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Gift Giving and Corruption

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ABSTRACT

When individuals exchange gifts, social bonds are strengthened and reciprocity is created. If the gift and the reciprocation both come from private resources, it is clearly a gift. If what is reciprocated after a gift is given comes from an organization, or is a government resource rather than from “one’s own pocket” then it is most likely a bribe. This study reviews the anthropological literature on gift giving and constructs a typology for examining the gift/bribe distinction in public administration. This classification helps distinguish analytically among different gift practices and clarify conceptual ambiguity of the terms gift and bribe.

KEYWORDS

Anthropology; corruption; gift giving; public administration

Introduction

Public administration involves the implementation of policies and the use of discretion in that implementation. Gift giving is a universal phenomenon. When gifts are given in a *social* situation what is expected in return? When gifts are given in a *public sector* activity what is expected in return? When is a gift a bribe? These are the questions that this study seeks to address. In so doing, it explores the literature around gift giving, develops a typology for gifts and bribes, and applies it to a public administration context.

The Weberian concept of bureaucracy places the *office* at the heart of legal-rational activity. Civil servants occupy an office and perform duties commensurate with that office. There are delegations attached to each office, and civil servants receive a salary for exercising these delegations. They should receive no more than their salary. In some countries, salaries for civil servants are so low that the proceeds of bribery and extortion supplement the meager wages. In developed countries, many civil servants’ salaries are comparatively low, and the judgments they make create wealth and opportunity for stakeholders who generally have more than the civil servants with whom they deal. The low paid civil servants however can exercise considerable discretion which can provide opportunity for bribe taking or extortion.

When civil servants control scarce resources such as the issuing of a license, which they might not issue without a bribe, we have a situation of rent seeking. They have or they create a monopoly. Seeking a bribe

in addition to their salary does not add value, or add to productivity. Speed money, by which civil servants speed up a process, has often led government officials to extort payments for the provision of any service at all. This rent seeking behavior then becomes the standard for required payments, and this leads to significant inefficiencies (Klitgaard, 1988), not to mention the undermining of confidence. Rent seeking is not the focus of this article.

Under Weber’s rational legal system, all officials follow rules and fit into formal roles that are different from the personal, family, and friendship roles that shape the society. They are supposed to treat each client impartially and equally, ignoring social issues and personal ties. As Felson (2011) pointed out, in Weber’s terms, bureaucracy is like a machine, since it separates personal interests (including family and friend commitments) from larger interests and facilitates the latter.

All social systems involve looking after one’s personal interests and meeting social commitments to relatives and friends. Felson (2011) further noted that corruption is the interplay between these primary human imperatives and the imperatives of the bureaucratic systems that channel human interests. A tension therefore is apparent between human activities and aspirations and the imperatives of the larger social and economic system. This is played out at the margins of what might be deemed corruption in bureaucracies, and the lubricant is often the gifts that are exchanged, and the nature of those exchanges.

Generally, people see no harm in giving gifts. Gifts are usually exchanged as part of a regular social relationship. On the other hand, people almost universally condemn bribes, viewing them as undesirable, harmful, and destructive. Bribes are given to influence the outcome of a political, bureaucratic, business or professional decision or relationship. Gifts are legal, while bribes are illegal. If only it were so clear-cut and unambiguous!

This article examines gift giving in public life and notes that while the line between a gift and a bribe is contestable, acceptance of and reliance on gifts harms public policy and the delivery of services. Let us list a dozen examples from our research. The first and last examples are clear-cut and unambiguously a gift and a bribe, respectively. Each of the examples in between would have advocates arguing about the extent to which they are acceptable or unacceptable behaviors, and how they affect an outcome. The first few examples are clear social and private examples, the latter group are examples of public policy and public service.

- (1) A neighbor in America brings a new resident to the neighborhood home baked cakes and cookies and a casserole.
- (2) In Japan, new business partners often exchange beautifully wrapped quality gifts at the end of their first meeting.
- (3) An employee electrician in Poland installs an alarm and surveillance system in his daughter's kindergarten for free (in work time, and using his employer's equipment).
- (4) A multinational company in Europe rents out two elegant resorts, a ski house in Austria and a seaside villa in Croatia. The company gives its VIP suppliers and clients in different countries the opportunity to spend some time in the resorts for free whenever they want.
- (5) An employee motor mechanic in Hungary works on a car that has been brought in for service and fixes (without charge) on his friend's car, things over and above what is being paid for.
- (6) In many post-socialist Central and Eastern European countries, people give unofficial payments in white envelopes to doctors to show their "gratitude" (otherwise they may not be attended to).
- (7) Before a wedding Kazakh families organize "in-law parties" in which they invite a powerful government official who receives expensive gifts from the parents of the couple.

- (8) A city official in New Zealand who is responsible for approving construction permits is taken to a lavish lunch by a property developer, and then to a football match where he sits in a corporate box.
- (9) By giving small gifts, citizens in Benin try to "personalize" their relationship with government officers otherwise they face negligent or harsh treatment.
- (10) In rural Mexico, corrupt government officials share some of their illegally accumulated wealth throughout the local community by financing carnivals and fiestas with free food and alcohol.
- (11) A government minister for public works in Queensland Australia accepts heavily discounted shares in a mining company, which is planning a new mine and other infrastructure investments.
- (12) A driving license tester in India is offered money to issue a driver's license without the applicant taking a test.

These examples can be discussed and debated to identify social exchanges, bribes, rent seeking, and various arrangements that could distort policy and services. Noting the conceptual ambiguity of the terms gift and bribe, this article is divided into three parts. The *first* part provides a working definition of gift giving and discusses several forms of goods that can be exchanged as a gift, and discusses similarities between gifts and bribes. We show that many informal practices that are defined legally as bribes have the same context and characteristics as do gifts. In the *second* part, we note that when transactions take place in organizations a distinction is made between normal gift giving and bribery. In the *third* part, we construct a framework for the analysis of gifts and bribes in the public sector. We conclude with applications of the framework and suggestions for future studies.

Lines are often rigidly drawn. Bribery or corruption is typically associated with immorality and evil, and gift giving is linked to goodness and self-sacrifice (Rose-Ackerman, 1998). Economists, legal scholars, political scientists, and international NGOs categorically take the view that bribes are illegal acts, prohibited by law, and understood as such in many societies. However, this approach falls short of explaining why otherwise normal individuals all around the world routinely break the rules and engage in informal exchanges that are defined as bribery by law. Answers can be found in the work

of anthropologists, who provide the most comprehensive scholarship on this topic, and the task is to apply these to public administration.

Anthropological concepts of gift and bribe

What is gift giving?

Rather than crisply defining “gift”, anthropologists consider gift giving and bribing as “emic” concepts that should not be defined by the observer scientist but rather ought to be examined from the perspective of local people (Torsello & Venard, 2015). Gift and bribe are what local actors believe that they are (Werner, 2000). Instead of defining the gift/bribe divided strictly in legal terms, scholars in anthropology introduce a second dimension and discuss the topic in terms of law and morality at the same time (Anders & Nuijten, 2008). According to this view, what is defined as corrupt and illegal by the authorities, is often regarded as gift giving, a morally justifiable act by local population (Torsello & Venard, 2015). The legal system should not be the primary standard against which practices are judged as either gift giving or bribes (Smart & Hsu, 2008).

According to the Encyclopedia Britannica, “gift exchange is the transfer of goods or services that, although regarded as voluntary by the people involved, is part of the expected social behavior.” This views gift as an exchange process that transfers resources between actors. Exchange means “the giving up of something in return for receiving something else” (Macneil, 1986, p. 567). The definition also suggests that gift is subject to social expectations (rules), even if the participants are not aware.

Almost anything of value can be given as a gift. Nevertheless, gift does not need to be an object with physical properties (Larsen & Watson, 2001). It may come in different forms of labor; for example, cooking for someone (Carrier, 1991; Murcott, 1983). Mutual favors (including sex) can also serve as a gift. Nonmaterial gifts or counter gifts do not always come from an individual. They can be initiated by a community or family, in the form of symbolic capital such as recognition, honor, prestige, or nobility (Bourdieu, 1997). For example, unconditional hospitality to total strangers was the norm in Arabian, Iranian, and Indian cultures where the indirect reciprocity came as credit from the community (Offer, 1997).

Anthropologists originally studied gift in ancient or “primitive” cultures, but they also confirm that gift giving is a fundamental informal institution in contemporary societies (Lemmergaard & Sara Louise, 2011). Beyond the typical and pure gift situations such as

birthday, wedding or Christmas gifts, our modern social life is full of symbolic and materialistic exchanges of favors. For example, when our neighbors are busy we pick up their children from school, and in return, they walk our dog when we have to work late. Gifts have a clear complementary role in areas where market solutions are scarce or imperfect. There are obvious instrumental benefits of such informal *quid pro quo* because we can obtain resources that are rare or more expensive if purchased in a commercial market. Through gift-type exchanges, we can also receive services that require more trust between the partners than impersonal economic transactions normally offer.

Similarities between gifts and bribes

Gifts and bribes are both socially functional institutions, and operate as complex rule systems. According to anthropologists, both gifts and bribes are informal exchange processes regulated by multiple (formal and informal) rule systems (Anders & Nuijten, 2008). Beyond their instrumental advantages, both have important social functions which keep together social groups at different levels of society. The universal norms of gift giving and bribery (1) trigger reciprocity, (2) regulate the (gift/bribe) exchange process, and (3) enforce a *quid pro quo*. According to anthropologists this normative similarity suggests that gift and bribe constitute the same type of social behavior (Shore & Haller, 2005; Smart & Hsu, 2008).

Gifts and bribes as multiple rule systems

Simmel (1950, p. 387) claimed that “all contacts among men rest on the schema of giving and returning the equivalence.” The most powerful driver of gift exchanges is reciprocity, a universal norm that can be found in almost all cultures. The origin of the universal norm of reciprocity can be tracked back to ancient religious rituals, when people offered sacrifices to the gods as an act that should have been necessarily reciprocated (Mauss, 2002). Forms of reciprocity exist in all societies to this day.

Although the economics literature claims that altruistic giving exists when giving is not followed by a return from the recipient (Rose-Ackerman, 1998), anthropologists believe that gifts always trigger a return or at minimum, a feeling of obligation to repay favors on the receiver side (Douglas, 2002). The unreciprocated gift makes the person who has accepted it feel inferior because of the sense of indebtedness and the receiver will seek to get rid of such obligation by reciprocating (Ferraro, 2004; Malinowski, 1922; Mauss, 2002; Strathern, 2012).

Reciprocity means lending resources to someone in the present and demanding (or at least hoping for) a return in the future (Peebles, 2010).

Beyond the strong obligation to reciprocate, informal norms also shape other parts in the exchange of giving and accepting gifts (Mauss, 2002). Some gifts are regulated by society wide, almost universalistic norms. For example, Christmas, birthday or baby shower gifts and the related informal codes can be found in most countries. Some gift-related norms are more culture specific. In many Latin American countries, giving a knife as a gift is taboo because it means ending a relationship (Arunthanes, Tansuhaj, & Lemak, 1994). In China, giving a clock as a gift is associated with bad luck (Reardon, 1984).

Anthropologists argue that the phenomenon defined as bribery by authorities is regulated by informal rules simultaneously with formal criminal codes. Such legal plurality makes the boundaries between gift and bribe especially blurry (Polese, 2008). From this anthropological view, gift and bribe refer to the same type of social behavior because both are subject of diverse and often contradictory rule systems, and formal law is just one of them. Informal norms are often so powerful indicating that people should share limited resources in a particular way, very often with their closest friends, kin, classmates, colleagues, ethnic groups, local communities or other informal networks, and not with outsiders, as we saw in example 5 (the Hungarian motor mechanic).

Universal informal norms can facilitate bribery. For example, it was a common aphorism in many socialist countries the “those who do not steal from the state steal from their families” (Misangyi, Weaver, & Elms, 2008, p. 753). Such general “Robin Hood” attitudes still exist in the post-communist period and makes “stealing back” from the state perfectly legitimate or even obligatory for major part of society (Jancsics, 2015). Furthermore, paying physicians unofficially in post-communist Russia or Hungary is not just morally accepted but an almost obligatory universal norm (Gaál, 2006; Rivkin-Fish, 2005). Despite this practice being illegal in both countries, those who do not express such appreciation could expect a lower quality physician service. In Kazakhstan, officials only accept bribes from people they know, and the handing over a secret envelope is stated as “this is for your children”. (Werner, 2000, p. 19).

Gifts and bribes as socially functional institutions

Gifts and bribes both have important social functions as we discuss below when describing *compadrazgo*, *blat*, and *guanxi*. They keep social groups together and help them survive by reducing risk and

uncertainty derived from inadequate formal institutional structures. A gift represents something substantially social beyond its pure instrumental value (Alexander, 2001; Carrier, 1991).

A gift always refers to its symbolic meaning related to the social bond between the partners and the giver’s self-identity (Betteridge, 1985; Sherry, 1983) and as rituals, gifts shape the participants’ recent and future expectations and behavior (Komter, 2007). Thus gift has a crucial communicative function (Schieffelin, 1980). It sends symbolic messages from the giver, which are interpreted by the receiver (Wooten, 2000). Gifts can be strategically used as signals of the intention to establish relationship and shorten social distance (Cameron, 1988; Otnes & Beltramini, 1996; Sahlins, 1965). For example, giving home baked cakes and cookies to new neighbors, a widespread custom in US suburbs, is one way to make the newcomers members of the local community. Signaling that a gift is required for the issue of a license however, is rent seeking. While this is a distortion of public policy this phenomenon is not the main theme of this article.

When applied to a bureaucratic situation, ingroup and outgroup operate differently. Corrupt exchanges within a bureaucracy are risky, if trust is not strong. Trust is a typical solution for risk because it provides a framework of social arrangements by serving as a buffer against uncertainty (Luhmann, 1988). There is the functional aspect of the gift-briber dilemma. Transactions that look like deviant and socially harmful behavior to outside observers might be seen as a gift practice with crucial social and symbolic functions by the local population (Smith, 2007). Trust-based informal exchange systems that are often labeled as corrupt by outside observers or authorities often function as survival kits to deal with the inadequacies of formal institutional structures, shortage, insufficient formal rights, harsh uncertain environment, or rigid authoritarian systems.

They exist in many countries but probably the most well-known examples are *compadrazgo* in Latin America, *blat* in Russia, and *guanxi* in China (Lomnitz, 1988). All of them are based on delayed reciprocity. Although some scholars link these systems to corruption, the anthropological literature stresses their positive role in compensating for the imperfections of government and other formal institutions.

In Latin America, the relationship known as “*compadrazgo*” (co-parent or godparent) has become a tool that allows poor social groups to survive physically and lets middle and upper classes maintain their

social status and privileges (Lomnitz, 1988). For example, using *compadrazgo*, individuals in the urban middle class in Chile circulate resources such as political support, school admission, jobs, and bank loans (Lomnitz & Sheinbaum, 2004). *Blat* was an informal tool in Russia that helped reduce uncertainty in conditions of shortage during communist rule (Ledeneva, 1998). Russian people used *blat* as a special form of barter, a non-monetary exchange, because in the socialist planned economy money was not necessarily the main tool of economic transactions.

The continuous reciprocal exchange system in China is known as *guanxi*. Its positive function is that it builds trust in the absence of adequate formal legal and financial institutions (Smart & Hsu, 2008). In order to reduce uncertainties in a fraught bureaucratic, legal, and entrepreneurial system, Chinese people often use gift-based *guanxi* “friendship” to obtain licenses, cheap loans, retail space or introduce potential clients. Similar systems operate in other cultures.

Not all bribery is gift related. Sometimes bribery is a more instrumental transaction with the primary function being to obtain direct and one-time benefit for the participants. The most typical examples of such non-gift-type corrupt transactions are bribing traffic police, parking attendants, custom officers, or other street-level bureaucrats. They usually happen “on the spot” when the actors do not know each other and there is a little chance that they will meet again in the future (Jancsics, 2013). Here, cash-bribe and instant responses dominate the transaction. They are less personal and more economic-type exchanges when parties have distinct economic and social interest (Gregory, 1982; Sahlins, 1965).

Since informal norms rarely provide guidelines, actors are on their own during these exchanges. They must improvise and communicate effectively in order to successfully make a corrupt deal on the spot. However, if the actors are interested in repeating a corrupt deal with the same partner, they will likely to turn their exchange into a gift-type bribe based on mutual trust and delayed reciprocity, features that reduce the risks of detection and blur the corrupt nature of the exchange (Lawler & Hipp, 2010).

Organizational dimension

People exchange gifts in various social and familial and clan arrangements as discussed above. When we turn to corruption, we can identify corrupt individuals, corrupt groups and corrupt organizations (Graycar & Prenzler, 2013). When gifts are exchanged

in a way that affects public policy or public administration we need to focus on an organizational dimension. At least one corrupt actor is invariably an occupant of a public or private office. Corruption and bribery are acts that often involve public servants (Friedrich, 1993; Rose-Ackerman, 1996; Shleifer & Vishny, 1993; World Bank, 1997), though corruption can be found in any formally organized context in governments and in private firms or in NGOs (Aguilera & Vadera, 2008; Argandona, 2003; Ashforth & Anand, 2003; Pellegrini, 2011).

Social/organizational exchanges

Including the organizational dimension in the analysis of the gift-bribe dilemma helps distinguish between seemingly similar activities. A *society-to-society* transaction involves gifts where the organizational affiliation of the partners is irrelevant. The giver who initiates the transaction, and the receiver who later reciprocates, bring their own or their social groups’ resources in the transaction. When a new resident moves into a neighborhood and a neighbor brings them home baked cakes, and the new resident in return invites the neighbor for a lunch, it is a typical case of a *society-to-society* gift transaction.

In contrast to this pattern, where there is a *society-to-bureaucracy* transaction, someone gives a gift to an organizational member but the counter gift “does not come from one’s own pocket” (Ledeneva, 2014, p. 21), but from public or private organizational resources, then there is a bribe. For example, if a government official in Kazakhstan receives an expensive gift at an “in-law party” it may not be seen culturally as a bribe, although it may be against the code of conduct of his organization (Werner, 2000). However, if a few months later he reciprocates this gift to the family with, say, a governmental license he will turn organizational resources into private ones. He will be trading his entrusted authority.

The employee electrician who installs an alarm and surveillance system in his daughter’s kindergarten for free in work time, and using his employer’s resources also falls into *society-to-bureaucracy* category. This is “corruption with theft” (Shleifer & Vishny, 1993, p. 601), an exchange when the actors steal the goods of their organization and, by following the informal norms of their social group, turn them into gifts and transfer them to informal group members.

The value of the exchange is not always material, and as such where there is low value people often do

not perceive it as a bribe. An employee hairdresser might spend more time on a friend's hair than normally; a car mechanic may fix some extra issues on a neighbor's car and not include them on the bill; a school teacher who is a patient may receive special care from a heart specialist whose child is a student in the teacher's class (Patino, 2002).

However, in many cases the stakes can be much higher (Graycar & Prenzler, 2013: 4). For example, giving a license to somebody without the necessary skills to use equipment could cause serious accidents and harm people. Regardless of the value of the exchanged gift, these practices channel organizational (or public) resources into private hands (Rose-Ackerman, 1998).

Sometimes, the counter transfer is not a "stolen" organizational resource but just the normal treatment of a client. In many African countries, people who want to deal with public agencies must initiate a personal relation and build trust with civil servants by giving gifts in advance of the official transaction (Blundo & Olivier De Sardan, 2006). Clients of the public service who do not establish such social bonds can expect poorer treatment from the officials.

Informal exchange systems such as *compadrazgo*, *blat*, or *guanxi* simultaneously transfer private/community as well as organizational resources. For example, when *guanxi* partners provide informal loans to each other, the transaction involves only their private resources while in many other cases bureaucratic permits and licenses serve as counter gift from a *guanxi* network member.

Gift giving in the organizational circumstances described above can result in a loss in revenue and an undermining of bureaucratic processes and confidence in those processes. Organizational affiliation is important. Where it is irrelevant to the transaction, the exchange is a gift. Where one's affiliation is central to the transaction, the gift may well be a bribe.

Benign? Gifts and bribes

In the case of normal gift exchange, participants bring their own, family or community resources, in the transaction. When they exchange something that belongs to an organization, normal gift exchange becomes a bribe, unless there are clear guidelines and transparency. There are times when a "bureaucratic bribe" is against the organization's formal rules, yet supported by informal organizational expectations.

Giving and accepting of gifts and hospitality has an essential role in facilitating long-term business relationships. It enhances the company's image

and increases the chances of sales and business deals (Arunthanes et al., 1994). Moreover, the total denial of corporate gift exchange may well be an insult in many parts of the world. In Japan, not giving a new business partner wrapped quality gifts at the end of their first meeting may prevent future deals. Gift giving can also be an integral part of an organization's marketing and communication strategy. A nice pen with the firm's name on it can remind former or current business partners of the firm's products (Fan, 2006).

Exchanging bureaucratic gifts has the same functions as gift giving between relatives, friends or acquaintances. It sends symbolic messages, creates goodwill, develops social bonds and reduces transaction costs, risks and uncertainties, derived from dealing with strangers (Gordon & Miyake, 2001). Importantly, business gifts also have reciprocal effects and just like regular gifts they build social cohesion by simulating the informal institution of gift within a controlled formal environment (Arunthanes et al., 1994). They aim to trigger positive discrimination by the other party to get a discount, a lower price, longer delay in payment and so on.

Bureaucratic gift giving is a *bureaucracy-to-bureaucracy* transaction, regulated by organizational codes of conduct which provide guidelines about the form, the value and other conditions of the accepted gifts (Irwin, 2013). For example, giving or receiving gifts before a large deal or during a tendering process is prohibited. Organizations usually limit the maximum value of the given or received gift and require official records about gift transactions. Nevertheless, most codes offer some discretionary freedom to the employees to judge what is acceptable within cultural considerations (Gordon & Miyake, 2001).

The key here is transparency, and an assessment of whether there is an expected and distorting *quid pro quo* for something like a cup of coffee, a meal, or a pen, or some larger gift.

Bribery as policy

We cross into different territory when organizational resources are traded for gifts or benefits, and when this is done in secret or with no transparency. Although such exchanges are still *bureaucracy-to-bureaucracy* transactions, they fall into the category of bribery. Sometimes, this can be a formal policy in an organization, and sometimes it can be informal practice when the policy forbids it.

Gift and bribe reallocate organizational resources in order to serve organizations' goal, enhance business and guarantee the organizations' survival for a long term.

Pharmaceutical companies for example sponsor for physicians, all-expenses-paid “conference trips” to attractive resort. These practices it is argued significantly increase the prescribing of the promoted drugs (Orlowski & Wateska, 1992). A company that maintains ski lodges and seaside villas for VIP suppliers and clients, or a property developer who invites officials responsible for approving construction, to a lavish lunch follow the very similar pattern.

Facilitation payments involve gifts to officials to make happen things that should happen as a matter of administrative or bureaucratic course. Without such a payment an enterprise may face serious difficulties in securing normal business activity. A company’s product might lie on the dock of a foreign port, and to avoid spoilage of the whole cargo the manager makes a choice between a large company loss or a small payment/gift to facilitate the business at hand (Fadiman, 1986). Does it happen just once, or is it endemic? Such settings easily trigger a bureaucratic bribe. These patterns involve gifts in which group of employees carry out corrupt action on behalf of the organization (Pinto, Leana, & Pil, 2008).

Between 2001 and 2007, Siemens, the German multinational with a wide range of businesses across the globe, made some 4,283 corrupt payments to foreign officials totaling over \$US 1.4 billion. Up until 1999 in Germany corrupt payments to foreign officials were tax-deductible expenses. This led to the systematic embedding of a bribery culture within the organization, which included management instructions on how to set up shell companies in order to funnel illicit payments to foreign officials. As a corrupt organization, Siemens was indicted and prosecuted in Germany, the USA and Italy.¹ Overall, their breaches of procurement policies cost the company \$2.6 billion—\$1.6 billion in fines in Germany and the USA, and \$1 billion in self-initiated corporate reforms.

Crossing the line between bureaucratic gift and bribe is often authorized by managers (Misangyi et al., 2008). Here, the formal organizational rule bans the exchange while informal norms legitimated by authorities allow it. Managers usually do not directly permit rule breaking but create a permissive ethical climate and organizational culture (Martin, Lopez, Roscigno, & Hodson, 2013). Setting up unrealistic service and financial targets and turning a blind eye to the tools employees use to make deals is a typical means of facilitating bureaucratic bribe (Ashforth & Anand, 2003; Vaughan, 1982). Emphasis on ends rather than means, supported by strong incentives for attaining may be a clear signal of an unethical climate (Brief, Buttram, & Dukerich, 2001; Misangyi et al., 2008). When bribery is an unofficial organizational policy, the

practice may become routinized and embedded into the organization’s normal procedures. An organization’s informal norm system helps to hide such practices. Organizations have a natural tendency to create a culture of silence and cover-up against the outside world where even honest members show solidarity with their deviant and corrupt colleagues (Katz, 1977).

Gifts and bribes in public sector settings

We have a situation where people have always exchanged gifts, and incurred obligations. We have a formal rational-legal bureaucratic system where the office is the unit of analysis, but the office holder has discretion and accountability and if these are out of balance, a corrupt situation exists. We have expectations of transparency in dealings, especially those that involve exchanges. All deplore bribery and corruption, yet we find many examples of officials receiving gifts that they thought were perfectly acceptable, and perhaps sometimes they were.

Our political and administrative history is replete with examples of officials who have taken gifts and denied that there was a quid pro quo. We have blatant examples of bribes where a rent seeking bureaucrat would not perform a required task without a “gift”. How do we start to draw up the categories of what is acceptable and what is not? Most bureaucratic systems have rules about the value of the gifts that officials can receive, and still there is confusion. Most systems have “gift registers” which document gifts received, yet these are often not complete, or once completed, rarely scrutinized.

As noted above, bribes can take many forms and can do damage of great magnitude. The damage is not always financial. One study in New York found that the dollar value of bribes paid to New York City officials was very small (bribes of less than a few hundred dollars) yet the damage was to reputation, confidence, and most of all to the governance capacity of the city itself (Graycar & Villa, 2011).

All of this has relevance for public administration. Officials need to have discretion and need to engage with stakeholders. To refuse a cup of coffee purchased by a stakeholder does not make sense, nor does the refusal to accept a sandwich lunch, or a bunch of flowers, or a box of chocolates. Yet, so many training courses in organizational integrity focus on these types of events and discuss them in great detail. If an official could be “bought” for a cup of coffee, and misuse discretion, then s/he would not benefit from more rules or more restrictions. The real challenge is knowing when to draw

the line—modest lunch, less modest dinner, premium box at the football, trip to Las Vegas, with perhaps the services of a hooker. Most officials know where to draw the line. The key is to be open and transparent about any gift.

In essence, we have four situations which we call, *social gift*, *social bribe*, *bureaucratic gift*, and *bureaucratic bribe*. These four categories all involve some element of gift, and therefore are distinct from our example 12 above (driving license inspector) which is unambiguously a bribe—a non-gift bribe. Our typology below does not cover the common phenomenon of a non-gift bribe. Our other examples are assigned to the various categories, though this assignment could be the subject of debate.

Table 1 shows these main types of exchanges that involve gift. The variables that we would consider for each of these are: what is the primary function of the exchange; what is it that is being transacted; what is expected in return; does the organizational affiliation of the participants matter; are they exchanging their own resources, or somebody else's (the organization's); is there transparency in the transaction; who are the winners and who are the losers; what is the primary means of regulation of the transaction.

Social gift is an exchange of private resources between individuals or members of a social group with the primary function of facilitating (maintaining, creating, negotiating or breaking) social relationships and reinforce social bonds. Here, the participants' formal organizational affiliation is irrelevant. Although social gifting is facilitated by informal norms, it is a relatively transparent act, visible to other group

members and outsiders. There are usually no losers of this type of gift giving. Example 1 above fits here.

Social bribe is very similar to social gift practices except that here at least one actor brings into the transaction goods that belong to an organization. The primary function of this exchange type is still social. In this case, the obligations and informal norms derived from one's social membership are more powerful than the organizational rules and are related to the person's formal bureaucratic role. Therefore, participants view "stealing" from their organization as acceptable or even desirable. While the community and individuals benefit by strengthening social bonds the organization loses its resources. Social bribe is not transparent, since actors try to hide the exchange from the organization. Examples 3, 5, 6, 7, 9, and 10 fit here.

Bureaucratic gift is a transparent and formally regulated gift form that allocates organizational resources. It tries to simulate social gifting by creating goodwill and triggering reciprocal effects between office holders in different bureaucracies. The primary instrumental function of this type is to benefit the organization by facilitating smoother transactions with other organizations. However, the norm of reciprocity is usually weaker in organizational contexts than in society because people often feel that the favor they receive is driven by calculative motivation rather than genuine help (Belmi & Pfeffer, 2015). Example 2 fits here.

Bureaucratic bribe involves gift-type transactions in which the main beneficiary, as in the case of bureaucratic gift, is the organization. Here, formal rule breaking is facilitated by informal norms, the organization's corrupt culture. Although individuals may also profit from a bureaucratic bribe the primary function of such non-transparent transactions is to ensure the organization's survival. Defense contractors who have former senior military officers in the top echelons may exhibit bureaucratic bribery, for in winning large contracts through their contacts, the organization wins and the community loses as public spending on weapons goes up without real competition (Perrow, 2007). Similarly, a company which might provide a gift to the police retirement foundation could get its security protection from the city's police department on very favorable terms. Or a company which finances an urban renewal project would be so much in favor with the city government which could limit development applications by competitors, whose entry could increase the demand for skilled labor in the area. In these examples of bureaucratic bribe, the organization wins and the community loses. Examples 4, 8, and 11 fit here.

Table 1. Types of gift exchange.

Social gift	Social bribe
Primary function, social Individual or societal transaction	Primary function, social Individual or societal vs. organizational transaction
Private goods exchanged	Private and organizational goods exchanged
Community/individual benefits by strengthening social bonds Nobody loses Governed by informal norms Transparent	Community/individual benefits by strengthening social bonds Organization loses Governed by informal norms Non-transparent
Bureaucratic gift	Bureaucratic bribe
Primary function, instrumental Organizational transaction Organizational goods exchanged Organization benefits Nobody loses Governed by formal rules Transparent	Primary function, instrumental Organizational transaction Organizational goods exchanged Organization benefits Competition or general public loses Governed by informal organizational norms Non-transparent

Conclusions

Gift and bribe practices are similar phenomena that can be found all around the world. People have always circulated resources through gift exchanges in order to keep their social group together. These trust-based relationship structures help reduce risk and uncertainty and offer safety networks, stability and meaning in many situations of social life. Anthropologists reveal shared features and important social and cultural aspects of the gift-bribe divide. Gift and bribe are relative; they may look totally different from the perspective of authorities than from the viewpoint of local actors.

However, there is a tipping point where a normal gift turns into a bribe. The typology we offer here suggests that the organizational dimension is an important explanatory factor in the analysis of gift-bribe practices in two ways. It helps clarify the difference between gift and bribe. It is also a sufficient tool to detect additional gift-type exchanges that occur only between organizational actors. The presence of organizational resources in an informal transaction is a distinguishing criterion between gift and bribe. Moreover, a bribe is always a hidden non-transparent exchange.

Sharing bureaucratic resources with favored outsiders is clearly against the interest of the organization and it is likely that organizational control mechanisms will seek and detect such “leaks.” However, in the case of bureaucratic gift and bribe practices, the organization may not detect the transfer as a resource loss. Some organizations turn a blind eye to the move from gift to bribe as they view it as an investment in the organization’s future. Other organizations build integrity, so that they can adhere as much as possible to the Weberian bureaucratic model and invest in their staff to build integrity and handle gift/bribe issues in an ethical and transparent manner.

Note

1. See <http://www.fcablog.com/blog/tag/siemens?currentPage=8>

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