the Republic of Macedonia. The subdivision - precise taxes expressed for damage are in general underneath 8.7% in all subdivisions and the rate of occurrence of theft is 13.9% or they are underneath 13.9% in all subdivisions, but in skill, where the rate of prevalence of theft is 16.5% (UNODC, 2013). On the additional pointer, companies in trade (20%), companies in structural engineering (19.3%) and companies in conveyance, are all victims of a fraud by outsiders than the companies in the segment of accommodation (11.2%).

12. Extortion

Although the prevalence of extortion towards the companies in the Republic of Macedonia is 0.9%, still it is a root of apprehension. Coercion is an identical thoughtful corruption where the offenders try to get cash or another benefit from the business by intimidating or threatening bosses or workers. In some circumstances, exaction is represented as an offer of “protection” against damage of possessions or people, and the paid cash are represented as a form of “money for protection”. In some circumstances, exaction may be related to prearranged criminal collections that have control and means to make a trustworthy danger with possibly serious penalties if their stresses are not encountered by the company.

Statistics (EUROSTAT, 2016) show that the intimidations of extortion are undertaken in different threatening forms. According to the companies that are victims in the Republic of Macedonia,

approximately (40.4%) of the exaction pressures include exact injury to the company or its stuff, while 6.7% are unspecific damages to the company or its assets (UNODC, 2013). In adding, 26.9% include specific threats to inflict personal damage to the proprietor, the boss, the staffs or their families. Extra circumstances include potentials for defence in contradiction of a corruption or extra pressures, such as to harm patrons, contamination of produces or abduction of workers, directors or their relations.

It is evident that the approaches being castoff in order to carry intimidations for extortion of the companies in the Republic of Macedonia are quite conservative and intended to consume the utmost likely influence on the individual that is vulnerable. In more than (35.6%) of the cases, single or numerous of the criminals visit the grounds of the companies that are victims in order to carry the danger, while in more or less (19.2%), the risk is ended in person somewhere else (UNODC, 2013). In approximately (43.4%) of the circumstances, the extortions for extortion are made by phone.

Conclusion

This scientific paper about the impact of corruption and criminal on the business sector covers only the companies of five sectors: 1.Production, supply of electricity, water and gas, 2.Structural engineering, 3.Wholesale and retail and overhaul of motorized cars and motorcycles, 4.Transport and storage, and 5.Accommodation, food and services (hotels and restaurants, excluding the additional financial actions (such as farming, teaching or fitness care facilities). This selection of financial subdivisions similarly provides wide attention of the budget in the Republic of Macedonia in regard to added worth (fraction of GDP per sectors) and employment (proportion of the

total number of personnel in apiece subdivision), as well as the part of the business enclosed by the paper.

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