# BRIBE PAYMENT EXPERIENCE AND BRIBE TAKING ACCEPTABILITY AMONG KOREANS WORKING IN THAILAND



# BRIBE PAYMENT EXPERIENCE AND BRIBE TAKING ACCEPTABILITY AMONG KOREANS WORKING IN THAILAND

Jooyeon Lee

This Independent Study Manuscript Presented to

The Graduate School of Bangkok University

in Partial Fulfillment

of the Requirements for the Degree

Master of Business Administration



© 2015

Jooyeon Lee

All Rights Reserved

# This Independent Study has been approved by the Graduate School Bangkok University

# Title: BRIBE PAYMENT EXPERIENCE AND BRIBE TAKING ACCEPTABILITY AMONG KOREANS WORKING IN THAILAND

Author: Miss Jooyeon Lee

Independent Study Committee:

Advisor

(Dr. Vanchail (Tiyabuddhiphongs)

Field Specialist

(Dr. Sumas Wongsunopparat)

(Asst. Prof. Dr. Aunya Singsangob) Vice President for Academic Affairs Acting Dean of the Graduate School May 30, 2015 Lee, JY. M.B.A, May 2015, Graduate School, Bangkok University.

Bribe Payment Experience and Bribe Taking Acceptability among Koreans Working in Thailand (42 pp.)

Advisor: Vanchai Ariyabuddhipongs, Ph.D.

# ABSTRACT

Foreign business persons in Thailand who have paid bribe may regard bribe payment as an exchange of benefits and consider bribe-taking as being acceptable. Specifically, it is hypothesized that the benefit exchange would predict bribe-taking acceptability, and the experience of bribe payment would mediate the relationship of benefit exchange and bribe-taking acceptability.

The hypotheses were tested among 400 Korean business persons working in Bangkok and Rayong city. Benefit exchange was operationally defined as the payers' perception of bribe payment as an exchange for benefits. Bribe payment experience was operationally defined as the experience of paying a bribe in Thailand. Bribe taking acceptability was operationally defined as the payers' acceptance of the bribe takers' demands. Four hundred hard and electronic copies of the questionnaire were distributed to Korean's working in Thailand in various businesses, during 08.04.2014 to 30.04.2014.

Results supported the hypotheses: benefit exchange predicted bribe-taking acceptability and the mediation effect of bribe payment experience on the relationship of benefit exchange to bribe taking acceptability was significant. Results of the study point to the influence of behavior on attitude; those who paid bribe came to regard bribe payment as exchange of benefits and the demand for bribe as being acceptable. The drive to stop bribery in Thailand may have to start at bribe payers by pointing out that bribe taking is unacceptable and that paying bribe is an illegal activity and not an exchange of benefits between bribe payers and bribe takers.



#### ACKNOWLEDGMENT

I would not have been able to complete this study without the support of many people over the past two years. I must first express my gratitude to my advisor, Dr. Vanchai Ariyabuddhipongs, without whose support this independent study report would not have been possible, not only for time and extreme patience, but also for his intellectual contributions to my development as a real MBA graduate student.

I also thank Dr. Vanchai Ariyabuddhipongs for appreciating my research strengths and patiently encouraging me to improve in my weak areas. Graduate school can be a difficult experience. I am proud to say that my experience in Bangkok University MBA program was intellectually exciting and there was much for me to learn from that.

I would like also to thank my other thesis mentors. Dr. Kasemson Pipatsirisak & Dr. Sumas Wongsunopparat, for his encouragement and insightful comments.

I thank my Korean colleague at work who were kind enough to respond the questionnaire in this survey.

Last but not the least, I would like to thank my parents, Seungjin Lee and Youngran Kim, for their love and unfailing support throughout my life.

Jooyeon Lee

# **TABLE OF CONTENTS**

ABSTRACT	iv
ACKNOWLEDGEMENT	vi
LIST OF TABLES	ix
LIST OF FIGURES	X
CHAPTER 1: INTRODUCTION	
Rationale and Problem Statement	
Objectives	2
Scope of Study	2
Research Questions	
Definition of Terms	3
CHAPTER 2: LITERATURE REVIEW	
Hypothesis	9
Research Model	
CHAPTER 3: METHODOLOGY	
Participants	10
Instruments	12
Procedure	13
CHAPTER 4: DATA ANALYSIS	15
Preliminary Analyses	15
Test of hypothesized model	18

# TABLE OF CONTENTS (Continued)

viii

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS	21
Discussion	21
BIBLIOGRAPHY	24
APPENDIX	29
Questionnaires-English Version	30
Questionnaires-Korean Version	37
BIODATA	43
LICENSE AGREEMENT OF DISSERTATION/THESIS/REPORT OF SENIOR PROJECT	

# LIST OF TABLES

Pa	age
Table 3.1 : Demographic characteristics of the sample    1	1
Table 4.1 : Benefit Exchange, Bribe Payment Experience and Bribe Taking	
Acceptability: Means, standard deviations and correlations with respondents	5'
age, income, residence period and working experience 1	6
Table 4.2 : Bootstrap Results to Test Significance of Mediation Effect of Bribe Paymen	ıt
Experience by SPSS 1	8



# LIST OF FIGURES

Figure 2.1 : Research Model	9
Figure 4.1 : Bribe Payment Experience and Bribe Taking Acceptability among Korea	ın
workers in Thailand	19



Page

# **CHAPTER 1**

# **INTRODUCTION**

# **Rationale and Problem Statement**

The number of Koreans residing in Thailand is gradually increasing and it is expected that events, small and large, are likely to take place due to social exchanges between Korea and Thailand while Koreans are living and working in Thailand.

Koreans working in Thailand on a long term basis including the author of this paper encounter new social business environment. And they may have experience of paying bribes and may encounter situations that they should pay bribe and accept taking bribe that cannot be avoided. Because bribe –payment in Thailand is an exchange for benefits received.

So it is hypothesized that Koreans working in Thailand who had bribe payment experience would regard bribe taking as being acceptable, and that the relationship between benefit exchange and bribe taking acceptability would be mediated by bribe payment experience. In a survey of 400 Korean workers in Thailand, most of Korean here responded that bribery was prevalent in work practices in Thailand. It indicates that the participant knew that bribe payment was widely accepted in Thailand even in our daily life.

Korean who have long years of working experience in Thailand were more likely to accept bribe taking because they had experience that Thai government officials accepted bribe and bribe payment as an exchange for benefits received or fastest way of doing business.

# **Objectives**

1. Analyze the bribe payment experience among Korean working in Thailand;

2. Examine the relationship between the benefit exchanges and bribe taking acceptability.

3. Examine the mediation effect of bribe payment experience on the benefit exchange and bribe taking acceptability relationship.

# **Scope of Study**

This study was conducted among Korean workers residing in central Thailand, Bangkok & Rayong (industrial city). This survey was conducted from 08.04.2014 to 30.04.2014 using the scales to assess Korean workers' perception of benefit exchange, bribe payment experience and bribe taking acceptability in Thailand. Four hundred copies of questionnaire were distributed to Korean workers in Thailand.

# **Research Questions**

SPSS statistics package analysis with bootstrapping was used to assess the model in this survey. It is hypothesized that Koreans working in Thailand who had bribe payment experience regarded bribe as benefit exchange and the bribe payment experience mediate the relationship of benefit exchange and bribe taking acceptability. The 2 questions were highlighted.

- 1. Would participation in illegitimate activity make such activity acceptable?
- 2. What mediates the relationship between benefit exchange and acceptability?

# **Definition of Terms**

Bribe payment experience: The experience of paying a bribe Benefit exchange: The payers' view of bribe-payment as an exchange for benefits Bribe Taking acceptability: The payers' acceptability of the bribe takers' action



# **CHAPTER 2**

# LITERATURE REVIEW

According to the survey conducted by National Anti-Corruption Commission (NACC) of Thailand in 2010 of over 1,000 firms performing business with government bodies and agencies, the results showed that annual Thai government procurement project reached 500~600 billion baht, in which bribery-related costs reached 100 billion baht, accounting for 20% of total cost. Prime Minister, Mr. Abhisit Wechachiwa said that Thailand history showed that corruption was not accepted in the past, whereas today it became recognized as one of the contributing factors to boost the economy and get the business to work properly. Furthermore, the minister of finance, Korn Chatikavanij stated that bribery taking had increased the project costs in Thailand and hindered the national competitiveness and consequently had a negative influence on the competition against foreign firms in overseas market (Jon Fernquest, 2010).

However, it is widely accepted that corruption in Thailand is more prevalent than the number indicated. Mr. Wilas Chanpitak, the chairman of NACC and member of Democrat Party of Thailand (Jon Fernquest, 2010) mentioned that 70% of government procurement and public construction projects in Thailand were related with bribery, which became rooted in the tendency of the country. Thus, eradication of bribery becomes quite a challenging task.

In fact, the research conducted targeting the students at 38 schools in Thailand showed that 34% of respondents answered that corruption would not be possible to

remove since it became a part of Thai tendency, whereas 45% would not disagree to pay a small amount of bribery to government officials to resolve the discomfort and inconvenience. Moreover, 54% responded that they would accept corrupt politicians if they would bring benefits to the country. Similar attitudes were expressed among Thai adults. According to the survey conducted by ABAC University targeting 4,753 adults in 2007, 50.5% would accept a corrupt government if it could improve the life (Jon Fernquest, 2010).

#### **1. Bribe payment experience**

Many articles and several journals in Thailand carry stories about various aspects of bribery in Thailand. And international anti-corruption portal website refers to bribe payment experience that foreigner who wants to do business in Thailand should expect to encounter. And they should expect to encounter accepting their offer or take the bribe as well. This paper focuses on the tendency to regard bribe-taking as acceptable by Koreans who worked in Thailand and who had bribe payment experience.

The <u>Index of Economic Freedom 2014</u> reported substantial decline in the rule of law as measured by property rights and freedom from corruption. Moreover, poorly enforced laws and unclear policies caused by political instability remained a source of frustration to the business sector in Thailand. According to the <u>Global Competitiveness</u> <u>Report 2013-2014</u>, companies considered corruption and government instability, as well as policy instability, to constitute a substantial barrier to doing business in Thailand (Business Anti-Corruption Portal, 2015). This is supported by the <u>Investment Climate Statement 2013</u>, which noted that taking bribery and facilitation payments were considered a normal part of doing business in Thailand. Bribery is particularly concentrated in a few government sectors in charge of large financial transactions: the Land Department, Tax and Customs Department, the Transport Department and the Police Department. Therefore Korean workers in Thailand also may pay bribes when they encounter related tax or visa issues with the government departments mentioned above.

Bribery can take place in a wide spectrum of business activities over which some government officials hold discretionary powers. For example, firms may bribe public officials to avoid or reduce tax, to secure public procurement contracts, to bypass laws and regulations, or to block the entry of potential competitors. On the surface bribery seems to be cost effective for the firms because bribe payment is often a fraction of the monetary value of the services rendered by the corrupt officials. The reason to bribe becomes even more compelling when public officials hold the power to punish the firms for not paying the bribe (e.g., revoking the business license) (Business Anti-Corruption Portal, 2015).

Firms opening their doors to corruption may find it difficult to resist demands for bribery payments in the future (Rose-Ackerman 1999). Firms with a reputation for bribing their way out are more likely to receive demands for higher bribe payment by corrupt officials, sometimes for services that are normally free for other firms. Bribe payment from firms with such a reputation may be perceived to be "safe" from the perspective of the potentially corrupt officials, and these corrupt officials may increase the level of bureaucratic interference in order to secure bribe payments from these firms. As a result, firms that hope to circumvent government regulations may actually face an increased level of bureaucratic interference. Using firm-level data, Daniel Kaufmann and Shang-Jin Wei found that firms that paid more bribes faced more, not less, effective red tape because corrupt officials could often customize the nature and amount of harassment on firms in order to maximize bribe collection (Xun wu, 2005).

Also, George & Lixin (2004) primarily focused on how characteristics of firms paying and receiving bribes affected the equilibrium level of bribes in the utility sector. Their conceptual framework suggested that characteristics of bribe takers (i.e., the rents available for extraction in the utility sector, the extent of competition in the sector and the penalty functions faced by utility employees) and bribe payers (i.e., the firm's willingness to pay bribes, the leverage that bribe takers have over the bribe payers, and the length of the payers relationship with the takers) should both be important. Further, the multipleequilibria nature of corruption (Bardhan, 1997) meant that bribe payments in the utility sector should be higher in countries where the overall level of corruption is high. (George & Lixin, 2004) Overall, several studies have examined bribe-taking as acceptable to Korean bribe payers under equilibrium level and this bribe-taking acceptability was related to bribe-payment experience.

### 2. Bribe taking acceptability

Bribe taking acceptability is the extent to which individual persons accept a bribe demand in some situations. Thomas (1987) argued that there were cases in which the

recipient of the bribe was a member of an organization and could plausibly be said to be taking the bribe in violation of some implicit agreement or understanding.

Johann (2010) concluded that culture matters. But the observed impact was not in line with popular expectations. There was a widespread expectation that the stricter moral code could be found in rich, western countries, which were characterized by a high level of education. None of these hypotheses was supported. Low educated respondents from poor, non-western countries did not on average report higher levels of bribe taking acceptability (Johann, 2010).

Results of Johann (2010)'s study revealed that bribes were not globally condemned to an equal extent, as suggested by the strong form of the universalistic doctrine. The level of acceptance did not only widely differ from one country to another. The survey results also allowed us to trace the causes of different levels of acceptability. A high acceptance of bribery could be observed in former colonies; For example one hundred years ago, Korea also was under Japanese colonial rule for 36 years. Those who paid bribes are more accepting. And Christians and Buddhists report a higher acceptance of bribery. But their attitude does not differ to that of Catholics and others who live in the same country. South Korea also has roots in Buddhism and Confucianism. And several studies as mentioned above has examined bribe-taking was acceptable to Korean bribe payers under equilibrium level. This bribe-taking acceptability was related to bribepayment experience in related to benefit exchange and was related to bribe-payment sector on the topic (Johann, 2010).

# Hypothesis

Hypothesis 1: Benefit exchange would predict bribe taking acceptability.

Hypothesis 2: Bribe payment experience would mediate the relationship of benefit

exchange to bribe taking acceptability.



# Figure 2.1 : Research Model

### **CHAPTER 3**

# **RESEARCH METHODOLOGY**

# **Participants**

The majority of the participants in this study were mature male adults, married and earned high income. Two-thirds (67%) of the participants were male and slightly more than half (52%) were older than 40 years. Almost three-fourths of the participants (73%) were married. Almost half of them (46%) worked in manufacturing sector, with about one fifth (21%) engaging in tourism business. Almost half (45%) had work experience of more than 11 years and almost the same proportion (46%) had been in Thailand for longer than 11 years. The respondents were in high income groups, fourfifth (80%) earned income of greater than Baht 100,000 per month.

Participant Characteristics	Number	Percent
Gender: Male	269	67.3
Female	131	32.8
Age: 21-30 years	84	21.0
31-40 years	108	27.0
Above 40 years	208	52.0
Marital Status : Single	108	27.0
Married	292	73.0
Company's Business:		
Manufacturing	184	46.0
Engineering & Construction	28	7.0
Trading (Import-Export)	20	5.0
Logistics	44	11.0
Tourism	84	21.0
Information Technology	40	10.0
Years of Work Experience:		
1- 5 years	68	17.0
5-10 years	152	38.0
More than 10 years	180	45.0
Length of Residence in Thailand:		
1- 5 years	52	13.0
5-10 years	164	41.0
More than 10 years	184	46.0
Monthly Income:		
Baht 0-50,000	0	60
50,001-75,000	25	6.3
75,001-100,000	36	9.0
100,001-125,000	55	13.8
125,001-150,000	74	18.5
More than 150,001	210	52.5

Table 3.1Demographic characteristics of the sample (N = 400)

*Note.* Data on gender, age, marital status, business biz, work experience, residence period and income were collected categorically. Exchange rate: USD 1 = 32.56 THB

#### Instruments

Benefit Exchange Scale. The Benefit Exchange Scale (see Appendix) consists of 7 questions (Ariyabuddhiphongs and Hongladarom,2014). The questions assess the participants' perception of bribe-payments as a buyout of nuisance, a return for a favor, benefit or a payment of gratitude, and a business custom and purchase of facilitation. The sample question is Paying a bribe is a return for a favor. The participants indicated their agreement extent on a Likert-type scale from 1 = D is agree absolutely to 7 = A bolutely agree. Benefit exchange was a total sum of 7 questions, with high scores indicating high degree of benefit exchange. The Cronbach's alpha coefficient for the scale was .61.

Bribe-Payment Experience Scale. The Bribe-Payment Experience Scale (see Appendix) consists of 5 questions dealing with the Korean participants' perception of bribe payment experience. These questions ask the respondents to indicate the extent of agreement in bribe payment experience. The sample questions are 1. Bribery is prevalent in work practices in Thailand. 2. I have received more requests for bribe payment because I am a foreigner. 3. If someone cannot speak Thai language, bribe amount are higher. The participants indicated the extent of agreement for bribe payment experience from 1 = Definitely note true to 5 = Definitely true. Bribe payment experience scale was a total sum of 5 items, with high scores indicating the high bribe payment experience in Thailand. The Cronbach's alpha coefficient of the scale was .41.

Bribe-Taking Acceptability Scale. The Bribe-Taking Acceptability Scale (see Appendix) consists of 15 questions (Ariyabuddhiphongs and Hongladarom,2014), each asking the participants to indicate whether or not of bribe-taking by police officers, city officials, school official, tax officer, armed force officers, politicians, and businessmen is acceptable. These questions ask the respondents to indicate the acceptability of each bribe-taking situation in various episodes, such as 1. The officer receives money and refrains from writing a ticket to fine the traffic violator. 2. The officer receives money and fast-tracks the approval of the building construction permit. 3. The famous school collects money to enroll the children. The participants indicated the degree of acceptability of each bribe-taking on a Likert-type scale from 1 = Not at all acceptable to 5 = Extremely acceptable. Bribe-taking acceptability was a total sum of 15 questions, with high scores indicating high degree of bribe-taking acceptability. The Cronbach's alpha coefficient for the scale was .80.

# Procedure

The population of this study was Korean workers in Thailand.

Four hundred copies of the questionnaires were then distributed from 08.04.2014 to 30.04.2014. The researcher distributed hard and electronic copies of the questionnaire to senior and junior colleagues who have been working in Thailand in various businesses, The researcher discussed with them the purpose and nature of the study.

The respondents were asked to sign a consent form (see Appendix) to acknowledge that their data would not be disclosed to a third party; and that the research results would not disclose any personal data as well.

The data were collected through 40 copies of paper questionnaires distributed to the researcher's co- workers in Sukhumvit area. Data for the remaining 360 respondents were collected by emails sent to Koreans working in Rayong city. SPSS statistical program was used to analyze data together with indirect script (Preacher & Hayes, 2008).



# CHAPTER 4

# DATA ANALYSIS

#### **Preliminary Analyses**

To examine the participants' perception of bribe payment experience, benefit exchange and bribe taking acceptability, the means and SDs of the four variables and their correlation with age, income, residence period and working experience were computed and the mean for bribe payment experience of 3.75, SD = 2.33 in the middle of the scale with respect to whether the participants would experience bribe payment. As for benefit exchange, the mean was 3.77, SD = 6.4 in the high scale with agree whether participants would though that paying a bribe is return for benefit. As for bribe taking acceptability, the mean was 3.06, SD = 7.16 was near the high end of the scale between Very acceptable and Extremely acceptable. This implies that Korean participants tended to see bribe taking as acceptable in Thailand. Also, some Korean often said that if you wanted to do the business in Thailand you would encounter business situation that cannot be avoided to paying bribe cannot be avoided. To sum the above findings up, Koreans working in Thailand are aware that bribery culture is prevalent in Thailand, and bribe amount increases when Thai language competence is low and most Koreans can feel the social exchanges between Korea and Thailand, but most of them find the aviation to be understandable.

Table 4.1 Benefit Exchange, Bribe Payment Experience, and Bribe Taking Acceptability: Means, standard deviations, and Correlations with respondents' age, income, residence period, and working experience (N = 400)

			Correlations with					
Variables	М	SD	Age	Income	Residence Period	Work Experience	Benefit Exchange	Bribe Payment Experience
Age	2.31	.80	3			3		
Income	5.02	1.26	.82***					
Residence period	2.33	.69	.63***	.78***				
Work experience	2.28	.74	.91***	.87***	.72***			
Benefit Exchange	3.75	.91	01	01	.02	04		
Bribe Payment Experience	3.77	.47	.45***	.49***	.53***	.42***	0.15**	
Bribe Taking Acceptability	3.06	.48	.23***	.27***	.16***	.22**	.10*	.26***

In general, those who have long years of residence period in Thailand are more likely to accept bribe taking. The survey's result on the recognition on bribe taking acceptability in Thailand shows that most of Korean respondents agree to the bribe taking acceptability. It also shows the prevalence of bribe tendency in Thailand.

Older people and those in higher income brackets and person with lots of working experience, long residence period in Thailand seem to regard bribe-taking as being more acceptable than do younger people, those with lower income and people who lacked working experience, residence period in Thailand. In other words, most respondents would rather pay bribe to competent authority instead of paying severe cost. Negatively, less respondents agrees to pay bribe for the personal benefits in the unreasonable situation such as "Question no.3: Pay the famous school to enroll your child"; 87% of the Korean respondents said May not pay, "Question no.6: Pay the officer to waive the conscription of your son into the armed forces"; 90% of the respondents said May not pay. That may be because Korean sociality has issues such as some celebrities paying bribe or change their medical records so they did not have to go to the army or go to famous school. This bribe paying issue was currently in the press. Overall, however, the rest of questions were answered moderately may pay as above.

# Test of hypothesized model

Regression analysis in SPSS statistics program with bootstrap script was used to test the hypothesized model, with 5,000 bootstrap re-samples. Age, working experience, residence period and income were entered as control variables to partial out their effects as they were related to bribe taking acceptability. Table 4.2 and Table 4.3 display the bootstrap results of the mediation effect of bribe taking acceptability on the bribe-payment experience and benefit exchange relationship.

Table 4.2	Bootstrap Results to	Test Significance	of Mediation	Effect of Bribe	Payment
Experience by	SPSS				

Path/effect	Standardized			
	β	SE	р	
Age $\rightarrow$ Bribe Taking Acceptability	.14	1.07	.90	
Income $\rightarrow$ Bribe Taking Acceptability	2.02	.62	<.001	
Residence Period $\rightarrow$ Bribe Taking Acceptability	-1.93	.83	.02	
Work Experience $\rightarrow$ Bribe Taking Acceptability	47	1.33	.73	
c	.11	.05	.04	
<i>a</i> Benefit Exchange $\rightarrow$ Bribe Payment Experience	.05	.02	.001	
<i>b</i> Bribe Payment Experience $\rightarrow$ Bribe Taking Acceptability	.58	.18	.001	
c´ Benefit Exchange $\rightarrow$ Bribe Taking Acceptability	.08	.05	.12	
Indirect effect (a x b)	.03	.01	<.001	

*Note*. Bias corrected and accelerated confidence intervals = .01 to .06, CI 95, bootstrap resamples = 5,000. The 95% confidence interval for the standardized result was produced with bias corrected and accelerated option in the bootstrap dialogue box in indirect script (Preacher & Hayes, 2008).



[B]

Figure 4.1 Bribe payment experience and bribe taking acceptability among Korean workers in Thailand

*Note.* [A] The total effect of benefit exchange predicting bribe-taking acceptability. [B] The indirect effect of bribe payment experience mediating the relationship of benefit exchange to bribe-taking acceptability with age, income, residence period and working experience as control variables. I used SPSS analysis program with Preacher and Hayes' (2008) bootstrap script to test the model, specifying a 95% confidence interval. Age, working experience, residence period and income were entered as control variables to partial out their effects as they were related to bribe taking acceptability. Table 4.2 and Figure 4.1 showed the bootstrap results of the mediation effect of bribe payment on the relationship of benefit exchange to bribe taking acceptability.

Although a significant direct effect between the independent and dependent variable was not required to examine the indirect effect (Zhao et al., 2010), the direct model (Figure 4.1A) shows that Benefit exchange – bribe taking acceptability relationship (*a* path) was statistically significant, supporting hypothesis. In the mediation model (Figure 4.1B), the benefit exchange – bribe payment experience path (*a* path,  $\beta = .0493$ , p = .001), the bribe payment experience – bribe taking acceptability path (*b* path,  $\beta = .5843$ , p = .001) were significant. The age – bribe taking acceptability path ( $\beta = .1371$ , p = .8984) were significant. Bootstrapped results indicated the presence of an indirect, *a* x *b*, mediation effect ( $\beta = .03$ , p = <.001). In summary, results supported the prediction that bribe payment experience mediated the relationship of benefit exchange to bribe taking acceptability among Korean who working in Thailand.

# **CHAPTER 5**

### **CONCLUSION AND RECOMMENDATIONS**

### Discussion

After survey, it is of course understood and perceived that Koreans working in Thailand could see the prevalence of bribe and took it at somewhat acceptable level as a not illegal act because they viewed bribe payment as an exchange for benefits received like business custom. It is hypothesized that benefit exchange was related to bribe-taking acceptability and the relationship was mediated by bribe-payment experience. Results of the study supported the hypothesis. However, it is necessary for Thai government to put most fundamental and consequential efforts from a long-term perspective to develop and become an advanced country. Since current situation is not only Koreans but also many foreign people viewed whether it is called bribing or lobbying it exists everywhere in Thailand. According to the Bangkok Post, Assumption University and the Public Sector Anti-Corruption Commission have jointly polled 2,120 foreign businessmen on the issue of corruption in Thai business society. The result showed 65.1% of foreign businessmen said that the corruption problem has reached a most serious level and 50.6% of foreign businessmen admit to have paid bribes at one moment or another whether it is called bribing or lobbying. (Journal of Foreign business act Thailand, 2014)

This study therefore suggests an efficient improvement method to eradicate overt bribe culture in Thailand as follows.

Firstly, it is necessary to conduct survey on tendency and trend of bribe of Thailand in terms of education and publicity reinforcement and to reinforce education on bribe prevention targeted to the public and to precisely define the concept of bribe. In other words, social atmosphere where bribery, however deeply rooted in Thai society, is accepted should no longer be recreated. Also, under the bribe prevention act, specially designated agency is required to manage and control this matter in cooperation with the related nongovernmental organization and media.

Secondly, prevalence of bribe (off-the-books money) in Thai society could obstruct social development and could emerge as a social issue due to lack of responsibility of public officers and adverse consequences of bureaucracy. Therefore, directions on bribe prevention actions need to be established in cooperation with policy making organizations. Also independent and integrated organization needs to be established to conduct education and investigation on bribe and its prevention. Prosecution agency will manage and control bribe actions. Simultaneously, related laws and regulations need revision to make bribe is criminal act.

Thirdly, actions conducted by national program on bribe prevention and outcome of illegal bribe must be reported and publicized to the public through media in a consistent and continuous manner.

Fourthly, company's policies on paying bribes or lobbying act to the effect that foreign companies operating in any country should not encourage bribe payments.

This study does not argue that prevalence of bribe is entirely negative since it is a part of social situation in Thailand. However, bribe itself may result in moral hazard of people and decrease the trust on the government in the long run. Thai government is required to reinforce the level of punishment on bribe in order to prevent bribe culture. To formulate concrete methods and means to prevent bribe, to investigate and file bribe criminal actions would be effective measures to eradicate bribery. In order to block bribe culture effectively, it requires every people in the country to take initiative to transform the related culture and to establish practical plan with firm and strong will and engagement. And such a preparation will be a part of most fundamental and consequential efforts for Thailand to develop into an advanced country from long-term perspectives.

Research questionnaire of this study was conducted based on real bribe payment experience among Koreans working in Thailand and reference to the research bribe taking acceptability and bribe payment among Thai Employees. Future research should be clearly and lucidly explained bribe payment experience scale of questionnaire in more details because reliability index of bribe payment experience scale was low as .41. Then this would be favorable to gain external validity index. Future research might lead to the discovery of improve results. Moreover, the result of this research can be compared to future findings of another study for different countries as well.

# BIBLIOGRAPHY

Ariyabuddhiphongs and Hongladarom. (2014). Bribe Taking Acceptability and Bribe
Payment Among Thai Organizational Employees : The Mediating Effect of
Reciprocity Obligation. *International Perspectives In Psychology : Resarch, Pratics*, 6(3), 184-190. Retrieved from
http://dx.doi.org/10.1037/ipp0000018

Bojanic, D. & Xu, Y.(2006). An investigation of acculturation and the dining-out behavior of Chinese livig in the United States. *International Journal of Hospitality Management*. 25, 211-226. Doi:

10.1016/j.ijhm.2005.06.002

- Castro, Massimo Finocchiaro (2006). *To Bribe or not Bribe?* Retrieved from http://www.siepweb.it/siep/images/joomd/1401048529518.pdf
- Cuellar, I. & Arnsld, B. & Maldonado, R.(1995). Acculturation rating scale for Mexican Americans: A revision of the original ARSMA scale. Hispanic Journal of Behavioral Sciences, 17, 275-304. Doi: 10.1177/07399863950173001

Fugita, S, & O'Brien, D(1985). Structural assimilation, ethnic group membership, and political participation among Japanese Americans: A research mote.
Social Forces. 63(4), 986-995. Doi:

10.1093/sf/63.4.986

George R.G. Clarke & Lixin Colin Xu (2004). Privatization, Competition, and

Corruption: How Characteristics of Bribe Takers and Payers Affect Bribes To Utilities. *Journal of Public Economics*, 88 (9-10), 2,067–2,097. Doi: 10.1016/j.jpubeco.2003.07.002

Hansan, H. & Ditsa, G(1999). The impact of culture on the adoption of IT:An interpretive study. *Journal of Global Information Management*. 7(1), 5-15, doi : 10.4018/jgim.1999010101

Hernandez, Teresa and McGee, Robert W., Ethical Attitudes Toward Taking a Bribe: *A Study of Three Latin American Countries (April 20, 2014).* Retrieved from SSRN: http://ssrn.com/abstract=2426955 or http://dx.doi.org/10.2139/ssrn.2426955

- James Heinzen (Fall, 2007). The Art of the Bribe: Corruption and Everyday Practice in the Late Stalinist USSR, *Slavic Review No. 3*, 389-412 Retrieved from http://www.jstor.org/stable/20060294
- James Jr, Harvey S(2002). "When is a bribe a bribe? Teaching a workable definition of bribery." *Teaching Business Ethics*, 6(2) 199-217. Doi:

10.1023/A:1015261222138

Johann Graf Lambsdorffa & Björn Frankb (2010). The Art of the Bribe: Corrupt reciprocity - Experimental evidence on a men's game. *International Review of Law and Economics* (Impact Factor: 0.44). doi: 01/2011; 31(2):116-125.
Kagan h. & Cohen, J.(1990). Cultural adjustment of international students.

Psychological Science, 2, 133-137. Doi:

10.1111/j.1467-9280.1990.tb00082.x

Laroche, M. & Kim, C. & Hui, M, K.(1997). A comparative investigation of dimensional structures of acculturation for Italian Canadians and Greek Canadians. *The Journal of Social Psychology*, *137*, 317-331. Doi: 10.1080/00224549709595443

- Lengwiler, Yvan, and Elmar Wolfstetter(2006). "Corruption in procurement auctions.", Available at SSRN 874705.
- Mendoza, M. N. F.(1989). Essay in production theory: *Efficiency measurement* and comparative statistics, Ph.D. Theses, University of British Columbia, Vancouver, Canada. Retrieved from

https://circle.ubc.ca/bitstream/id/106569/UBC\_1990\_A1%20M46.pdf

Quah, J. S. T. (2001). Combating corruption in Singapore: What can be learned? Journal of Contingencies and Crisis Management, 9(1), 29-35. doi: 10.1111/1468-5973.00151

Soham Baksi, Pinaki Bose, Manish Pandey(2009). The impact of liberalization on bureaucratic corruption, Department of economics, University of Winnipeg, 515
Portage Avenue, Canada R3B2E9, *Journal of Economic Behavior Organization*, 72 No. 1, 214~ 224, doi:10. 1016/j.jebo.2009.05.002 Thomas L. Carson(1987). Bribery and implicit agreements : *A reply to Philips*, *Journal of Business Ethics* 6, Number 2 123-125 0167-4544 SSCI doi : 10.1007/BF00382025

Truex, R. (2011). Corruption, Attitudes, and Education: Survey Evidence from Nepal.[Article]. World Development, 39(7), 1133-1142. doi:

10.1016/j.worlddev.2010.11.003

XUN WU(2005). Corporate Governance and Corruption: A Cross-Country Analysis. Governance 18, Issue 2, 151–170. Doi:

10.1111/j.1468-0491.2005.00271.x

 Xun Wu (2008). Determinants of Bribery in Asian Firms: Evidence from the World Business Environment Survey. *Journal of Business Ethics June 2009*, *Volume 87*(1), 75-88. Doi: 10.1007/s10551-008-9871-4

Business Anti-Corruption Portal (2015). *Thai General Information: Business and Corruption*. Retrieved from <u>http://www.business-anti-corruption.com/country-profiles/east-asia-the-pacific/thailand/general-information.aspx</u>

Jon Fernquest (2010). *The many dimensions of corruption*. Retrieved from <u>http://www.bangkokpost.com/print/205721/</u> Rene-Philippe (2014). *Doing Business in Thailand: Local Corruption Barometer*. Retrieved from <u>http://www.doingbusinessthailand.com/blog-thailand/doing-business-in-thailand-local-corruption-barometer.html</u>



Appendices

#### **APPENDIX A: Questionnaires-English Version**

Dear Participant,

Thank you for taking your time to respond to this questionnaire. I am doing a research on Bribe Payment Experience and Bribe Taking Acceptability among Koreans working in Thailand, and would very much appreciate your responses to the attached questionnaire. This questionnaire does not identify you by name; your data will not be revealed to anyone; and the research paper will report only aggregate data. You may be assured that your response will be kept confidential.

If you have any question concerning this research, you may contact me at:

Jooyeon.lee@pantos.com / jooyeon2.lee@lge.com

Thank you very much for your cooperation.

Sincerely,

Jooyeon Lee, Investigator

Respondent's Consent Form:

I acknowledge that I have been informed by the investigator of the nature and purpose of this research, and I am freely choosing to participate without duress or coercion.

I understand that I may refuse to participate or withdraw my consent at any time I wish without having to state any reason, penalty or prejudice.

I have been assured by the investigator that any information I provide will be anonymous and kept confidential, and the research result will not disclose any personal data.

I am indicating that I am at least 18 years of age, and that I consent to participate in this study under the above conditions.

Respondent

## Part 1:

#### Bribe Payment Experience

The following phrases describe the circumstances regarding your experience of bribe payment in Thailand. Please indicate the extent to which each phrase is true of your bribe payment experience: 1. Definitely not true, 2. Somewhat not true, 3. In between, 4. Somewhat true, 5. Definitely true.

Bribe Payment Experience	Extent of Agreement				nt
1. Bribery is prevalent in work practices in Thailand.	1	2	3	4	5
2. I have received more requests for bribe payment because I am a foreigner.	M S	2	3	4	5
3. If someone cannot speak Thai language, bribe amount are higher.	1	2	3	4	5
4. I can understand the differences between Korean and Thai culture.	1	2	3	4	5
5. My bribe payment experience in Thailand helps me to lessen my previous bias against bribery.	1	2	3	4	5

#### Benefit Exchange

Please indicate the extent of your agreement with the following statements, from 1.

Disagree absolutely, 2. Disagree, 3. Tend to disagree, 4. Partly agree and partly disagree,

5. Tend to agree, 6. Agree, and 7. Absolutely agree.

Perception of Bribe	Extent of Agreement						
1. Paying a bribe is a return for a favour.	1	2	3	4	5	6	7

2. Paying a bribe reduces the costs of doing	1	2	3	4	5	6	7
business.							
3. Paying a bribe is a purchase of facilitation.	1	2	3	4	5	6	7
4. Paying a bribe is a buyout of nuisance.	1	2	3	4	5	6	7
5. Paying a bribe is a sharing of benefits.	1	2	3	4	5	6	7
6. Paying a bribe is a payment for a debt of gratitude.	1	2	3	4	5	6	7
7. Paying a bribe is a business custom.	1	2	3	4	5	6	7

# Bribe Taking Acceptability

The following sentences represent bribe taking people in various professions. Please

indicate how acceptable each bribe taking is: 1. Least or not at all acceptable, 2. Slightly

acceptable, 3. Moderately acceptable, 4. Very acceptable, and 5. Extremely acceptable.

Bribe Taking	Acceptability						
1. The officer receives money and refrains from writing a ticket to fine the traffic violator.	1	2	3	4	5		
2. The officer receives money and fast-tracks the approval of the building construction permit.	9	2	3	4	5		
3. The famous school collects money to enroll the children.	1	2	3	4	5		
4. The officer receives money and reduces the assessed taxes.	1	2	3	4	5		
5. The officer receives money and reduces the severity of the charge.	1	2	3	4	5		
6. The officer receives money and waives the conscription of the young man into the armed forces.	1	2	3	4	5		
7. The politician receives money and grants a mining concession.	1	2	3	4	5		

1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
	1	$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$

# Bribe Payment

The following sentences represent bribe payments to people in various professions.

Imagine that you are in the described situations that require you to pay a bribe. What

would be your tendency to pay a bribe, from 1. Would certainly not pay, 2. May not pay,

3 May pay, to 4. Would certainly pay.

Bribe Payment	Tendency to Pay				
1. Pay the officer to refrain from writing a ticket to fine	1	2	3	4	
you for traffic violation.					
2. Pay the officer to fast-track the approval of your	1	2	3	4	
building construction permit.					
3. Pay the famous school to enroll your child.	1	2	3	4	
4. Pay the officer to reduce the assessment of your	1	2	3	4	
taxes.					
5. Pay the officer to reduce the severity of the charge	1	2	3	4	
against you.					

1	2	3	4
1	2	3	4
1	2	3	4
1	2	3	4
1	2	3	4
1	2	3	4
1	2	3	4
1	2	3	4
1	2	3	4
1	2	3	4
	1 1 1 1 1 1 1 1	$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$

#### Part 2

Personal data: 1. Gender: □ Male □ Female 2. Age: \_\_\_\_ 3. Marital Status: □ Single □ Married 4. Business Biz of your company (2)  $\square$  Engineering & Construction (1)  $\square$  Manufacturing (3)  $\Box$  Trading (Import- Export) business  $(4) \square$  Logistics  $(6) \square$  IT industry (5)□ Tourism 5. The number of employees in your company (1)  $\square$  Under 50 employees (2)  $\Box$  51~100 employees (3)  $\square$  101~150 employees (4)  $\square$  151~200 employees (5)  $\square$  More than 201 employees 6. How long have you been working in your present position: \_\_\_\_\_ years. 7. How long have you been working in Thailand: \_\_\_\_\_ years. 8. Total monthly income (THB) : □ 0 - 50,000 □ 50,001 - 75,000 □ 75,001 - 100,000 □ 100,001 - 125,000

□ 150,001 or more

□ 125,001 - 150,000

#### **APPENDIX B: Questionnaires-Korean Version**

안녕하십니까?

바쁘신 와중에서 본 설문에 응해 주신 것에 진심으로 감사드립니다. 본 설문은 태국 내 근무하고 있는 한국인을 대상으로 "뇌물(뒷돈) 지불 경험과 뇌물(뒷돈) 수령수용성 연구 "에 관한 석사 논문조사입니다. 태국 내 근무하고 있는 한국인의 뇌물(뒷돈) 지불경험 및 뇌물(뒷돈)수령 수용성에 관한 기초 연구이므로 귀하의 고견이 매우 필요합니다. 협조에 대단히 감사드립니다.

2014 년 3 월

조사자 : 방콕대학교 경영학부 이주연

Email : jooyeon.lee@pantos.com jooyeon2.lee@lge.com Part 1 :

뇌물지불에 대한 태도, 준수

뇌물(뒷돈) 지불에 대한 태도, 준수		동의	하는 경	정도	
1. 근무할 때 태국내의 뇌물문화는 만연하게 퍼져있다.	1	2	3	4	5
2. 외국인이라서 뒷돈지불 요구를 더 받은적이 많다.	1	2	3	4	5
3. 태국어를 하지 못하면 뒷돈(뇌물) 요구 금액이 더 높아진다.	1	2	3	4	5
4. 나는 한국과 태국간의 문화차이를 이해할 수 있다.	5	2	3	4	5
5. 태국에서의 나의 경험은 뇌물(뒷돈)에 대한 안좋았던 견해를 줄어들게 했다.	1	2	3	4	5

수익(이익) 전환

수익(이익) 전환	동의하는 정도						
1. 뇌물을 지불하는 것은 호의로 돌아온다.	1	2	3	4	5	6	7
2. 뇌물을 지불하는 것은 비지니스상의 드는	1	2	3	4	5	6	7
비용을 줄어들게 한다.							
3. 뇌물을 지불하는 것은 편리함을 사는	1	2	3	4	5	6	7
것이다.							
4. 뇌물을 지불하는 것은 성가신 일을 없애는	1	2	3	4	5	6	7
것이다.							

5. 뇌물을 지불하는 것은 수익을 공유하는	1	2	3	4	5	6	7
것이다.							
6. 뇌물을 지불하는 것은 감사의 표시다.	1	2	3	4	5	6	7
7. 뇌물을 지불하는 것은 하나의 비지니스	1	2	3	4	5	6	7
관행이다.							

뇌물(뒷돈) 수령 수용성					
뇌물(뒷돈) 수령 수용성			수용성		
1. 교통법에 위반시 벌금딱지를 피하기 위해	1	2	3	4	5
담당경찰에게 돈을 지불할 수도 있다.		0			
2. 빠른 건물 건설 허가를 위하여 담당자에게	1	2	3	4	5
돈을 낼 수 있다.		×			
3. 유명한 학교에 아이를 등록시키기 위해서	1	2	3	4	5
학교에 돈을 지불해야 한다.	6				
4. 세금을 줄이기 위해 뇌물(뒷돈)을 지불할 수	1	2	3	4	5
있다.	9				
5. 어떤 비용이든 가혹한 비용따위를 줄이려면	1	2	3	4	5
담당자에게 돈을 지불할 수도 있다.					
6. 병역 면제를 위해 담당자에게 돈을 지불할	1	2	3	4	5
수도 있다.					
7. 정치인에게 뒷돈(뇌물)을 지불하면 광산	1	2	3	4	5
채굴권을 획득할 수 있다.					
8. 길가에서 물건판매를 하려면 담당자에게	1	2	3	4	5
돈을 지불해야 한다.					

9. 정치가에게 뒷돈을 지불하면 건설	1	2	3	4	5
프로젝트를 수주할 수 있다.					
10. 무기소지 또는 주문을하려면 담당자에게	1	2	3	4	5
돈을 내야한다.					
11. 빠른 결제를 위해 담당자에게 돈을	1	2	3	4	5
내야한다.					
12. 대출의 빠른 승인결제를 위해 담당자에게	1	2	3	4	5
돈을 내야한다.					
13. 칼럼니스트에게 돈을 내면 담당 회사에 대한	1	2	3	4	5
부정적인 기사를 쓰지않을 것이다.		7			
14. 우리가족의 구성원만을 잘 돌봐 줄 수있도록	1	2	3	4	5
담당의사는 돈을 받을 것이다.					
15. 중개업자에게 돈을 지불하면 마땅한 권리를	1	2	3	4	5
획득할 수 있다.					
뇌물(뒷돈) 지불					

뇌물(뒷돈) 지불	지불 경향			
1. 교통법에 위반시 벌금딱지를 피하기 위해	1	2	3	4
담당경찰에게 돈을 지불할 것이다.				
2. 빠른 건물 건설 허가를 위하여 담당자에게 돈을 낼	1	2	3	4
것이다.				
3. 유명한 학교에 아이를 등록시키기 위해서 학교에	1	2	3	4
돈을 낼 것이다.				
4. 세금을 줄이기 위해 뇌물(뒷돈)을 지불할 것이다.	1	2	3	4

5. 어떤 비용이든 가혹한 비용따위를 줄이려면	1	2	3	4
담당자에게 돈을 지불할 것이다.				
6. 당신의 아들의 병역 면제를 위하여 담당자에게	1	2	3	4
돈을 지불할 것이다.				
7. 정치인에게 뒷돈(뇌물)을 지불하면 광산 채굴권을	1	2	3	4
획득할 수 있을 것이다.				
8. 담당자에게 돈을 내면 길가에서 물건판매를	1	2	3	4
허용해 줄 것이다.	$\sim$			
9. 정치가에게 뒷돈을 지불하면 건설 프로젝트를	1	2	3	4
수주할 것 이다.				
10. 정치계에 있는 담당자에게 돈을 지불하면 어떤	1	2	3	4
무기도 구매할 수 있을 것이다.				
11. 담당자에게 돈을 지불하면 빠른 결제가 이뤄진다.	1	2	3	4
12. 대출의 빠른 승인결제를 위해 담당자에게 돈을 낼	1	2	3	4
것이다.				
13. 칼럼니스트에게 돈을 내면 우리회사에 대한	$\bigcirc 1$	2	3	4
부정적인 기사를 쓰지않을 것이다.				
14. 담당의사에게 돈을 지불하면 우리가족의	1	2	3	4
구성원만을 잘 돌봐 줄 것이다.				
15. 중개업자에게 돈을 지불하면 마땅한 권리를	1	2	3	4
획득할 것이다.				

- 2. 나이: \_\_\_\_
- **3. 결혼 여부:** □ 미혼 □ 기혼
- 4. Business Biz

① □ 제조업체	② □ 건설업체
③ 🗆 무역업체	④ □ 물류업체
(5)□ 여행사	(6) □ IT

5. 회사규모

① □ 직원 50 명 이하	② □ 직원 51~100 명
③ □ 직원 101~150 명	④ □ 직원 151~200 명
(5) □ 직원 201 명 이상	

- 6. 태국내에서 근무 년수 : \_\_\_\_ 년
- 7. 태국내에서 거주 년수: \_\_\_\_\_ 년

8. 수입 (THB) :

□ 0 - 50,000	□ 50,001 - 75,000
□ 75,001 - 100,000	□ 100,001 - 125,000
□ 125,001 - 150,000	□ 150,001 or more

## BIODATA

Name: Jooyeon Lee

Address: Bloc77, Soi Sukhumvit 77 Prakanong, Bangkok, Thailand

Email: jooyeonn@naver.com

Contact Numbers: +66-(0)81-830-6844

Education Background:

2007-2011 Busan University of foreign studies, Korea

- Major in Thai language, GPA: 4.1/4.5

Work Experience:

2009.04 work as a Thai translator in Asean +6 summit conterence

at Pattaya, Thailand

2011- Now work as Sea operation logistics manager in (LG) Pantos

Logistics

## **Bangkok University**

# License Agreement of Dissertation/Thesis/ Report of Senior Project

Day <u>8</u> Month <u>August</u> Year 2015

Mr./Mrs./Ms Jooyeon Lee\_\_\_\_now living at \_\_\_\_\_ Soi Street \_ Sub-district District Pusan Province Korea Postal Code – being a Bangkok University student, student ID 750204 130 Degree level 🛛 Master □ Bachelor □ Doctorate Program MBA \_\_\_\_\_Department \_\_\_\_\_\_School <u>Graduate School</u> hereafter referred to as "the licensor"

Bangkok University 119 Rama 4 Road, Klong-Toey, Bangkok 10110 hereafter referred to as "the licensee"

Both parties have agreed on the following terms and conditions:

1. The licensor certifies that he/she is the author and possesses the exclusive rights of dissertation/thesis/report of senior project entitled

Britbe Payment Experience and Bribe Taking Acceptability among Koreans Working in Thoiland

submitted in partial fulfillment of the requirement for MBA

of Bangkok University (hereafter referred to as "dissertation/thesis/ report of senior project").

2. The licensor grants to the licensee an indefinite and royalty free license of his/her dissertation/thesis/report of senior project to reproduce, adapt, distribute, rent out the original or copy of the manuscript.

3. In case of any dispute in the copyright of the dissertation/thesis/report of senior project between the licensor and others, or between the licensee and others, or any other inconveniences in regard to the copyright that prevent the licensee from reproducing, adapting or distributing the manuscript, the licensor agrees to indemnify the licensee against any damage incurred.

This agreement is prepared in duplicate identical wording for two copies. Both parties have read and fully understand its contents and agree to comply with the above terms and conditions. Each party shall retain one signed copy of the agreement.



2.