

## CORRUPTION IN THE PUBLIC AND PRIVATE SECTOR FROM ROMANIA: A COMPARATIVE STUDY

PhD student Silviu DUȚULESCU<sup>1</sup>

Professor Ileana NIȘULESCU-ASHRAFZADEH, PhD<sup>2</sup>

<sup>1)2)</sup> Academy of Economic Studies, Bucharest, România

E-mail: [silviudemetrius@yahoo.com](mailto:silviudemetrius@yahoo.com)

---

We suggest you to cite this article as:

Duțulescu, S. & Nișulescu-Ashrafzadeh, I., 2017. Corruption in the public and private sector from Romania: a comparative study. *Junior Scientific Researcher*, Vol III, No. 1, pp. 30-39.

---

### ABSTRACT

*Corruption is becoming an increasingly acute problem lately for Romania and the authorities are trying to find solutions in this regard. Until now the anti-corruption strategy has undergone four stages, by approving as many sets of anti-corruption strategic documents (National Anti-corruption Strategies in 2001, 2005, 2008 and 2012).*

*In this research, we started from the assumption that there is a correlation between corruption in the public sector and the corruption in the private sector, involving the corrupting power represented by the private sector and corruptible power represented by the public sector. The hypothesis was confirmed by detailed analyzes conducted in this regard using a number of variables such as the percentage of convictions in the public or private sector, the position that the culprit holds, the county he/she comes from, the institution in which they operate, type of sentence (suspended or performed) and the penalty in months.*

*Then using the statistical functions Data Analysis, PivotTable of Excel software, the 3110 observations were processed. The centralizing tables were made by filtration and then the ventilation data by numerical and geographical coordinates.*

*The quantitative information provided by these summary tables combined with qualitative information derived from extensive analyzes conducted during this investigation, led to the confirmation of the basic assumption that there is a correlation between corruption manifested in the public and private sector.*

*This correlation becomes more powerful as the bureaucratic system, namely the workload in the public sector is growing. In this regard, we have concrete examples in the counties of Cluj, Timiș, Constanța, Prahova, Bucharest, respectively.*

**KEYWORDS:** corruption, public sector, private sector, convicted individuals, counties

**JEL CLASIFICATION:** H19, J19

### INTRODUCTION

The new challenges of modern society and the major social change fuel outbreaks of traditional tension. Thus, there is an increase of some unconventional and cross-border risks, such as corruption and economic instability. One of the main functions of

management, both in the public and private sectors is to encourage and facilitate national integrity and fight against corruption.

For public institutions in Romania, the function was highlighted by Government Decision no. 215/2012 which involves the implementation of the National Anticorruption Strategy for 2012-2015. This strategy started from the premise that any new file of the National Integrity Agency (ANI), of the National Anticorruption Directorate (DNA) or sanction of disciplinary order on the failure of abiding the code of conduct represents a failure of management of the institution in terms of prevention of these incidents of integrity and fight corruption, in the broadest sense of the term. The strengths of this national strategy were the administrative controls of ANI as primary means of fighting corruption at all levels.

While there has been adopted legislation on integrity, there were implemented tools for the prevention and fight against institutional corruption, checking incompatibilities in exercising public positions (Torje & Ștefan, 2016). In the process of harmonization of the legal system in Romania with European directives and recommendations, a major focus was placed on fighting corruption through a process of justice independence. (Ionica, 2012). Conflict and incompatibilities between different functions are governed by Law 161/2003 as regards its measures to ensure transparency in the exercise of public functions and in business, as well as in preventing and punishing corruption. According to Dascalu (2016) structurally, functionally and culturally corruption is organized by the rules of a market economy. Corruption constitutes a pseudo-society practicing vertical and horizontal integration, constantly being open to novelties and improvement. This way, it provides an incentive for its members.

The authors, Șerb and Secrăianu, (2016) note that, when talking about corruption, in terms of psychosocial phenomenon, the actors of the political scene have a very subjective approach regarding the fight against this phenomenon effectively. In this regard, quite often, the motivation for the issuance of legal regulations was due to pressure from European institutions.

Corruption is an important component of organized crime and it is a lucrative business. The latter is very well preserved, and sometimes even thrives during financial crises, yielding increasingly higher profits amid panic and disorientation of population. (Epure, 2016). According to Bosovski (2006), there is some collective thinking in terms of perception of corruption, by the states of Central and Eastern Europe that do not converge with the visions of populations of Western countries on the perception of this phenomenon. In this context, the European Union has shown itself to be quite sensitive on the issue of corruption, so there was great hesitation in accepting Bulgaria and Romania precisely for these reasons. The lack of a common strategy in understanding and addressing this phenomenon, made the perception of the population to be a polychromatic one, according to the terminology of Heidenheimer (1996).

## METHODOLOGY

The current research was conducted to complement the specialized literature in an area in which there aren't many recent studies and where, currently, there is great public interest. The main motivation for this research was based on the assumption that corruption is one of the main culprits of reducing resources required for a country to develop the industry, investment, jobs, making it to reach a very low level of public confidence in state institutions. In this regard they have been used real information collected from both press releases on convictions and the final communiqués on indictments present on DNA site. The time horizon considered for this investigation was the period between 2010-2014, since the final sentences are available on DNA site starting from 2010.

In this study, it was pursued the spread of corruption on 2 levels, namely the public sector and the private sector. Thus the 3110 comments were categorized and summarized according to several criteria such as: public or private sector, position that the culprit person holds, the county where he/she comes from, the institution within which he/she activates, the type of punishment (suspended or performed) and the penalty in months. Using statistical functions (data analysis, PivotTable) of Excel software there were made more correlations and comparisons between the data analyzed in order to capture as faithfully and consistently as possible, the corruptible behavior of the 3110 people surveyed by the Romanian justice.

Emphasis was placed on the classification of persons convicted on the two sectors, public and private, as well as the territorial area where corruption recorded some of the highest values, according to the conviction rate.

One of the preliminary assumptions in this research is, that, between the public and private sectors, there is a close connection, and the more complex the bureaucratic system is the more favorable environment it creates for the development of corruption. At the beginning it appears there is a desire of the people from the private sector to try to shorten waiting times by offering informal payments to civil servants. Over time this practice may become increasingly larger leading to the so-called phenomenon of widespread corruption, which brings great financial and image losses of the entire country. During this paper, for a better understanding, we opted to insert tables generated with PivotTables to capture and highlight as easy as possible, novelty items found and an overview of the progress of the whole scientific endeavor.

These results were correlated with the length of the sentence variable, and, at the end of the research, there have been completed tables centralizing the capture of corruption both in the public and private sectors. To establish this set of summary tables, we will take into account the values of variables, the number of corruption cases in each county and Bucharest, filtered through the two main levels, public and private. Thus, the recorded values will be sorted ascending; the first third will be within first grade, second-third, second grade, and the last third consisting of the counties with the most cases of corruption will be found in third class.

The purpose of these centralizing tables is to be able to present in a simple and easy way to understand the size of corruption in the counties in Romania through a quantitative prism. These quantitative data combined with qualitative information obtained after analyzing and processing other variables will determine relevant and well reasoned conclusions on the size and the peculiarities of corruption.

## RESULTS AND DISCUSSION

Using as a starting point, the data collected by the Academic Society of Romania in partnership with *romaniacurata.ro* on the DNA activity, there was drawn up a database on local manifestation of corruption in the form of a series of statistical information which capture DNA cases handled by prosecutors, in 2010-2014. Following the screening, sorting and processing of the 3110 cases, a first table was drawn regarding corruption in the private sector for which there have been issued final convictions.

*Table 1. Centralization of corruption in the private sector in 2010-2014*

Count of sectorPublic	Column Labels					
Row Labels	2010	2011	2012	2013	2014	Grand Total
Individuals	42	56	193	527	413	1231
Trading company	36	99	128	178	181	622
Barou	9	6	11	11	27	64
NGO	1		3	7	7	18
Driving School	1	2			4	7
Political party		2		2	1	5
Private school unit					3	3
Romanian Football Federation					2	2
Sindicate/Union			2			2
SC Mentchim SA				2		2
Union Cultural House				1		1
Private University					1	1
<b>Grand Total</b>	<b>89</b>	<b>165</b>	<b>337</b>	<b>728</b>	<b>639</b>	<b>1958</b>

*Source: Output returned from the application of statistical functions PivotTable*

Table 1 presents a filtering of all cases of corruption in the private sector which were concluded with a final conviction in 2010-2014. The 1958 observations were originally structured by the institution from which such persons come from and subsequently, it was performed a temporal dispersion over the 5 years that were analyzed. It was noted an increasing trend in the number of convictions since 2010, and the maximum is recorded in 2013 (728 convictions). In 2014 we have a slight decrease of 12.22% over the previous year, and the difference expressed quantitatively in the number of convictions for the years 2013 respectively 2014 is 89 cases, an identical value to that

recorded in 2010. In this respect we notice that in the most productive year in terms of the number of convictions for corruption, 2013, we had 728 cases, i.e. as many cases as there have been solved in 2010 and 2014 combined.

Regarding the type of convicted persons, most of them are individuals, and the maximum convictions among them was recorded also in 2013 (527 convictions), which represents over 70% of convictions that year. On the second position, there were legal persons acting on behalf of companies. Surprisingly, the maximum amount of corruption cases resolved by final conviction was not recorded in 2014 but in 2015. Although in 2015 there were only 3 cases settled more than in 2014, the difference from 2010-2011 is significant. In 2014, there have also been resolved the most cases of corruption regarding Bars (27 cases) compared to 11 cases which were settled by 2012-2013.

The last two positions were occupied by a director of a House of Culture in Sibiu, who was sentenced in 2013 to 4 years suspended after committing acts of corruption and a teacher at a private university in Caraş-Severin who has received a sentence of 54 months to be served.

In Table 2, we have summarized data on cases of corruption committed in the public sector, to which were submitted final convictions.

*Table 2. Centralization of corruption in the public sector from 2010 to 2014*

Count of Public sector	Column Labels					
Row Labels	2010	2011	2012	2013	2014	Grand Total
Police (MAI)	16	15	55	27	25	138
City Hall	11	19	17	31	52	130
Inspectorate for Emergency Situations		4	7	10	67	88
General Directorate of Public Finances	6	9	12	49	11	87
.....				.....	.....	.....
Ministry of Economy, Trade and Tourism		1				1
Romanian lottery					1	1
Zonal Selection and Orientation Center (Ministry of National Defense)			1			1
Fire Department (MAI)			1			1
<b>Grand Total</b>	<b>61</b>	<b>123</b>	<b>256</b>	<b>304</b>	<b>408</b>	<b>1152</b>

*Source: Output returned from the application of statistical functions PivotTable*

Like the private sector, the trend for the number of cases of corruption that have been convicted, is in a continuous growth from 2010 to 2013. The peculiarity is that the public sector has maintained an upward trend in 2014 where it even recorded a significant increase over the previous year by over 30%. With reference to increases in the 2010-2011, respectively 2011-2012 where the increase was over 100%, we believe that the upward trend has somehow slowed down a bit, but it still maintains the same trend.

At a closer look we find that the first position is held by the staff of the Interior Ministry, with 138 convictions, but just as with officials from municipalities (second position in the ranking) values vary greatly from year to year, being unable to establish a clear trend with regard to future developments. However, between the top two categories of officials, there is an inversely proportional correlation. This means that when among officials from the police, the number of corruption cases settled down, during the same year, among officials from city hall there is an increase compared to the previous year, that fact being recorded for all 5 years analyzed. However, there are sectors where the upward trend is steady from year to year; in this regard we have data on officials from the Inspectorate for Emergency Situations.

The last positions are occupied by the staff in the Ministry of Economy, Trade and Tourism, Romanian Lottery, Zonal Selection and guidance of the Ministry of National Defense, as well as the Fire Brigade with one single conviction recorded during the 5 years analyzed. In this context we find that the number of persons convicted for corruption from private sector is higher by 40.97% compared to the number of people in the public sector. Assuming that the justice act is performed independently without taking into account the sector from which a person comes from (public or private), we see that the greatest pressure on recess of corruption occurs in the private sector. Consequently, a person from the private sector is more willing to try to bribe an official of the state than to be asked directly or indirectly so. It follows that in the years 2010-2014, the corruptive behavior was more intense than the corruptible behavior of public officials.

Analyzing deeper, we find out that the average public sector sentence was 31.90 months while the average sentence for corruption in the private sector is 32.90 months. Looking closely, it is noted that in the public sector, out of the 1152 convictions, 785 convictions are suspended, and 367 with execution while in the private sector, out of the 1958 convictions, 1344 are suspended and 614 executed. Although the share of suspended sentences is about 2 thirds of all convictions for both private sector and for the public, however, it is recorded a slightly higher trend in the share of executed sentences in the public sector with 31,85% compared to the private sector where it is 31.35%.

For the period 2010-2014, in the public sector, the top 10 most corrupt functions are: teacher (59) mayor (56), police agent (56), director (49), inspector (47), Head of Department (43) officer of judicial police (41), police officer (38), advisor (36), Commissioner (34) and the last 10 positions with one single sentence are: a corporal, a member of boarding committee, coordinating director, forestry technician, commissioner of border police, national authority deputy, coordinating director of financial guards, prison staff, cashier, deputy commander. In the private sector, the first 10 positions occupied by persons convicted of corruption are: individuals (1222), manager (380), lawyer (62), representative (46), director (38), associate (22), driver ( 16) commercial workers (12), CEO (12), legal adviser (8) and the last 10 functions on the table, which recorded one single case of corruption are: President of bank, chief of agency, executive director, risk manager , chairman of the Management board, member of boarding committee, executive president, commercial agent, collaborator, senior engineer.



In Table 3 we synthesized the entire database by criteria such as the number of convictions, the public sector and the territorial dispersion.

**Table 3. Table summarizing the number of convictions in the public sector and territorial dispersion for the period 2010-2014**

County (I class)	Number of convictions	County (II class)	Number of convictions	County (III class)	Number of convictions
Sălaj	1	Călărași	15	Gorj	24
Mehedinți	3	Satu Mare	17	Cluj	25
Bistrița-Năsăud	4	Hunedoara	17	Bacău	27
Botoșani	5	Iași	19	Dâmbovița	27
Tulcea	5	Vaslui	19	Neamț	35
Ialomița	7	Suceava	19	Timiș	42
Covasna	7	Brașov	21	Caraș-Severin	42
Teleorman	8	Galați	21	Constanța	42
Harghita	8	Alba	21	Prahova	51
Brăila	9	Bihor	22	Maramureș	54
Sibiu	10	Ilfov	22	Giurgiu	54
Arad	11	Vrancea	22	Dolj	60
Olt	11	Mureș	23	Argeș	66
Buzău	11	Vâlcea	23	București	222

*Source: The authors' projection*

Table 3 reflects the classification of counties and Bucharest depending on the number of people who were sentenced for committing corruption. Sălaj occupies the first position with only one case, and, on the last position is Bucharest with over 200 cases. There is a substantial difference between the last county: Argeș, 66 convictions and Bucharest respectively with 222 convictions, the amplitude of the two being 156 convictions.

In Table 4, there were synthesized a number of data regarding the private sector, the number of convictions, respectively the counties.

**Table 4. Table summarizing the number of convictions in the private sector and territorial dispersion for the period 2010-2014**

County (I class)	Number of convictions	County (II class)	Number of convictions	County (III class)	Number of convictions
Sălaj	1	Dâmbovița	15	Neamț	36
Teleorman	2	Olt	15	Bihor	39
Mehedinți	3	Vrancea	15	Satu Mare	41
Bistrița-Năsăud	5	Brăila	16	Ilfov	42
Hunedoara	5	Suceava	16	Iași	45
Botoșani	6	Mureș	17	Timiș	45
Vaslui	6	Giurgiu	18	Prahova	48
Harghita	9	Dolj	24	Arad	54
Covasna	10	Ialomița	27	Cluj	65
Sibiu	12	Vâlcea	27	Constanța	66

Buzău	13	Galăți	32	Argeș	83
Alba	14	Caraș-Severin	33	Maramureș	114
Tulcea	14	Gorj	34	Bacău	173
Călărași	15	Brașov	36	București	667

*Source: The authors' projection*

Like in Table 3, Sălaj County ranks first with one final sentence. Bucharest still stands on the last position; only this time the amplitude of the county with the highest score and Bucharest is 494 convictions, over 3 times higher than in the public sector. Also from Table 3, we find that although Calarasi County also has 15 cases of sentencing as in the public sector, this time it is situated in the first class. The fact is due to the low number of convictions in relation to the average of convictions in the private sector, which is of 45.53 or 30.73 convictions, if we except Bucharest.

Although corruption is responsible for a range of damages which reflect on us by a low standard of living and purchasing power, few are thinking about the causal link between low pensions and tax evasion, or the link between a fictitious prescription issued by a physician and insufficient funds for covered medications. However, tax evasion is the one that has resulted in increased taxes and the decrease of supply of jobs and ultimately corruption as a result of this process.

## CONCLUSION

The category of people in the private sector for whom there have been issued the most convictions are the individuals who, in exchange for various favors or preferential treatment from the authorities, tried to bribe various public officials.

Although the proportion of convictions in the private sector is noticeably higher than that of people in the public sector, the latter benefit from an average penalty of just 0.3 months less than the average length of a sentence for a person in the private sector.

Of the 3110 convictions, 1152 are for people in the public sector and 1958 are for people in the private sector, and from 2010 until 2013, both the public and the private sectors have recorded increases in the number of convictions from one year to another.

Following the analysis, there have been highlighted certain features on convictions, given to town halls officials and police officers. From year to year the number of convictions oscillates in the positive and in the negative sense for each of the 5 years, and the correlation between the two categories of officials is reversed.

An area of convergence between public and private sectors is that in both cases two thirds of the sentences are suspended, and about one third of the sentence is executed.

Regarding the territorial classification based on the number of convictions, both in the public and private sector the first position is occupied by Sălaj, and, on the last is Bucharest.

The large number of convictions in Bucharest may be explained by the larger density of companies than in a county of the province. In this situation, sometimes the



public authorities fail to cope with difficult multiple requests from the private sector, and for this reason more people are willing to make informal payments.

The decrease of the corruption is a very important goal for the Romanian authorities, whereas the consequences of this phenomenon are very serious and lead to erosion of public confidence in state institutions as well as to the increase of citizen insecurity.

In order to efficiently discourage corruption there should be collaboration between persons assigned to positions of public institutions and authorities, so that acts of corruption could be discovered easily and further measures to prevent such situations could be taken.

## BIBLIOGRAPHY

1. Bosovski, A. 2006., Social representations of corruption, Ethical confusions and representational overlap. *Coverage Policy magazine*, no. 125, pp. 21-29
2. Dascălu, I and Dascălu, Ş. (2016), Criminal Economy. Crime investigative magazine, no. 1, pp. 91-99.
3. Epure, V., 2016., Combating transnational organized crime in the EU – Challenges and countermeasures. *Crime investigative magazine*, no. 1, pp. 475-481.
4. Impact assessment of National Anticorruption Strategy 2012-2015 in Romania [online] Available at: <[http://www.just.ro/wp-content/uploads/2016/05/SNA-AUDIT-Preliminar-ro\\_20.05.2016.pdf](http://www.just.ro/wp-content/uploads/2016/05/SNA-AUDIT-Preliminar-ro_20.05.2016.pdf)> [Accessed 18 December 2016].
5. County corruption map [online] Available at: <<https://www.romaniacurata.ro/harta-coruptiei/?p=despre>> [Accessed 5 January 2017].
6. Heidenheimer, Arnold J., 1996 “The topography of corruption: explorations in a comparative perspective” in *International Social Science Journal*, vol.XLVIII, no.3, London, Blackwell Publishers.
7. Ionică, D., 2012, Justice of Romania into the Europeanization inclusion. Study case: Ministry of Justice. *Coverage Policy magazine*, no. 172, pp. 117-124
8. Law no. 161/2003 on measures to ensure transparency in the exercise of public dignities, public functions and in business, prevention and punishment of corruption.
9. Integrity management in public institutions, project co-financed from the European Social Fund through the Operational Program Administrative Capacity Development 2007-2013, the Legal Resources Centre, 2014.
10. Şerb, S. & Secăreanu, M., 2016., Some considerations on the evolution of judicial police. *Crime investigative magazine*, no. 1, pp. 134-139.

11. Torje, D. & Ștefan, C., 2016., Requirements and facts regarding the application of national legislation in the field of integrity needed by public office positions. *Crime investigative magazine*, no. 1, pp. 19-29.
12. Zaicu, V., 2005, The opaque corruption. *Coverage Policy magazine*, no. 119, pp. 15-23