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ABSTRACT

According to Gray & Kaufman (1998) corruption is more prevalent in developing economies mainly as by-product of the desire for pecuniary gain. This desire is a symptom of fundamental economic, political and institutional causes and is not due to cultural difference of values or ethics. Furthermore, the motivation for monetary gain is usually coupled with poor governance measures, or a lack of enforcement of enacted governance legislation and accompanied by poverty, low public sector salaries, and scant or inconsistent accountability.

Definitions for bribery and corruption are plentiful and varied. Moise (2000) suggests that there is no single international definition of bribery and corruption as there is no single area where corruption manifests itself. Others like Quinones (2000) contend that even the most widely used definition, which is “the abuse of public office for private gain” may err on the side of oversimplification. Pancini et al. (2000) describe a bribe as “a business transaction, albeit an illegal or unethical one, that has the effect of corrupting economic or governance systems as it bestows an unfair advantage on those bestowing the bribe (Pancini et al. 2000, p4). Often the terms of bribery and corruption are used synonymously, although as Johnstone and Brown explain “the criminalisation of corrupt acts that incorporate bribery is entirely dependent upon the country of usage and customary and legal interpretation” (2004, p218)

As a result the definition applied to bribery and corruption is often dependent on the considerations of economic, political and legal perspectives and the relevant issues that are being discussed. There is almost unanimous consensus that corruption has a negative relationship with economic growth, the level of GDP per capita, investment and international trade (Dreher & Herzfeld, 2005).

According to Transparency International (2009) the Corruption Perception Index rankings Vietnam is 120 out of 180 countries. This shows Vietnam to be quite corrupt when compared to the relatively low level of corruption in Singapore, Hong Kong and Japan ranked 3, 12 and 17 respectively. Many Vietnamese experts and commentators still argue that the perception of corruption in Vietnam is one of the key concerns for the country going forward. In 2003 more than half of foreign and local businesses complained that corruption and bureaucracy were major issues when conducting business (United Nations Development Programme, 2008).

Field of Research: Business Ethics, Management, Bribery and Corruption, Cross Culture.
1.0 Introduction

International business, particularly with emerging and transitional economies almost always brings with it different cultural perspectives, approaches and understandings of appropriate business practice. This in turn often raises questions of how best to determine what constitutes appropriate practices, ethical considerations and corporate values in a different cultural context.

In many cases organisations operating abroad often face dealing with situations that are not transparent and a business environment where, what would be an unethical practice at home, is commonplace. This highlights the importance of understanding what is sometimes referred to as the cultural relativity of bribery and corruption (Donaldson, 1996). Certainly, bribery and corruption are interpreted differently, by different cultures, in different contexts around the world. Donaldson and Dunfee (1999 p.47) state ‘the importance of cultural differences to business are highlighted by Kluckhorn, Hofstede, Hamden-Turner and Trompenaars, yet the ethical implications remain largely unexplored”.

Gift giving is often presented as a good example of the cultural relativity of bribery and corruption. On one hand, the predominantly Asian cultures see gift giving as an act of reciprocity to establish trust and build relationships. In countries like China and Japan not only is it widely practiced, it is a long-standing tradition. On the other hand, most Western cultures would see gift giving (of the magnitude expressed in the Asian cultures) as an attempt to influence decision-making and therefore - bribery. Guanxi or gift giving is important in Asian cultures and is used to cultivate and nurture business relationships (D’Souza 2003 p. 27). Some liken the idea of paying an official, to get goods through customs, to that of tipping for better service in a restaurant, whilst others distinguish the two as very different practices (Donaldson and Dunfee (1999).

In searching for a remedy to this dilemma Donaldson (1996) warns against taking either a relativist or absolutist approach to company ethics. Instead he suggests that ‘companies must help managers distinguish between practices that are merely different and those that are wrong’ (Donaldson, 1996, p52). Ethical relativists would postulate that everything is culturally and ethically relative therefore nothing is wrong. Absolutists, on the other hand, would contend that many things that are different are wrong. Donaldson offers three guiding principles to assist companies in their decision-making. Respect for core human values, respect for local traditions and a belief that context matters when deciding what is right and wrong (1996, p52).

2.0 Corruption and Developing Economies

There is general agreement that developing and transition economies are more prone to corruption than developed ones (Goldsmith, 1995; Ksenia, 2008). This assertion is supported to some extent by Transparency International (2009) which argues that national economies that are open and integrated with world markets, combined with robust political, social and legal systems, appear less prone to corruption than those which are not. The 2009 Transparency International Corruption Index also lends support to this assertion with the three least corrupt countries being identified as New Zealand, Denmark and Singapore (tied for third with Sweden), all considered as developed economies with robust political-social legal systems, whilst the most corrupt were identified as Myanmar, Afghanistan and Somalia (TI, 2009).
2.1 Causes of Corruption

Caiden et al. (2001) outlines that there are too many forms of corruption to permit generalisation and prefers the definition of the word – meaning ‘something spoiled’ to begin his exploration of the topic. “Corruption is the antithesis of morality which may be a better way of defining it than the tortuous and fruitless search for something that tries to be inclusive” (Caiden, 2003, p2). For Caiden (2003) the starting point for understanding corrupt practices is the act itself. The specific behaviour that is considered to be morally wrong and unacceptable within its context. As a result the root cause of corruption is that human beings are flawed and that in reality few people are above temptation and therefore ‘corruption should be seen as the norm, not the exception’ (Caiden, 2001, p 23).

From this starting point we can then better understand why other factors contribute to humans falling to temptation. The World Bank (1997) identifies the causes of corruption as poorly designed economic policies, underdeveloped civil society, low levels of education and weak accountability of public institutions.

Similarly, Zengke He (2000) in referring to the causes of corruption in China lists six causes of corruption as: the existence of the dual economic system (e.g planned and market prices); low official salaries or their decline relative to other social groups; regulatory loopholes; moral decline; the incompleteness of political reform and weakness of anti-corruption agencies; and cultural and certain international factors (Zengke He, 2000, p248).

Alongside these findings sits the findings of La Porta et al. (1998) and their “law matters” thesis. As Walker points out, arguably the most important data from La Porta et al. is that relating rule of law and enforcement variables. These five variables are; efficiency of judicial system, rule of law, corruption, risk of expropriation and risk of contract repudiation. The results are that “law matters” (Walker, 2002). This are is covered in more detail in the context of Vietnam later in the paper.

It can be argued that the emerging economies often have less sophisticated legal systems and in particular enforcement practices as well as weaker institutions, poorer education, lower wages and increased poverty. These are often characteristics of developing and transitioning economies and perhaps provide insight into why they experience corruption (Ksenia, 2008).

Alatas (1990) and Gray and Kaufmann (1998), echoing the “law matter” thesis contend that corruption is prevalent amongst developing and transitional countries which are typically characterised by ineffective and unenforced rules and regulations. They also found that these countries experience a high degree of internal political competition with poor accountability measures, where individual civil liberties and political freedoms are restricted, the majority of the population are in lower socio-economic brackets and a high incidence of poverty. Other factors influencing corruption include the standard of education, income per capita, low and uneven economic growth along with the level of competition and greed (Oskooee, Goswami, & Gour, 2005).

Caiden et al. (2001) also identifies faulty technology and faulty administrative systems as enabling corruption. He argues that the more a society depends on technological complexity the greater the propensity toward corruption. Therefore in societies with weak accountability
safeguards, inefficient or ineffective legal systems and faulty technology or administrative systems, corruption will be rife.

Corruption often becomes institutionalised and accepted (United Nations Development Programme, 2008). This can be the result of a number of factors such as; lack of accountability, international trade barriers, limited freedom of the press along with the substandard regulation of the banking sector can cause a higher degree of corruption (Mauro, 2007).

Socio-cultural influences within organisations often lead to whistle-blowers being considered as treacherous and warranting ridicule. As a result corruption will spread through inaction, complacency and lethargy (Werner, 1983).

Whilst communist society was supposed to free itself of corruption through ‘fostering the spirit of the civic virtuous individual, altruism in the collective cause and strict self-discipline’ (Caiden, 2001 p29) this failed to occur. Instead communist regimes often experienced high degrees of corruption where state property was believed to belong to know one and therefore free for the taking, along with an inability for the public or anyone else to intervene (Caiden, 2001).

With the downfall of communism Andenas (1995) argues that significant structural changes to political and economic systems can also contribute to the prevalence of corruption. He contends that in former communist countries whose economies are in transition, problems can arise due to an absence of experience with the co-existence of a private and public sector. The privatisation of public enterprises and assets to the private sector can also stimulate bribery through inexperience or opportunistic administrators who participate in self-dealing.

In Vietnam the advent of doi moi (renovation) saw the move away from a state dominated socialist economy towards the implementation of the privatisation of state owned enterprises. Maitland (2002) outlines that over time corruption was an increasingly visible ‘side effect’ of doi moi. The Political and Economic Risk Consultancy described Vietnam as “in contention for the Imelda Marcos golden shoe award for outstanding achievement in the category of corrupt activities” (cited in Maitland, 2002, p155). Maitland (2002) outlines two distinct types of corruption. Type I (greasing the wheel) entails officials (customs for example) extracting bribes for licenses, permits or other government regulatory requirement. Often various officials would undertake spurious duties under the guise of government requirements in order to demand bribes. Type II (theft by stealth) is the payment of bribes to achieve the full or partial rights from the initial owner without consent (Maitland, 2002). Examples of this type of activity might include the payment of bribes to officials in order to obtain otherwise confidential business proposals.

Osbourne (1997) classifies corruption into three groups: bureaucratic corruption where officials take bribes; political corruption where politicians take bribes; and grand corruption signifying the misuse of public power by heads of states for private pecuniary benefit. The bribes are usually given by organisations to influence the outcome of government contracts, allocation of monetary benefits (tax evasion, subsidies, etc.), to speed up government’s granting of permits, to carry out legal activities and influence outcomes of legal and regulatory processes (Carmichael, 1995; Gray and Kaufmann, 1998; Kaufmann and Wei, 1998; Batabyal and Yoo, 2007).

Andenas (1995) purports that a large proportion of the civil service in these underdeveloped or transitioning economies are significantly underpaid relative to the economic growth and wealth generation that often occurs due to the liberalisation of the economy and the privatisation of
assets. ‘Underpaid public servants see a chance to take part in the conspicuous consumption becoming a part of their societies, or at least to maintain living standards in a period where the purchasing power of public sector salaries is radically reduced in relative terms (Andeas 1995 p. 60). However, Ampratwum (2008) notes that US studies show increases in civil service wages do not necessarily result in a reduction of corruption, therefore other influences are very powerful.

In Vietnam civil servant’s salaries are very low despite an increase of nearly 30 per cent in October 2006. Many government workers resort to raising money through charging ‘commissions’.

Much literature exists relating the political and economical characteristics of countries to the primary forces driving corruption. It is important to note that corporations also ‘choose’ to pay bribes to do business, which contributes to the normalisation of corruption in these countries. Carmichael (1995) identifies three reasons why corporations may take part in such forms of corruption:

1. they perceive bribery as the business norm in the country in order to get successful business transactions,
2. even though they may identify the act (bribery) as morally wrong, they do it because other corporations also do it, and
3. corporations desperate for business and under pressure may choose unethical practices to obtain business for financial success.

Research conducted by Husted (1999) and similarly supported by Sanyal and Samanta (2002), indicates that perceived bribery could be highly correlated with cultures exhibiting high power distance, high masculinity and high uncertainty avoidance. According to Hofstede (2002), Vietnam has been assessed as a country with high power distance and high uncertainty avoidance. If these assertions are correct this may which may indicate a propensity for bribery and corruption in Vietnam, however, this does not necessarily suggest that the propensity for this behaviour is a fundamental value or characteristic of the national culture. Husted, (1999) essentially suggests that corruption exists in most societies but at different levels, ranging from rare to widespread to systemic. Gray and Kaufmann (1998) argue that where corruption has become systemic, the economic institutions, rules, and norms of business behaviour adapt to a corrupt modus operandi, with bureaucrats and other agents often emulating or taking the lead from the examples of role models in the political arena.

2.2 Bribery and Relativism

LaFollette (1991) states that ethical relativism is the thesis that ethical principles or judgments are relative to the individual or culture. Velasquez, Andre, Shank and Meyer (1992) describe ethical relativism as the theory that morality is relative to the norms of one's culture and whether an action is right or wrong depends on the moral norms of the society in which it is practiced. Thus the same action could be argued as morally correct in one culture but be morally wrong in another. They suggest that if ethical relativism is correct, there can be no common framework for resolving moral disputes or for reaching agreement on ethical matters among members of different societies. The relevance of the relativist debate to bribery and corruption should be evident. It is possible that practices that are termed bribery and corruption and seen as unethical
in one country could be argued as consistent with the norms of another and thus ethical. Anecdotally managers often justify the paying of bribes and facilitation payments claiming that the practice and expectation is part of the values set or national culture. Thus it can be seen that ethical relativism is a theory that supports the maxim “when in Rome, do as the Romans do” and is advanced by those who seek to defend their use of bribery (Kohls and Buller, 1994, p. 31; Boatright 2003, p. 427). Donaldson and Dunfee suggest that some companies, whilst recognizing these cultural differences, simply accept these as the way business is conducted in a host country, thus engage in corrupt practices. They argue that this strategy is a “mistake because it exposes the company (and its brand names) to corruption and public affairs disasters, and because it misses the opportunity to find the glue that cements morale and cooperative strategy”(1999 p. 46)

2.3 The Normalisation of Corruption

Caiden et al. state “Corrupt officials, knowingly or not, display contempt for other people, no matter how minor or seemingly innocent their corrupt acts. This contempt harbors within it the seeds of megalomania that, if allowed to flourish, eventually blossom into grosser and grosser acts that may lead to monstrous crimes against humanity where other people are considered expendable and other people’s lives are considered meaningless and useless” (Caiden et al., 2001, p30). Corruption ‘contaminates’ and if left unchecked will lead to widespread inefficiencies, complacency and cynicism. Moreover, corruption begets corruption making it increasingly difficult to combat.

According to Ashford and Anand (2003) the normalization of corruption behaviour within an organization can be described as a process, which has some application to national levels as the bribery and corruption discussed in this paper refers primarily to organisational corruption. They assume that all organizations have the potential for corrupt or unethical practices as opportunities exist both internally and externally which if accepted can result in the acceptance or normalisation of the action and or practice. They define normalization as behaviour that has become embedded and internalized by organizational members, who see it as permissible and as even desirable. These practices are then passed on to new organisational members under the guise of normal practice. Ashford and Anand (2003) also describe a second aspect to the process as the rationalisation of the practice. They identify some factors that can encourage their proposed process of an initial corrupt act, embeddedness, and repetition, such as culture and organizational memory within an organisational context. They primarily focus on how an environment develops that promotes corruption, once the acts have already been carried out, not what inspires the corrupt acts in the first place. Rationalizations capitalize on the complexity and ambiguity and dynamism of the situation. Actions that appear corrupt in hindsight may have been taken on an adhoc basis, under pressure or with incomplete information. Once initial acts of corruption occur they tend to gain momentum, as the organisation tends to count on the rewards of the action. With the decision already made, it becomes easier to perpetuate the acts rather than to stop them. Ashford and Anand (2003) also identify a range of factors that individual use to rationalise corrupt behaviour several of which appear to have relevance within a larger national context. The denial of responsibility involves the actors engaged in corrupt behaviours perceiving that they have no other choice than to participate in such activities, that it is a necessary aspect of their activities. The metaphor of the ledger also has great relevance particular give the points made earlier concerning the issue of relatively low wages in the public sector. The individuals
rationalize that they are entitled to indulge in corrupt behaviours because of their accrued credits (time and effort) in their jobs for which they are not directly financially renumerated.

Anand, Ashforth, and Joshi, (2005) suggest that the desire for group acceptance reduces individual concerns, which leads to acceptance of and the development of a social cocoon. Once formed, corruption may be facilitated through the following steps:

(1) veterans and organisational leaders role model the corrupt behaviour,

(2) individuals are encouraged to affiliate, bond with and develop desires to identify with, emulate, and please veterans and leaders,

(3) strong and consistent information and ideological statements are made so that corrupt acts are seen in a positive light

(4) individuals are encouraged to attribute any misgivings they may have to their own shortcomings (particularly naiveté) rather than to what is being asked of them.

3.0 Vietnam – background

Vietnam is a civil law country where, unlike common law jurisdictions, case law and precedent are not important parts of the legal framework. Courts do not, nor are they required to, observe case law precedents as a source of law. As a result very few cases are reported. However, Vietnam, as many other countries in the previous Soviet bloc, does not accept and adopt the concept of case law as a source of law. As a result several studies have concluded that the Vietnamese have little, if any, trust in their courts (Nicholson, 2002).

Judgments rendered by Courts do not form a source of written law interpretation. Although some judgments set precedent with great impact on the development of laws, inferior Courts do not always and are not forced to take paths of judgment as may be designed from time to time by the supreme Court in conclusive rulings.

Vietnamese judges are appointed by the ruling communist party and have the right to adjudicate on cases independently of any prior judgment by a higher Court on a similar case or law. Many judges lack formal legal training and their positions are reviewed regularly by the State. As a result there is no separation of powers between the judiciary and the state as in Western democratic legal systems (Neilson, 2000). In time, Vietnam may follow in the footsteps of China, which is moving towards an increased independence of the Courts and stronger legal education for judges (Clarke, 2008).

The Vietnamese State Securities Commission (SSC) was set up in 1996 as the securities regulator. Since 2004 the SSC has been an agency under the authority of the Minister of Finance. The Ho Chi Minh and Hanoi Securities Trading Centres (STCs) are responsible for providing for and monitoring trading in corporate securities. The SSC oversees the activities of two Securities Trading Centres. The World Bank Report on Vietnam in 2006 reflects the way the SSC is viewed in the broader context: “Under the recently approved Law on Securities 2006, the SSC is not an independent securities regulator. It lacks authority and the required resources to act as an effective securities regulator. Enforcement actions by regulators have been rare, and have not gone beyond the issuance of notices. Currently the STCs operate practically as departments
within the SSC. The informal market is not regulated, and the quality of information of those companies trading in the informal market is poor” (World Bank, 2006, p3).

Joint Stock commercial banks and credit organisations are regulated by the State Bank of Vietnam and insurance companies are monitored by the Minister of Finance.

One of the reasons for an emphasis in Vietnam on growing the economy is the rapidly increasing labour force. Because Vietnam has a relatively young population it often has a labour force growth rate that outstrips its population growth rate. From a political perspective, keeping the burgeoning labour market employed is a high priority. In turn, growing the economy is imperative. This then leads to increasing pressure on the regulatory measures required to continue to grow the economy, particularly when this growth is largely dependent on foreign investment. There is no doubt Vietnam is in a transition phase as its economy and society emerge into a more robust market economy from a long history of being a State driven economy. From a legal point of view the history of Vietnamese company law, in particular, is almost entirely based on legal borrowings (Manyin et al., 2006).

Some commentators, such as Gillespie (2003), observe that Vietnam will never adopt or understand some of the key concepts required for a strong corporate governance framework.

Vietnamese entrepreneurs, on the contrary, receive contradictory ideological messages. Market entry deregulation conveys the ideology of commercial freedom promised by doi moi economic reforms. But the daily reality of ‘state economic management’ reinforces the impression that socialist planning remains the primary allocative force.

Put differently, company law norms are important in East Asian countries that emphasise the economic and cultural values embedded in the norms, such as shareholder interests, corporate management and creditors’ rights. They are less important in countries like Vietnam where the dominant ideology undermines corporate values. State economic management suppresses the emergence of the types of entrepreneurial organisations and markets that support and maintain Western company law. Without supportive non-state institutions, businesses construct defensive family structures and form particularistic, frequently corrupt alliances, with State bureaucrats (Gillespie, 2003).

Others, like McNaughton (1999), suggest that Vietnam, like China, is simply borrowing legal concepts for the expediency of building governance structures, while not understanding the legal theory and principles behind these concepts. Neither of these views strikes a blow against the fundamentals of corporate governance principles. The reasons for having good corporate governance are independent of comparative law, legal transition, political structure or ideological arguments. Good corporate governance is not tied to political ideology. Adopting good corporate governance in the business context does not weaken the communist state.

It is a legitimate choice to reject improvements to corporate governance or attempts to incorporate good governance frameworks into the business culture. This choice, however, will come at a cost, which is a diminished ability to compete with companies that do adopt good governance. This applies on the macro scale as much as the micro. Countries that are strong on good corporate governance will out-perform those with little or no corporate governance. The
evidence suggests that the stronger the governance regimes the less likely corruption will be present or flourishing. Here the “law matters” thesis sets out that increasing governance measures will not only decrease corruption but also increase confidence for foreign investors.

It is understood and accepted by agencies like the WTO and the World Bank that emerging economies need time for transition. Transition is one thing; never adopting or understanding key principles is another. Arguably, some concepts may take longer to become fully incorporated in the day-to-day workings of companies than others.

The concept of risk is not solely an Anglo-American phenomenon; it is understood intuitively and universally, notwithstanding different cultural contextual adaptations. Furthermore, if a concept is adopted to form part of the corporate governance framework, for the purposes of attracting foreign investors, then the assumption must be that the meaning the foreign investor attaches to that concept is the meaning intended. Thus, it is incumbent upon the adopters to avail themselves of the meaning of the concepts that they are persuading others to assume they understand and practise. If the adopters do not understand, agree with, or practise the borrowed laws, then they should not adopt them. This would be tantamount to misrepresentation. Moreover, if the principles of good governance are found not to exist in practice, then the desired international legitimacy will not last, leaving an even greater task, to convince foreign investors of the future of the merits of investment.

A 2002 McKinsey & Company report found that companies implementing good corporate governance practices would typically generate a 10-12% increase in their valuations as a result of these practices (Newell et al., 2002).

Further to these findings, various other studies into “law matters” thesis, conclusively support strong corporate governance as means of ensuring strong financial markets. La Porta et al. conclude: “The results of this article confirm that the legal environment – as described by both legal rules and their enforcement – matters for the size and extent of a country’s capital markets. Because a good legal environment protects the potential financiers against expropriation by entrepreneurs, it raises their willingness to surrender funds in exchange for securities, and hence expands the scope of capital markets. Our results show that civil law, and particularly French civil law, countries, have both the weakest investor protections and the least developed capital markets, especially as compared to common law countries... are poor laws just a proxy for an environment that is hostile to institutional development, including that of capital markets? In this connection, we have found some evidence that public and private institutions are less effective in countries exhibiting low levels of trust among citizens. It is possible that some broad underlying factor, related to trust, influences the development of all institutions in a country, including laws and capital markets” (La Porta et al. 1997, p1149-1150). This research supports the other findings that corruption ‘contaminates’ institutions and business confidence.

In Vietnam private enterprises have often been able to raise capital via internal or familial means. But gaining access to foreign investment for larger projects has been an increasing focus for Vietnamese companies. With weak corporate governance this task of raising and retaining capital is difficult and is made more difficult because the weak governance measures sit alongside a perception that corruption is prevalent (World Bank, 2009).
The role of the government in strengthening or ensuring more competent corporate governance is particularly important. It is stepping back from regulatory intervention, yet encouraging good governance by regulation and enforcement. This requires deft judgments and processes, and there will be bureaucratic inertia and even resistance to the relinquishing of control.

As Cung and Robertson (2005, p. 1) state “Vietnam is still coming to terms with the 800 pound gorilla that the private sector represents. In addition, enshrined officials and managers in State Owned Enterprises are reluctant to carry out reforms that will directly reduce their position. Corporate governance is a system that must be institutionalised as a part of standard business practices. This will require both a paradigm shift in the way the private sector conducts business and clearer definition of the State’s responsibilities in regulating the economy. The current enforcement mechanism of selecting a handful of scapegoat firms to carry to the chopping block the sins of all firms is overly destructive. This practice of regulation ‘by example’ does not institutionalise corporate governance and the unpredictability of ‘which goat is next’ only adds unidentifiable risk”.

It is within this context that Gainsborough (2003) outlines a phenomena seen in Vietnam of ‘big corruption cases’. These cases, like Tamexco (1996), Minh Phung-Epco (1997) and Tan Troung Sanh (1999), are usually very high profile party and state officials who are tried on charges of corruption and attract extensive media attention and scrutiny. Most often these cases end with the accused being found guilty as charged and sentenced to extensive prison terms or death. Gainsborough (2003) suggests that cases like these are far more complex than simply an attempt by the state to be seen as making a tough stand against corruption. So whilst these cases do attract extensive media and present some evidence that corruption is being dealt with Gainsborough suggests that “big corruption cases are best understood as an attempt by the political centre to discipline the lower levels of the party-state against a backdrop of increased decentralisation under reform” (Gainsborough, 2003 p80).

4.0 Bribery and Corruption in Vietnam

In 2005 a Vietnamese Government survey of corruption found 77% of companies consider corruption a significant socio-economic concern. According to the World Bank/IFC survey of 2005, 67% of the companies surveyed reported having to make informal payments in order to ‘get things done’. (Nawaz, 2008).

Lewis (2006) describes Vietnam as a group oriented society with underlying Confucian tenets with an overlay of French rationality and western style entrepreneurship. He also suggests that the current strategy of the Government is to liberalise the economy as quickly as possible to encourage investment whilst at the same time maintaining strict political control. As identified earlier, countries in economic transition appear more susceptible to problems with bribery and corruption. The Transparency International (2009) Vietnam country report suggests that Vietnam can be seen as experiencing significant issues with corruption as reflected by its score of 2.7, and a country rank of 120 (equal with Armenia, Bolivia, Ethiopia, Kazakhstan and Mongolia) in the TI Corruption Perception Index as compared to the relatively low level of corruption in Australia, with a score of 8.7 and a country rank of 8. The United Nations Development Programme (2008) suggested that Vietnam business and country experts identify corruption as one of the key
concerns and in 2000s more than half of foreign and local businesses complained that corruption and bureaucracy were major issues when conducting business (United Nations Development Programme, 2008).

According to the Bertelsmann Transformation Index Report (2006, p20), Vietnam’s "greatest challenge is fighting corruption. Despite the CPV’s intensified campaign to curb corruption and proceedings against some supposedly corrupt—and in some cases prominent—party functionaries and government officials for the sake of good publicity, resources continue to be distributed to a great degree based on patronage. With the exception of Indonesia, in no other Southeast Asian country is corruption such a basic characteristic of the state and administrative structure. The report also states that the main structural obstacle to more effective governance in Vietnam is the rampant corruption, which, according to observers, has spiraled out of control despite the government’s intensified attempts to tackle the problem.

Foreign firms are particularly prone to corruption by local authorities due to their lack of knowledge of customs and procedures. Many of these firms pay for a license, even though it may not be required, in order to avoid displeasing local authorities. The agencies that regularly deal with foreign businesses, like tax, customs, land administration, construction and import/export license/permit authorities were amongst the most corrupt (World Bank, 2006). The World Bank also found foreign firms in transitional economies tend to be more likely to pay bribes than local firms (World Bank, 2006).

These findings also find support from Rand and Tarp’s research that concluded “It also appears that formal registration is positively correlated with bribe incidence. This suggests that ‘visibility’ dominates the ‘bribes-to-hide’ effect” (Rand and Tarp, 2010).

4.1 Bribery and Corruption and Public Sector Salaries

Oskooee, Goswami and Gour (2005) suggest that one of the key causes of corruption, within the civil services, is the relatively poor pay and this was identified as one of the main issues in one of the United Nations Development Program (UNDP) administrative reform programs. This may lead to an acceptance by civil servants of additional facilitation or commission payments to supplement their poor pay that Ampratwum (2008) describes as incidental corruption. Gainsborough (2006) cites a 2005, draft report produced by the Internal Affairs Committee of the Central Committee of the CPV, supported by the Swedish International Development Cooperation Agency (SIDA), on corruption in Vietnam

The study identified that just over 30% of Vietnamese public officials and civil servants were willing to accept bribes and that more than 50% claimed that intermediate and higher-level offices are involved in corrupt activities. The study also sought to identify the causes of corruption and, over 65% of public officials and civil servants respondents and, 72% of enterprise managers and 55% of citizens identified the ‘ask-give mechanism’ as a major cause of corruption, and just on 30% identified low wages as a major cause. Almost 60% identified the lack of effective monitoring and governance and thus responded that lack of monitoring and inspection of people in power contributed to corruption. Over 56 per cent of public officials and civil servants, 62% of enterprise managers and 48% of citizens reported that low detection levels
contributed to the incidence of corruption. However Sato (2009) suggests that from the perspective of the local population, corruption is not considered as something evil but as a sort of customary law and practice of maintaining harmony in their community, which contributed to their vested interests. This would seem to be consistent with Ampratwum (2008) incidental corruption and with the modified Trompenaars and Woolliams (2003) cultural model suggesting that the practice is seen as normalised etiquette rather than a national value.

The study also identified that the consequences of such corruption on Vietnam included “the loss of state assets, reduction in business opportunities and competitiveness due to increased production costs, reduced foreign investor confidence, under-utilisation and loss of competent civil servants and officials, increased social inequality and environmental degradation” (Gainsborough, 2006, p 11).

Sato (2009) suggests that similar to other transitional and developing countries, Vietnam has enacted anti-corruption legislation, however he suggests that this is largely as a result of external by foreign countries and international organizations who regard such systems as important for transparent governance of foreign investment. However he suggests that as a result of this external pressure, there is little or no strong ownership or commitment for its implementation by Vietnam. This is consistent with Gainsborough (2006) who identified that Vietnam’s first Anti-Corruption Law was enacted in late 2005 that would seem to indicate that the issue is gaining significant political support. This is also consistent with an Asia Monitor article (2008, p 4), that reported the Vietnamese Prime Minister Nguyen Tan Dung as stating that fighting corruption as one of the most important tasks for the government in 2008. This would be achieved by focusing on agencies managing state assets and public land. It was reported that Dung called for a stronger role by the media in the war against corruption, an indication of increased press freedom. However according to Transparency International, a challenge for Vietnam’s anti-corruption efforts is to bridge the wide gap between the formal rules governing the NIS (National integrity System) and actual practices on the ground. (NIS Study- Vietnam, 2006) Sato (2009) highlights that whilst Vietnam’s Anti-corruption law was enacted in 2006, the legislation currently makes no provision for any specified crime or penalty. Clearly the adoption of legislation with no enforcement or penalty provisions renders such efforts as ineffective.

In recent years there has been an increase in corruption charges against senior party officials, which indicates a tougher stand against corruption. However, critics contend that this reflects an effort by central government to maintain control and discipline at time of increased decentralization and with the help of the judiciary portray ‘rule by law’ rather than a ‘rule by law’ (Gainsborough, 2003).

One example of action against corruption is the case of former senior customs official, Phung Long That. This case involved one of Vietnam’s largest smuggling rings who smuggled US$83 million in goods, mostly electronics and cars, into Vietnam. Phung Long That was shot by firing squad on March 2006 (Tan, 2007).

Another example was a major scandal where the head of a government agency used official funds to place bets on football (soccer) matches. It was estimated that the funds amounted to US$7 million. In one bet, according to Vietnamese press, US$320,000 was lost on a match between Manchester United and Arsenal in January 2006. The investigation uncovered mansions,
mistresses, luxury cars and protection money that led to the resignation of the transport minister and the jailing of his deputy. (Mydans, 2006).

Despite these examples and Vietnam receiving a very strong score from the Global Integrity Index in relation to its ‘Anticorruption law’ they receive a far weaker score from the Global Integrity index in its ‘Enforcement’ category (Global Integrity Index, 2009). The Vietnamese government is fully aware of the potential problems corruption represents. At the 10th party congress in 2006 the General Secretary Nong Duc Manh warned party members at the opening that corruption was threatening the ‘survival of our regime’ (News from People’s Committee, 2006).

4.2 Bribery and Corruption in Vietnam Managerial Perspectives

The authors have recently and regularly travelled to both Ho Chi Minh and Hanoi as part of study courses for an MBA Program. Such trips involved in class discussions and presentations by local Vietnamese and expatriot business men and women and site visits to various organisations including local and international firms. Anecdotal information was sought from managers and entrepreneurs concerning the prevalence and pressure to pay bribes or engage in corrupt practices. A common reply from senior expatriot managers working or controlling large firms that employed a significant number of local employees was that due to the economic benefits generated by their firms, and in particular the taxation revenue that flowed to regional government and public sector organisations, there was little pressure to engage in such practices as most companies had a clear and public policy of not paying bribes. Several managers commented that the cost to the local governments and public sectors of refusing to pay small bribes versus the taxation and economic loss to the region through relocation was enough to minimise such activity. However they acknowledged that this would be more difficult for smaller companies and local firms. Many expat managers also confirmed that the majority of bribery and corruption requests were typically in the form of facilitation payments to speed up requests of document processing. Several local entrepreneurs also confirmed that the majority of requests were for small facilitation payments related to permits, building requirements etc. In fact one entrepreneur indicated that whilst he frowned upon the activity it was a common and accepted practice which he rationalised by referring to it as “helping money”

These anecdotal observations are consistent with Andreas (1995) statements concerning the low pay of public officials as a contributing factor to corruption as they seek to increase their modest salary levels. Similarly it supports Oskooee, Goswami and Gour (2005) suggestions that one of the key causes of corruption, within the public sector in developing economies, is the relatively poor pay, also identified as one of the main issues in one of the United Nations Development Program (UNDP) administrative reform programs. They also appear consistent with Osbourne (1997) classification of bureaucratic corruption where officials take bribes usually given by organisations to influence the outcome of government contracts, allocation of monetary benefits (tax evasion, subsidies, etc.), speed up government’s granting of permits to carry out legal activities and influence outcomes of legal and regulatory processes (Carmichael, 1995; Gray and Kaufmann, 1998; Kaufmann and Wei, 1998; Batabyal and Yoo, 2007). The authors were not advised of any major political or grand corruption as defined by Osbourne (1997)
The relative acceptance of bureaucratic corruption by Vietnamese managers and Expatriate managers, based on the anecdotal information provided, also suggest that, as noted by Donaldson and Dunfee 1999 p. 46), some companies simply accept these practices as the way business is conducted in Vietnam. The acceptance and continuation of this practice is consistent with the hypothesis put forward earlier of a disconnect between underlying national values of Vietnam, that Lewis (2006, p481)) highlights as Confucian, an emphasis on duty, morality and piety compared to the practice of bribery which can be described as business etiquette. This is also consistent with the normalization of corrupt behaviour as described by Ashford and Anand (2003) when such behaviour becomes embedded and internalized.

5.0 Research Method

A survey instrument was developed to analyse the attitudes of mid level managers to concepts in business ethics and issues related to corruption and in particular practices of bribery in Vietnam. Following University ethics approval the survey forms were distributed to the selected sample of mid level managers and the anonymous returned surveys became the sample data set (Sarantakos, 1993). The survey instrument was designed with closed questions, open ended qualitative questions and a series of five point likert scale questions to surface attitudes to the following:

- aware of unethical practices in your organisations
- attitudes to concepts such as honesty, integrity, fairness and the ability to make ethical decisions
- views on bribery and corruption
- description of reaction to being offered a bribe
- description of reaction to being asked for a bribe
- description of what you would do if aware of unethical practices in your organisation
- If you were asked to undertake unethical practices and it became public, what would you expect your organisation or manager to do
- What is your view about the role of Governments in controlling Bribery and Corruption

Approximately 110 managers from a diverse range of private and public companies located in Vietnam and operating trans-nationally represented the population for the survey. 65 surveys were returned representing a response rate of approximately 60% was achieved. However, not all surveys were complete with some questions being left unanswered and in some cases individuals only providing 2 or 3 responses to a 5 point scale. This lead inconsistent and at times incomplete responses. Only those questions with a specific response were included in the data analysis. For this reason a number of the question stems either are less than or greater than 100%

The following section of the paper presents the key findings to the issue of what managers know and do in relation to bribery in particular and their attitudes towards the larger context issues of corruption and concepts underpinning ethics in business.

6.0 Discussion and Findings

From a population of in excess of 110 managers 65 respondents completed an anonymous on line survey form covering issues on business ethics practices, experience of bribery and attitudes towards corruption as outlined in sections above. Reviewing the responses the following results were obtained.
To the question “Have you ever been aware of unethical practices in your organisation?” 74.25% of respondents confirmed that they had experienced unethical practices, whilst 25.75% responded that they had no experience of unethical practice in their organization. Although the nature of type of practice and consistency/regularity of practice was not accounted for with a further open ended question in the survey to identify degree of the unethical practice, the high response to experience of the practice is of concern. This would indicate that for this sample unethical practice is a common feature encountered in most contemporary organisations by mid level practising managers.

The following matrix 6.1 outlines responses to the next series of questions regarding attitudes to concepts of honesty, integrity, fairness and the ability to make ethical decisions.

<table>
<thead>
<tr>
<th>Question Stem Concepts such as honesty, integrity, fairness and the ability to make ethical decisions</th>
<th>Response Strongly Agree</th>
<th>Response Agree</th>
<th>Response Neither Agree Nor Disagree</th>
<th>Response Disagree</th>
<th>Response Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>. are not necessary and a possible impediment to effective business decision making</td>
<td>2.7%</td>
<td>0%</td>
<td>8.1%</td>
<td>3.5</td>
<td>78.3</td>
</tr>
<tr>
<td>- Purely Issues of personal (individual) standards and values</td>
<td>10.8%</td>
<td>16.2%</td>
<td>10.8%</td>
<td>51.35%</td>
<td>10.8%</td>
</tr>
<tr>
<td>- are learned early in life and cannot be changed in adulthood.</td>
<td>0%</td>
<td>5.7%</td>
<td>60%</td>
<td>25.7%</td>
<td>5.9%</td>
</tr>
<tr>
<td>- are an important managerial capability that most managers have already developed</td>
<td>2.3%</td>
<td>4.6%</td>
<td>11.6%</td>
<td>46.5%</td>
<td></td>
</tr>
<tr>
<td>- are important managerial capabilities that need to be learned and understood</td>
<td>66.66%</td>
<td>10.6%</td>
<td>3%</td>
<td>3%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

Analysing the responses in Matrix 6.1, over 82% of respondents disagreed or strongly disagreed with the statement that, concepts such as honesty, integrity, fairness and the ability to make ethical decisions are not necessary and a possible impediment to effective business decision making. Just over 62% believed that such virtues are matters of individual values.

A significant number, 60% were uncertain as to whether such virtues can be changed in an individual. This can be contrasted against the 46% of respondents strongly disagreed that the concepts were an important capability that most managers have already developed and the last response over 77% of respondents agreed or strongly agreed that the concepts of honesty, integrity, fairness and the ability to make ethical decisions are important managerial capabilities and need to be learned and understood.

There appears to be substantial inconsistencies in these responses as to whether ethical concepts are learned early or can be acquired as managerial competencies. This suggests a degree of
confusion as to what ethical competencies and capabilities actually are. This calls into question the level of understanding of ethical business practice and level of sophistication of practice in the organisational setting beyond minimum codes (Donaldson & Werhane, 1999; Shaw & Barry, 1998). His is also consistent with Ferns, Emelianova and Prakash Sethi (2008) and Jones, Bowd, and Tench, (2009) who suggest that such concepts are interpreted differently and are sometimes used synonymously. Goebbels (2002) suggests that the lack of agreement about the nature and boundaries of a defined concept in the related discipline of CSR has hampered its theoretical development.

Matrix 6.2

<table>
<thead>
<tr>
<th>Question Stem</th>
<th>Response to Strongly Agree</th>
<th>Response to Agree</th>
<th>Response to Neither Agree Nor Disagree</th>
<th>Response to Disagree</th>
<th>Response to Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Which statement best describes your views on bribery and corruption</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- a business practice that whilst undesirable is necessary in many situations</td>
<td>41.46%</td>
<td>19.5%</td>
<td>12.1%</td>
<td>9.7%</td>
<td>14.6%</td>
</tr>
<tr>
<td>- a practice that is wrong and adds cost to the organisation</td>
<td>53.19%</td>
<td>19.14%</td>
<td>12.76%</td>
<td>6.38%</td>
<td>8.5%</td>
</tr>
<tr>
<td>- a practice that is <strong>not part</strong> of normal business practice <strong>in my country</strong> but necessary in others</td>
<td>23.68%</td>
<td>2.6%</td>
<td>28.94%</td>
<td>28.94%</td>
<td>15.7%</td>
</tr>
<tr>
<td>- a matter of choice for managers and business</td>
<td>19.44%</td>
<td>11.11%</td>
<td>13.8%</td>
<td>27.77%</td>
<td>27.77%</td>
</tr>
<tr>
<td>- a practice that exposes individual managers to risk</td>
<td>11.76%</td>
<td>27.77%</td>
<td>11.76%</td>
<td>17.64%</td>
<td>11.76%</td>
</tr>
</tbody>
</table>

Matrix 6.2 outlines responses to a series of questions on bribery and corruption. Nearly 60% of respondents agreed or strongly agreed with the statement that bribery and corruption is *a business practice whilst undesirable is necessary in many situations*. This would imply that respondents consider bribery and corruption as, ‘necessary evils’ in given situations, as opposed to rejecting the concepts outright. The level of response would confirm the rationale for corporations taking part in corrupt practices posited by Carmichael (1995).

The next response is interesting against the first response, just over 72% of respondents agreed that bribery and corruption are *wrong and add costs to the organisation*. The responses confirm awareness by some managers that the practices are ‘wrong’. 26% of respondents agreed or strongly agreed that the issue is *not part of normal business practice in my country but necessary in others*. Just over 44% also disagreed/strongly disagreed with the statement. This may imply that for these managers their view towards bribery and corruption is that such practices are not part of normal business practice at home nor are they necessarily part of business practice abroad.
The next response group indicated that over 30% of respondents agreed that *bribery and corruption were a matter of choice for managers and business*, whereas 55% disagreed that it was a matter of choice. Clearly the managers in this sample view the practice of bribery and corruption as more of an expectation imposed upon them to pursue acts of bribery and corruption rather than exercise their own choice in such matters. This has some connection to the work of Ashford and Anand (2003) in rationalising the processes of corruption and bribery. Interestingly for the final response group just over 39% of respondents agree that bribery and corruption is a practice that exposes individual managers to risk. The managers are therefore are aware that these practices entail ‘risk’. From this group of responses the majority of managers in this sample are aware that bribery and corruption are practices that are wrong, place managers at risk, are undesirable but necessary sometimes and managers had little choice in engaging in these practices. This to some extent is confirmed by research into the normalisation of corruption in organisations (Spicer, 2009; Palmer, 2008; Ashford and Anand, 2003), which indicates that corrupt practices can become behavioural norms within the culture and systems of an organisation over time. However, by contrast almost 30% disagreed perhaps suggesting that in the Vietnamese context bribery does not necessarily expose the individual to risk. This could be supported by the argument that once a practice has become normalised, individuals no longer call the action into question. Aguilera and Vadera (2008) describe a concept of schematic corruption where questionable practices become accepted as routine conduct or part of the *modus operandi*. Gray and Kaufmann (1998) argue that where corruption has become systemic, the economic institutions, rules, and norms of business behaviour adapt to a corrupt modus operandi, with bureaucrats and other agents often emulating or taking the lead from the examples of role models in the political arena. Dion (2010) explores Zekos (2004) concept of the corruption of moral behaviour to include the corruption of practices and customs and states that the corruption of morality is due to the corruption of reason, and thus the decision making process, so that they can no longer analyse a situations to identify its moral complexities. Thus the corruption of the ability to make rational decisions or engage in a rational decision making process creates unethical parameters so that unethical behaviour is perceived as normal within that culture.

<table>
<thead>
<tr>
<th>Matrix 6.3</th>
<th>Question Stem</th>
<th>Response to Strongly Agree</th>
<th>Response to Agree</th>
<th>Response to Neither Agree Nor Disagree</th>
<th>Response to Disagree</th>
<th>Response to Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I would politely decline indicating that it was not necessary</td>
<td>66.03%</td>
<td>11.32%</td>
<td>3.7%</td>
<td>5.6%</td>
<td>13.2%</td>
<td></td>
</tr>
<tr>
<td>I would seek advice from my manager/organisation as to the appropriate action</td>
<td>28.20%</td>
<td>41.02%</td>
<td>7.6%</td>
<td>12.82%</td>
<td>10.25%</td>
<td></td>
</tr>
<tr>
<td>If the bribe were of minimal value I would accept so as to not offend.</td>
<td>15.38%</td>
<td>25.64%</td>
<td>28.20%</td>
<td>27.6%</td>
<td>23.07%</td>
<td></td>
</tr>
<tr>
<td>I would accept the bribe if it were to jeopardize gaining the business</td>
<td>14.28%</td>
<td>8.5%</td>
<td>28.57%</td>
<td>34.28%</td>
<td>14.28%</td>
<td></td>
</tr>
</tbody>
</table>
I would accept the bribe if it were to jeopardize gaining the business and report it to my organisation.

<table>
<thead>
<tr>
<th>Response to</th>
<th>Response to</th>
<th>Response to</th>
<th>Response to</th>
<th>Response to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>Agree</td>
<td>Neither Agree Nor Disagree</td>
<td>Disagree</td>
<td>Strongly Disagree</td>
</tr>
<tr>
<td>14.70%</td>
<td>2.94%</td>
<td>17.64%</td>
<td>35.29%</td>
<td>29.41%</td>
</tr>
</tbody>
</table>

Matrix 6.3 considers behaviours of managers in relation to being offered a bribe. The first group of responses indicated that 77% of the respondents agreed/strongly agreed that they disagreed with the statement suggesting that they were not averse to being offered bribes. In the next response group a slightly lower percentage, 69% would seek advice from management or organisation as to the appropriate action. However, just over 24% of managers would not seek advice suggesting that they would make their own minds up as to whether to accept or offer a bribe.

In the next response group the interesting feature to the question to accept a bribe, *If the bribe were of minimal value I would accept so as to not offend*, the interesting result was not so much the 50% who strongly disagreed, it was the 40% who would accept the bribe that highlights a significant number of managers that are willing to engage in bribery in Vietnam, albeit on the basis of saving face. This would indicate some equivocation regarding the nature of the bribe – perhaps the *minimal value* and *not offending* aspects highlighted in the statement. Cultural issues such as eastern face saving sensitivities and western embarrassment may impact responses here (Hofstede, 2001; Hofstede & Hofstede, 2005).

The last two response groups display an interesting outcome. 23% of respondents agree they would accept the bribe if it were to jeopardize gaining the business, yet only 17% of respondents agree they would accept the bribe if it were to jeopardize gaining the business and report it to my organisation. The implication here is that some respondents would accept a bribe *if it were to jeopardize gaining the business* but are not comfortable reporting it to their business. Again the level of neither agree nor disagree responses to declaring the bribe to the business was significant 28% and 17% respectively indicating a degree of uncertainty about how to deal with bribery in Vietnam. Again managers seem uncomfortable with declaring/discussing the bribery activity with their organisation. One contention might be the managers distrust the actions of organisation due to the propensity for corruption by members within the organisation.

<table>
<thead>
<tr>
<th>Matrix 5.4</th>
<th>Question Stem</th>
</tr>
</thead>
<tbody>
<tr>
<td>Which statement best describes how you would react to being asked for a bribe</td>
<td>Response to Strongly Agree</td>
</tr>
<tr>
<td>I would decline on a personal basis believing bribery to be wrong</td>
<td>40.47%</td>
</tr>
<tr>
<td>I would decline if my company had a strict policy on bribery</td>
<td>30.55%</td>
</tr>
<tr>
<td>I would offer a bribe if it was of minimal value and would facilitate the process</td>
<td>32.35%</td>
</tr>
</tbody>
</table>
I would consult with my manager and follow his/her advice

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>18.91%</td>
</tr>
<tr>
<td>Agree</td>
<td>27.02%</td>
</tr>
<tr>
<td>Neither Agree Nor Disagree</td>
<td>21.61%</td>
</tr>
<tr>
<td>Disagree</td>
<td>24.32%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

I would find a way to not pay the bribe directly such as arranging for an intermediary to handle such matters and have them invoice my organisation for administration/management fees

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>33.33%</td>
</tr>
<tr>
<td>Agree</td>
<td>8.33%</td>
</tr>
<tr>
<td>Neither Agree Nor Disagree</td>
<td>8.33%</td>
</tr>
<tr>
<td>Disagree</td>
<td>30.55%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>19.44%</td>
</tr>
</tbody>
</table>

Matrix 6.4 deals with questions relating to managers views on offering or being asked to provide bribes. To the statement I would decline on a personal basis believing bribery to be wrong, only 42% of respondents agreed. To the second statement I would decline if my company had a strict policy on bribery, provides a similar outcome with 43% agreeing with the statement. Some 46% of managers agreed or strongly agreed that they would offer a bribe if it was of minimal value and would facilitate the process. This is consistent with the response of 40% agreed or strongly agreed to the Matrix 4.3 statement regarding accepting bribes - If the bribe were of minimal value I would accept so as to not offend. It would seem that about 40% of the managers in this sample are prepared to receive a bribe of minimal value and offer a bribe of minimal value.

The statement I would consult with my manager and follow his/her advice on being asked for a bribe throws up changes previous responses considerably. 41% of respondents agreed or strongly agreed to the statement, 25% neither agreed nor disagreed, and 38% disagreed or strongly disagreed. Again as with the final question in Matrix 5.3 on advising the organisation of the bribery offer, alters the dynamic of the situation. The results imply mixed perceptions regarding consulting with a manager.

For the final statement in matrix 6.4 I would find a way to not pay the bribe directly such as arranging for an intermediary to handle such matters and have them invoice my organisation for administration/management fees, 43% of respondents indicated strongly agree, 6% indicated agree, 8% neither agree nor disagree, 40% disagree and 34% strongly disagree with the statement. This seems to suggest that within the Vietnamese environment a significant number of managers will consciously choose to pay bribes and will deliberately find ways of concealing the transaction through an intermediary.

Matrix 6.5

<table>
<thead>
<tr>
<th>Question Stem</th>
<th>Response to Strongly Agree</th>
<th>Response to Agree</th>
<th>Response to Neither Agree Nor Disagree</th>
<th>Response to Disagree</th>
<th>Response to Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do nothing</td>
<td>6.6%</td>
<td>3.3%</td>
<td>13.3%</td>
<td>16%</td>
<td>60%</td>
</tr>
<tr>
<td>Report the action to my manager or superior irrespective of an anonymous</td>
<td>62.5%</td>
<td>20.8%</td>
<td>8.3%</td>
<td>0%</td>
<td>8.3%</td>
</tr>
<tr>
<td>reporting system</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>42.1%</th>
<th>26.3%</th>
<th>23.6%</th>
<th>10.5%</th>
<th>0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report the action ONLY if the organisation has an anonymous reporting system</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Report the action to an external body such as an Ombudsperson or Government Commission against corruption</td>
<td>35.4%</td>
<td>16.12%</td>
<td>22.5%</td>
<td>19.3%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Report the matter anonymously to a newspaper or TV journalist</td>
<td>7.4%</td>
<td>11.11%</td>
<td>14.8%</td>
<td>48.1%</td>
<td>18.5%</td>
</tr>
</tbody>
</table>

Referring to responses in matrix 6.5, about 76% of respondents disagree or strongly disagree with the proposition that *If you were aware of unethical practices in your organisation they would do nothing* suggesting a willing to act on matters of bribery and corruption.

For the next response statement, *Report the action to my manager or superior irrespective of an anonymous reporting system* 83% of respondents agreed or strongly agreed with the statement whilst 8% disagreed or strongly disagreed with it. In respect of the next statement *Report the action ONLY if the organisation has an anonymous reporting system* 69% agreed or strongly agreed whilst 10% disagreed or strongly disagreed with it. Analysing the responses to these last two statements together, there would seem to be a counterintuitive situation here. Fewer respondents confirmed that they would report the unethical practice ONLY if an anonymous reporting system operated compared to directing the report straight to a manager or supervisor irrespective of an anonymous reporting system. Again there could be a lack of trust with the organisation’s systems and processes to be anonymous. The higher proportion of respondents indicated disagree or strongly disagree at 25% and neither agree nor disagree at 20% would indicate that more managers perceived an anonymous reporting system less attractive than reporting directly to their manager or supervisor.

With reference to external reporting of the unethical organisational practices, 51% agreed or strongly agreed that reporting *the action to an external body such as an Ombudsperson or Government Commission against corruption* was a correct course of action whereas 22% neither agreed nor disagreed with the proposition and 25% disagreed or strongly disagreed with the course of action. It would appear that managers prefer to report unethical practices internally to managers and supervisors (71% of respondents agreed/strongly agreed) than reporting to external corruption authorities (42% of respondents agreed/strongly agreed). This may be due to the nature of anti-corruption bodies in Vietnam that are a relatively recent development.

Faith in external reportage by newspaper or TV journalists was also low as a medium to report corruption by the manager sample group. 66% of respondents disagreed or strongly disagreed with the proposition to *Report the matter anonymously to a newspaper or TV journalist*. Only 15% of respondents agreed or strongly agreed that this was a preferable course of action. This may be due to the restrictions on the free press in Vietnam and the ownership of much of the media by the Vietnamese government.
The final matrix 6.6 refers to managers perceptions of how their organisation would respond to if unethical practices which the organisation had instructed the managers to participate in became public. Responses to the first statement that the organisation or manager would *Support my actions and assume responsibility* indicated that 44% of respondents strongly agreed and 13% agreed with the statement, 21% neither agreed nor disagreed, 10.5% disagreed and 10.5% strongly disagreed with the statement. These responses are somewhat contradictory with the previous matrix than indicated a reluctance to report matters internally. For the next statement *Publicly acknowledge that I was directed to undertake the action* 9% strongly agreed and 31% agreed with the statement, 9% neither agreed nor disagreed, 18% disagreed and 28% strongly disagreed with the statement.

To the next statement there is some change to the responses in that the admission by the organisation is private and the organisation offers support. To the statement, *Privately acknowledge that I was directed to undertake the action and provide assistance*, 20% of respondents strongly agreed, 14% agreed, 35% neither agreed nor disagreed with the statement, 26% disagreed and 3% strongly agreed with the statement. Again there may be issues of a lack of trust within a corrupt practise organisation in how the internal assistance will be managed.

The next statement is very clear in its response 51% of respondents strongly agree or agree that the manager’s organisation or manager would, *Deny any knowledge of my actions*. 16% neither agree nor disagree, and 29% strongly disagree with the statement. A significant proportion of managers perceive that their organisation or manager would sacrifice them even though the unethical action was sanctioned by the organisation. Responses for the final statement *Most likely to ask me to resign or dismiss me* indicated that 55% of respondents strongly agreed or agreed with the statement, 5% disagreed and 37% strongly disagreed with the statement. It is interesting that Vietnamese managers were clear on this issue with no responses adopting a
middle or uncertain position. This could be construed as managers facing a high degree of
certainty in most organisations regarding being discovered engaging in corrupt practices.

7.0 Conclusion

This paper has presented a summary of literature that suggests that the causes of bribery and
corruption are numerous but that economies in transition, particularly from command to market
based economies are more susceptible to corruption. Some link has been established between
some cultural aspects such as power distance and uncertainty avoidance and the prevalence of
bribery and corruption and Vietnam was shown to have these characteristics. A review of current
issues and challenges facing Vietnam demonstrated that it continues to struggle with bribery and
corruption with most evidence suggesting bureaucratic or organization corruption to be most
prevalent. Efforts by the Vietnamese government to curb corruption were also identified however
these lacked an enforcement regime that undermined their effectiveness. Lastly anecdotal
evidence form Vietnamese and expatriate managers reinforced the evidence from the literature
that most bribery and corruption is related to facilitation of services and processes. A survey of
practicing managers in Vietnam clearly identified that unethical practices occur in the majority of
organisations. Inconsistent results were also identified regarding the propensity of managers to
accept bribery and corruption as a modus operandi and their willingness to engage in the practice
in order to ensure successful business outcomes. Similar inconsistencies were also identified in
with regards the types of actions individual managers would take if they were to be involved or
aware of corrupt practices and the type and level of support their organisations would afford.

Further research issues are clearly raised by this paper. The survey instrument was designed to
illicit responses that are an indicator of perceptions and do not necessarily provide substantive
insights into interpretations of key concepts and issues related to bribery and corruption. Further
qualitative research as identified by Yin (1999) may be desirable to provide greater insights into
levels of understanding and practices in the Vietnamese business environments.
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