

Can the issue of corruption be solved? An analysis of corruption in the Balkans and potential solutions¹

Abstract

This research paper analyses how countries in the western Balkans have been affected by corruption and how, despite significant efforts, corrupt practices continue to present barriers to their long-standing goal of joining the European Union. Corruption has severely negative impacts on economic growth and a country's international reputation, and so we infer that a different approach is required. Ten expert interviews were conducted in an explorative research approach in order to examine the concept of anti-bribery compliance incentives. Interview partners were asked to address how anti-bribery incentives could be employed by multinational corporations in order to eliminate corruption. Subsequent discussion illustrates how our findings could be combined with other measures towards eliminating corruption across all sectors. The overall purpose of this research, and its contribution, lies in exploring a new method of tackling corruption and developing innovative theory to gain a more profound understanding of the concept, its implications for the Balkans and how it could yet be addressed more effectively.

Keywords: corruption, bribery, western Balkans, compliance, crime, incentive systems, EU

Introduction

Corruption is an issue that runs deep in many countries and cultures across the globe. Bribes are sometimes even expected by public officials in certain countries (Tanzi and Davoodi 1998: 3). Corruption comes in many forms and it frequently has severely negative consequences for those affected by it, although a select few clearly benefit from it. It is generally considered an obstacle to sound policy-making and economic growth and affects both developed and developing countries (Misangyi *et al.* 2008: 767).

The EU has been working for several years on its policy gradually to integrate western Balkans countries into the Union. However, it has determined that each of these nations will only be able to join the Union if they abide by EU compliance measures and seek to combat corruption more effectively. Croatia was the first Balkan nation to join the EU, on 1 July 2013. Serbia, Montenegro, the Republic of

1 This article both draws upon and updates work previously published by one of the authors and included in: Fabian Teichmann (2017) *Anti-Bribery Compliance Incentives* Kassel University Press: Kassel.

North Macedonia, Albania, Kosovo, and Bosnia and Herzegovina are also candidates, or potential candidates, for EU membership.

This article offers a comprehensive literature review that discusses the issue of corruption and its negative impact on society with particular regard to western Balkans countries and their potential EU membership. This includes summaries of the history of corruption in the Balkans, current developments and implications for the countries of the western Balkans with regard to their potential accession to the EU. Thereafter, we discuss how an anti-bribery incentive system approach could help eliminate corruption, and particularly bribery, in multinational corporations. This approach could be applied to businesses in the Balkans and international corporations conducting business with public officials in the Balkans. Within the scope of the discussion, the prerequisites for the elimination of corruption in other sectors will also be analysed.

Literature review

Corruption

Corruption is a global issue which every country in the world is forced to deal with in one way or another. Generally, the term ‘corruption’ may describe a wide range of illegal or illicit activities. The most common definitions focus on the abuse of public position or power for personal advantage (Sergi and Qerimi 2005: 15). According to one post on the World Bank’s blog, corruption:

Imposes heavy costs on society, across a broad range of fronts (Lopez-Claros 2014).

Corruption can make it necessary for employees in different sectors to bribe their superiors in order to maintain their employment. It can also make it necessary for civil servants to join a specific political party in order to be able to advance their career. It can, furthermore, force patients to bribe doctors to receive the care they are entitled to receive (Field 2018) and it could mean that one student will never be able to receive the same grades as the student next to them because they do not have the same connections. Corruption may also lead to the collapse of criminal cases when evidence is ‘misplaced’. In addition, corruption could cause an increase in inspections for particular businesses until they agree to pay a bribe to the local administration (Field 2018).

One indicator of a nation’s level of corruption is the Corruption Perceptions Index (CPI), which is published annually by Transparency International. The CPI measures the level of perceived corruption in the public sector for 180 countries based on the assessments of experts and the business community; the opinions of the general population are not, therefore, taken into account in the assessment. Furthermore, corruption in the private sector and other areas is neglected. Another major limitation of the CPI is that it does not consider subjects such as money laundering or the protection of whistleblowers in the private sector or in sports (Transparency International 2019a). The maximum score a country may receive is 100, identifying that it has very little corruption, whereas a score of 0 represents that it is highly corrupt.

The chair of Transparency International, Delia Ferreira Rubio, points out in the Executive Summary to the 2018 report that:

Corruption is much more likely to flourish where democratic foundations are weak and, as we have seen in many countries, where undemocratic and populist politicians can use it to their advantage. (Transparency International, 2019a)

In support of Rubio's argument, Patricia Moreira, managing director of Transparency International, underlines (also in the Summary) that corruption creates a vicious cycle that undermines democratic institutions. Democracy, on the other hand, is represented by free and fair elections; strong and independent institutions; political rights, such as the right to demonstrate; and civil rights, such as the right to fair court proceedings.

Rubio also indicates that the organisation's research makes a clear link between a healthy democracy and successful combating corruption in the public sector. She also argues that, around the world, populist political leaders are gaining more and more power while, at the same time, weakening democracy. As indicated in a report for the Tony Blair Institute for Global Change, forty per cent of all populist leaders are indicted on corruption charges (Kyle and Mounk 2018: 4).

In the most recent Corruption Perceptions Index, more than two-thirds of examined countries score lower than 50, which gives reason for concern, while the overall average is just 43. Furthermore, it is concerning that, in the past seven years, only twenty of the 180 countries have been able significantly to improve their score while, over the same period, the scores of sixteen nations have dropped significantly (Transparency International 2019a).

Matt Field, the British Ambassador to Bosnia and Herzegovina, argues that corruption can be found in many countries that are attempting to transit to more fair and open societies (Field 2018). He argues that corruption 'reaches far into daily life' and drives talented and skilled people out of the country.

Perceptions of corruption levels in the Balkans²

Defining the term 'Balkans' is somewhat challenging. Generally, the Balkan region is a peninsula between the Mediterranean Sea and the Black Sea. The region is located in south-east Europe and the name 'Balkan' is derived from the Balkan Mountains. What we conceive as 'the Balkans' encompasses the following countries: Bulgaria, North Macedonia, Greece, Serbia, Kosovo, Montenegro, Albania, Bosnia and Herzegovina, Slovenia, Croatia, Moldova and the European portion of Turkey known as East Thrace (Korzo 2012). Romania, on the other hand, is most frequently excluded because, technically, only the southern part of the country is located in the Balkan region.

2 All quotes and references this section are Transparency International (2019a) unless otherwise specified.

The CPI arranges countries in geographic area groupings, with Balkan states included in ‘eastern Europe and central Asia’. Overall, Transparency International finds that corruption is:

Flourishing across the region while the quality of democracy continues to falter and stagnate.

Altogether, only one nation in the entire area, namely Georgia (which is not a Balkan state) scores higher than 50. Within the scope of its analysis, Transparency International argues that:

Governments throughout eastern Europe and Central Asia are failing to preserve checks and balances that are foundational to democracy and instrumental in controlling corruption.

Transparency International makes some serious allegations: it argues that ‘across the region’ governments are undermining the political rights of their citizens by failing to eliminate corruption in the public sector. It further argues that politicians:

Have no real incentive to allow for democratisation and strengthening of independent institutions.

When it comes to the Balkans, EU candidate countries are paid particular attention within the scope of the analysis. Out of the number which have an EU membership perspective, no fewer than four (Albania, Kosovo, Serbia and Montenegro) have undergone minor drops in their CPI scores since 2017. Despite the EU’s strict conditions aimed at combating corruption and ensuring that institutions are free of political influence, Transparency International argued that multiple governments across the region ‘fail to show true commitment to democracy and the rule of law’. In particular, their failure to provide sufficient documentation of their election processes and political party finances is criticised. Furthermore, Transparency International disapproves of their alleged censorship of investigative journalists and political opponents.

It may be noted that the score of EU-candidate Albania dropped two points between 2017 and 2018, even though its score had increased by five points over the previous five years. Other Balkan states, namely Kosovo, Serbia and Montenegro, score between 37 and 45. Among the countries to watch (for whom increasing corruption is anticipated), Transparency International lists Bosnia and Herzegovina; even though its score of 36 did not change between 2017 and 2018, ‘recent political developments’, including the conduct of the country’s elections in October 2018, have been such as to raise concerns.

History of corruption in the western Balkans

According to Balkan political affairs expert Xhemal Ahmeti, corruption in the Balkans is frequently rooted in family, tribal, clan and ethnic ties (Xharra and Ben-Meir 2010). Ahmeti also claims that ‘elites’ in these countries attempt to make it seem as though the west accusing them of corruption by mistake. Furthermore, Xharra and Ben-Meir argue that, in Kosovo, politicians constitute the ‘richest class in the

country'; all the while, unemployment is standing at 32.9 per cent (UNDP Kosovo 2019).

Due to the dissolution of the former Socialist Federal Republic of Yugoslavia being accompanied by violence and war, which:

Has left a legacy of deep mistrust and animosity between majority and minority ethnicities in the newly-created states that emerged out of it, (Xharra and Ben-Meir 2010)

the Balkans continues to be a troubled region. This is also demonstrated by the interethnic conflict between Serbs and Albanians in Kosovo, which caused local Albanians to face intimidation, discrimination and even mass expulsion by Serb/Yugoslav authorities for most of the 20th century (Demjaha 2016: 181).

The result of these conflicts has been that 'corruption has flourished' (Xharra and Ben-Meir 2010). This corruption appears to manifest especially in the judiciary, where courts and prosecutors in the Balkans have allegedly been under 'extreme influence of the political elite' (Gjerji Erebeja, Albanian journalist, quoted in Xharra and Ben-Meir 2010). Furthermore, Erebeja also claims that politicians are using their power to blackmail voters and that large private businesses are essentially an extension of the political system.

Bribery in the western Balkans

Private enterprises are, as the United Nations Office on Drugs and Crime (UNODC) points out (UNODC 2013: 15), frequently interconnected with public services, including in the performance of administrative obligations and prerequisites such as tax inspections and customs clearing. Communications between the private and public sector may take place either directly with public officials or indirectly. In its 2013 survey, UNODC analysed the impact of bribery on private enterprises. It pointed out that direct and indirect interactions generally follow a certain protocol; however, direct interactions, in particular, are vulnerable to corruption. Corruption in the form of an illicit transaction could result in private benefit for the parties, while such transactions may either be in monetary form or include the awarding of gifts or favours to public officials provided in addition to the requisite official fee.

Data shows that these corrupt interactions between private companies and the public sector continue to be prevalent in the western Balkans (UNODC 2013: 15). It has been argued further that the prevalence of bribery in Serbia also exceeds the regional average for the Balkans (GAN Business Anti-Corruption Portal 2017).

The UNODC survey illustrates that bribery is more prevalent in some countries than others. According to its data, acquired in 2012, bribery is most prevalent in Serbia, followed by Albania, Croatia, and Bosnia and Herzegovina, while bribery is rather less prevalent in North Macedonia, Montenegro and Kosovo (UNODC 2013: 16). However, there are sometimes disparities between the overall prevalence of bribery and the average number of bribes paid (UNODC 2013: 16ff). Furthermore, the frequency of bribery is substantially higher in medium-sized businesses (50-249 employees) than micro (up to nine employees) or large ones (over 250 employees).

This is a trend that UNODC found to be true for all countries and industries for which such data were available (UNODC 2013: 17).

Western Balkans states and EU membership

All the states in the region are offered a ‘European perspective’ but, while some countries have joined, others remain candidates and some, regarded as ‘potential candidate countries’ have yet to advance even as far as that. The mission of the EU in the Balkans is very much in line with its own historic mission:

‘To promote peace, stability and economic development in the Western Balkans and open up the prospect of EU integration. (European Parliament 2019)

The EU launched its Stabilisation and Association Process (SAP) in 1999, representing a working framework both for itself and for countries in the region, while the European Council in Thessaloniki announced that SAP states would, in principle, be eligible for EU membership. The Stabilisation and Accession Process is based on contractual relationships in the form of Stabilisation and Association Agreements (SAAs), which provide for the establishment of free trade areas within the Balkans. Since April 2016, an SAA has been in force in Kosovo, whose declaration of independence has not been recognised by five of the EU’s member states. Nonetheless, it is not necessary for EU members to ratify what is an EU agreement now that the EU is capable of signing treaties on its own account (European Parliament 2019).

In 2008, the SAP was replaced by the Regional Co-operation Council. In order to be accepted into the EU, candidate countries are required to implement the body of EU legislation in the *acquis communautaire* and fulfil the Copenhagen political criteria. The Copenhagen criteria are the three criteria any country wishing to join the EU must meet. They were established by the Copenhagen European Council in 1993 and strengthened by the Madrid European Council in 1995 (EUR-Lex nd). Furthermore, the EU encourages candidates to co-operate in matters such as the prosecution of war crimes, border issues and the fight against organised crime (European Parliament 2019).

At the beginning of the 2010s, Xharra and Ben-Meir argued that, on the basis of ‘various international reports’, the six western Balkans countries – namely Albania, Montenegro, Kosovo, North Macedonia, Serbia, and Bosnia and Herzegovina – are ‘state captured by corrupt politicians linked with organized crime’ (Xharra and Ben-Meir 2010). At that time, the respective countries were already being considered for admission to the EU at some level but, as of 2019, none had yet been admitted. This raises the question of how deep within the Balkans corruption actually runs.

Current developments

Corruption – in terms of both the perception and the reality – remains one of the most pressing issues in the Balkans. The Council of Europe’s anti-corruption body, the Group of States against Corruption (GRECO), makes recommendations that these countries should comply with in order to prevent and combat corruption. This is important not only to ensure the rule of law but also to sustain economic growth and development (Mrčela 2019).

During the EU Justice and Home Affairs Ministerial Forum, held on 18-19 November 2019, western Balkans candidate and potential candidate countries:

Reaffirmed their commitment to reinforce their reform efforts and bring tangible progress in the area [of] rule of law and fundamental rights. (EU Council 2019)

Nonetheless, critics argue that the necessary reforms are not effectively being carried out in the respective countries (Mrčela 2019) while, according to the EU Council's own press release:

The Ministers agreed that greater focus needs to be placed on the effective implementation of reforms. (EU Council 2019)

Nevertheless, the Commission confirmed that it would continue to support the Balkans through financial, technical and political assistance, on the condition that reforms were implemented effectively. The Forum determined, however, that the EU would refrain from political interference, particularly in the self-governing bodies of the judiciaries of western Balkans countries, to ensure that EU standards on integrity, independence, accountability and transparency were met. In their turn, western Balkans countries committed to implementing the recommendations made by GRECO to ensure transparency of beneficial ownership and the better protection of whistleblowers, while they also re-committed themselves to the fight against corruption and organised crime.

The press release is full of promise, but it is questionable whether such goals can actually be met by western Balkans countries. In particular, the independence of the judiciary seems to be an issue which concerns experts. According to Mrčela (2019), judicial independence depends largely on judges' own standards of conduct and ethics. When judges fail to live up to standards of integrity, trust in institutions fails and the rule of law is impaired. Mrčela further points out that none of the EU candidates in the region has, thus far, implemented all 27 of the GRECO recommendations concerning the judiciary.

When it comes to anti-money laundering, the Financial Action Task Force (FATF) co-ordinates international efforts. It must be mentioned here that Serbia successfully managed to achieve its removal from the FATF anti-monetary laundering Deficient List in June 2019, with the result that Serbia is no longer subject to the FATF's monitoring process. In 2018, Serbia had made a commitment to address deficiencies and to bring its protocols in this area into line with international standards. Nonetheless, Serbia's government procurement, natural resource extraction and judiciary continue to be vulnerable to embezzlement and fraud. In particular, facilitation payments seem to be prevalent in the private and public sector, despite being illegal (KnowYourCountry Limited 2019).

Implications

Generally, corruption can have devastating effects on the public sector that can affect entire nations. It may also impose risks on private enterprises and can damage

private citizens (Sergi and Teichmann 2018: 7). The costs of corruption include corrupt government spending, missed opportunities for foreign investment and stolen funds. According to Field (2018), this price ‘always falls to the taxpayer’ who, at the same time, is not receiving the quality of public services they deserve.

Bruno Sergi and Qerim Qerimi (2007) conclude that corruption and organised crime continue to be two of the most severe issues facing the Balkans, flourishing most when public institutions are undermined by corruption. Meanwhile, the linkage of corruption between the private and public sectors represents a particular concern in the region (Sergi and Qerimi 2005: 116), while the UNODC study shows that petty corruption:

Remains a pervasive reality across the western Balkans region and has a significant impact on the interaction of private citizens with the public officials (UNODC 2013: 11).

Furthermore, corruption can serve as a barrier to foreign and private investment and trade if it is not countered by preventative law enforcement action (UNDOC 2013: 5), thus hindering economic development and, indeed, private enterprise. In order to attract foreign investment, the most important factor is the establishment of the rule of law (Sergi and Qerimi 2005: 116). However, a significant number of businesses in the western Balkans regularly pay bribes to public officials, with the construction sector being most severely affected, although the largest proportion of bribes in the region are actually paid at a local level and to officials in customs and tax administration. This indicates that bribery also has a negative impact on public finances due to its use in facilitating tax evasion (UNDOC 2013: 7).

Over time, bribery can evolve into a significant cost factor for private businesses. Many businesses feel obliged to pay bribes in order to receive state services in an acceptable quality and timely manner (UNDOC 2013: 35). Furthermore, bribery demands may increase as businesses are confronted with a multitude of routine tasks, such as tax payments and health and safety inspections – thus leading also to workers being exposed to the dangers of bribery in terms of workplaces that are not declared unsafe. In addition, it is not guaranteed that businesses will be able to profit from bribery in the long run, because the public official concerned may well also be accepting bribes from competitor businesses with the payers therefore receiving no actual advantage (UNDOC 2013: 35).

These factors might be thought to serve as incentives to report bribery, but they hardly ever translate into action. The UNODC survey found that just 1.8 per cent of bribes paid by businesses in the western Balkans result in reports to the authorities, and that only 0.3 per cent are reported to non-governmental organisations or the media (UNODC 2013: 35). This suggests that a substantial proportion of people do not believe reports to the authorities will be effective. Survey data on actions following such reports are inconclusive, but UNODC believes that formal procedures are only initiated in a minority of cases, which might be one reason why bribery is rarely reported in the first place. Other prominent reasons which lead businesses to refrain from reporting corrupt officials include a belief that bribery is common practice and that gifts are made as a sign of gratitude to the public servant.

Research design

Within the scope of this literature review, we have demonstrated that corruption is significantly interfering with the achievement of Balkan states' political goals and, in particular, their accession to the EU. Corruption also continues to have a negative impact on businesses and the justice system in the Balkans. Legal and ethical approaches have, thus far, failed meaningfully to reduce the prevalence of bribery and, therefore, new approaches to the issue are required.

In order to explore the issue from a different perspective, we conducted a study that investigated whether corruption, and more precisely bribery, at organisational level could potentially be tackled with the use of incentives. This unique approach to tackling bribery has not been studied before, which is why we chose an explorative research strategy. In particular, ten experts from multiple geographical areas were interviewed in a qualitative study to obtain initial impressions about bribery within multinational corporations. Thereafter, a summarising content analysis was carried out in order to discover new theories and variables (Vaismoradi *et al.* 2013: 399).

Whereas large firms are unlikely to provide confidential data upon request, selected compliance, forensic and research specialists may be more willing to provide insights into, and knowledge of, bribery in multinational corporations (Dorussen *et al.* 2005: 316). This approach can also be expected to reveal more profound and individual insights. Accordingly, we decided that a qualitative approach was most suitable for the purposes of this study. One limitation, however, is that prevention experts usually do not have first-hand experience of the payment of bribes. On the other hand, their lack of personal experience makes them suitable interview partners since offenders are usually unwilling to speak on the issue for fear of personal consequences (Teichmann 2017: 81).

Our interview partners were asked whether they believed that anti-bribery incentive systems could help with the elimination of bribery in multinational corporations. In particular, we explored their explanations and experiences regarding why such an approach might be successful and how it could be implemented (Tong *et al.* 2007: 351). During our selection of interview partners, we ensured that all interviewees had practical experience of anti-bribery compliance. In fact, all our chosen specialists had primary knowledge of anti-bribery compliance as well as secondary knowledge of incentive systems. Our interviews were semi-structured (on the basis of mostly standardised questions, with answers given in free format) and conducted either face-to-face or via videochat or phone (Teichmann 2017: 85ff.). All the interviews were recorded and transcribed; thereafter, qualitative content analysis was applied (Mayring 2010).

Empirical findings

Many organisations reward employees based on performance rather than compliance. In particular, employees are often incentivised to reach certain goals – for example, sales targets – in order to receive a bonus payment. The result is that some employees might feel pressured to reach these goals even if they have to resort to non-compliant means of achieving them (Teichmann 2017: 104). Such non-compli-

ant means could include bribing a corrupt public official. This is especially true of countries where facilitation payments and gifts are considered customary, as is the case in the Balkans. Not only could this lead to the establishment of a criminal company culture, a potential bribery scandal could also have disastrous consequences for the enterprise. Non-compliance can be punished with very large fines and even jail sentences for managerial staff. In addition, it is frequently accompanied by reputational damage for the company.

During our interviews, a majority of specialists advocated the use of maluses (the return or reduction of a performance-related payment made to the employee) in cases of non-compliance, as well as bonuses for compliance and for whistleblowing (Teichmann 2017: 103). In particular, six interview partners argued that a malus for non-compliance should be introduced, with non-compliance leading to a reduction of bonus. In severe cases of non-compliance, it was suggested that a malus be accompanied by the termination of employment. Four interviewees argued that employees should be rewarded both for performance and for compliance; however, some of specialists argued that compliance ought to be a given and should not be separately rewarded (Teichmann 2017: 103ff.).

We conclude, therefore, that anti-bribery incentives could, on the whole, serve as a valuable tool in many circumstances. In order to implement such incentives, organisational compliance departments have to determine the first-order goals that such incentives should be designed to help achieve. Five of the specialists argued that compliant behaviour should be valued and non-compliant behaviour penalised. For this purpose, a code of conduct should be established, or re-emphasised if one was already in place (Teichmann 2017: 114ff.).

It was also argued by some interviewees that, instead of seeking to enforce policies, companies should aim to move towards developing an ethical culture based on integrity. This culture would include room for the timely reporting of bribery, co-operation during investigations, familiarity with anti-bribery policy and participation in compliance training. In turn, employees would be rewarded for these behaviours. Three of the specialists also argued that employees should be encouraged actively to participate in the creation of new compliance standards (Teichmann 2017: 115).

An increase in whistleblowing was identified as a second-order goal. Surprisingly, only one interviewee addressed the subject of whistleblowing before it was specifically introduced into the discussion by the interviewer, with this interviewee suggesting that employees should be incentivised to report incidents of non-compliance within the organisation. The other specialists agreed, after prompting, that employees need incentives to blow the whistle; otherwise, the potential negative consequences for the employee would outweigh the positive ones due to the ostracism that whistleblowers frequently face. In some areas of the world, such as China, whistleblowing is, in fact, viewed as a negative form of denunciation (Teichmann 2017: 130).

The most prominent example of an outcast whistleblower is Edward Snowden who was charged with various offences, including espionage, in the United States as a consequence of his leaking government documents related to global surveillance programmes and who now lives in exile in Russia. Contrary to what might be expect-

ed based on this example, however, the United States could serve as an example for the incentivisation of whistleblowing. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, US whistleblowers may receive between ten and thirty per cent of the proceeds of a litigation settlement (Kenton 2019).

Most of our interviewees stated that whistleblowing should be rewarded with a bonus. However, seven interviewees were also worried that whistleblowing incentives might lead to false reporting and to unfair remuneration awards (Teichmann 2017: 105).

After compliance goals have been set, it must be determined how performance and goal attainment can be measured. In the first place, the scope for bribes to be made should be identified, as suggested by one of the interviewees, so that a better understanding of organisational processes and their risks can be gained.

In addition, two interviewees suggested that a differentiation should be made between direct and indirect measures. Direct measures could include the quantitative monitoring of risk areas as well as the monitoring of employees' compliance with formal anti-bribery rules, such as their attendance at mandatory training and other courses. Violations of the code of conduct could also be measured (Teichmann 2017: 118). At the same time, compliance with other rules, including instructions not to pay bribes, could be measured indirectly. In contrast to the quantitative goals described above, it is difficult to measure such compliance directly because payments are usually made secretly. Four interviewees therefore suggested that alternative measures would be needed to evaluate employee compliance, including the assessment of both monetary targets and soft targets such as good ethics.

Here, our interview partners agreed that a performance matrix could be suitable for this purpose (Teichmann 2017: 118). Such a matrix would rate employees from 1 (very poor) to 5 (excellent) in a variety of different categories including compliance and productivity. If an employee's score was lower than 3 in any of the categories, their entire bonus would be cancelled. In this way, employees would be incentivised to perform well in all areas. At the same time, such a matrix would communicate that corruption would not be tolerated and that compliance is as equally important as performance (Teichmann 2017: 119).

Discussion

In the light of western Balkans countries' goal of joining the European Union, it is necessary for corruption to be effectively addressed in the region. Research has shown that corruption continues to be prevalent in the Balkans and that this is having a negative impact on both reputation and economic growth (UNODC 2013: 37, 49). However, it might be difficult to eliminate corruption simply because it seems to be deeply ingrained in Balkan culture. Most citizens seem to participate in corruption out of the lack of other options, not because they actively want to participate; on the contrary, corruption seems to be the only way, in some situations, to achieve otherwise legitimate outcomes (UNODC 2013: 45ff.). Even where citizens feel they are forced to pay extra for services to which they are entitled, it needs to be recognised that a bribe does not necessarily ensure adequate quality. It is usually the case that only a select group of people profit from corruption, whereas others are forced to

participate in it against their will, and so corruption represents a significant threat to society.

The approach based on incentivising anti-corruption action presented in the previous section could be acted upon both by businesses in the Balkans as well as by international businesses that are working with public officials in the Balkans. As we demonstrated in the literature review, many enterprises in the Balkans also participate, not necessarily voluntarily, in corruption. Therefore, companies could implement such an approach in the Balkans in order to attract more (or better) international business deals and opportunities. Equally, visible and transparent efforts to enforce compliance across all sectors and in all corporations could help to promote the case of western Balkans countries for joining the EU.

In order to curb corruption across all sectors, however, drastic measures should be introduced in addition to an anti-bribery compliance incentive system (this being, inevitably, targeted specifically at corporations). For this purpose, protection around whistleblowing must be drastically increased to enable the media to uncover cases of corruption and to enable offenders to be publicly charged. In order to bring about this change, the stigma around whistleblowing must be dismantled. This could be achieved by consistently educating the public about the importance of whistleblowing, starting from a young age. Here, the African 'Bingwa Magazine', which aims to instil integrity in African students in order to eliminate corruption throughout the entire continent, could serve as an example (Bingwa 2018). Such an approach could also be adopted in the Balkans.

Nonetheless, whistleblowers must be aware of the potential dangers and repercussions resulting from their reporting. In a corporate setting, whistleblowing could lead to ostracism, harassment or even the termination of employment. In the worst case, whistleblowers could be blacklisted in their field of work while, on a political level, they could face even more severe consequences. The Snowden case has demonstrated how whistleblowing on a larger scale could even lead to life in prison (were Snowden to return to the US, he would be imprisoned and most likely for life). Therefore, whistleblowers must be aware of the potential consequences that a report can have on their career and entire life.

To encourage whistleblowing, legislators in the Balkans should implement regulations for the protection of whistleblowers, stipulating the circumstances under which whistleblowers are eligible to be freed from their duty to maintain confidentiality. Due to corruption being found to be particularly prevalent in the judiciary, however, the establishment and enforcement of appropriate legal guidelines could prove to be difficult.

According to a 2017 World Economic Forum survey, people between the ages of 18 and 35 view corruption as a leading national issue and a driver of inequality. In the workplace, corruption is perceived to be present amongst both co-workers and managers. The survey, which reached 31,495 respondents from 186 countries and territories, found that:

Young people [value] integrity and honesty above all other characteristics from the leaders in their country, including employers. (World Economic Forum 2017)

Therefore, it is important that elections are highly transparent so that citizens can elect non-corrupt politicians to act in accordance with their values. The study also found that young people:

Provide action-oriented solutions for decision makers to address this issue. (World Economic Forum 2017)

This includes appropriate penalties for corrupt behaviour. Evidently, it is of extreme importance to include younger generations in the fight against corruption because they not only set the foundation for a future free of corruption but also seem to be strongly opposed to the concept.

With regard to media coverage of, and opposition to, corruption, the unfortunate reality is that journalists who uncover corruption often suffer severe consequences, including murder. According to the Committee to Protect Journalists (CPJ), out of the twelve countries on their 'Impunity Index', which ranks countries where journalists are murdered without consequence, 93 per cent of journalists murdered in their home countries were covering stories about local corruption and politics (Witchel 2017). One high-profile example is the assassination on 16 October 2017 of Daphne Caruana Galizia, a journalist in Malta, for her reports on the Panama Papers. Previously to her murder, Galizia had been harassed and painted as a political enemy for several years (Donadio 2018).

Between 2012 and 2017, 368 journalists were murdered across the globe. Seventy of them had covered corruption stories. In 179 of these murders, nobody has been brought to justice (Cane 2018). In 2018, the number of journalists killed nearly doubled compared to 2017, reaching at least 34 people (Borter 2018). The majority of journalists are killed in countries which score below the CPI average (Cane 2018), with data collected by Transparency International highlighting that countries that:

Respect press freedom [and] encourage open dialogue [...] tend to be more successful in controlling corruption. (Transparency International 2018)

Therefore, it is important for journalists and critics who are fighting against corruption to be protected by the government. At the same time, it is necessary that the media is independent of government so that they can report freely without censorship, especially when it comes to political issues.

In order to eliminate corruption in the judiciary, it is important that transparency is nurtured and that independence in the judicial system can be presupposed. Election processes, decision-making and the salaries of politicians must be transparent and information made available to the public. Judicial independence should be founded in public trust and high standards of integrity to which judges are held accountable (Transparency International 2007: 40). At the same time, fairness in judicial appointments must be promoted so that one cannot bribe others to deliver a path into office. In addition, judges are much more likely to accept or foster corruption under poor working conditions: good terms of judicial employment, which include appropriate salaries, training, benefits and administration, must be promoted so that high-quality candidates are attracted and corruption is not fostered. Good conditions also include

safety from threats and violence and case assignments being made on an objective basis (Transparency International 2007: xxvi).

Many Balkan states have been moving ‘toward greater socioeconomic stability’ (Sergi and Qerimi 2008: 1) in an effort to ensure their eligibility for EU membership. However, only when EU candidates fully comply with GRECO recommendations will they be able to enter the EU (Mrčela 2019). In addition, this step is essential for instilling respect for the rule of law, democracy and human rights among their citizens (Mrčela 2019). This argument is also made by Field (2018), who claims that, while Bosnia and Herzegovina may, technically, already have in place the necessary legal framework, institutions and plans to tackle corruption, these can only be successful when they are ‘implemented, monitored and independent of political control.’

Conclusion

Abundant research has demonstrated that corruption and bribery run deep in the Balkans. This might be due to public officials abusing their powers, but it is also due to ‘facilitation’ payments or gifts being considered customary in some areas. It is also the case that, while most citizens are critical of corruption, they are unsure how they can disengage from it. Frequently, citizens and businesses have no other option than to participate in corruption in order to receive the services and care to which they are entitled.

In the light of the ambitions among western Balkans countries to join the European Union, it is imperative that corruption is eliminated in these countries; only when EU candidate countries have managed to implement the requirements and guidelines of the EU will they be accepted as members. These countries also have a further interest in eliminating corruption because it significantly impedes economic growth and frequently goes hand-in-hand with organised crime.

On a corporate level, the implementation of anti-bribery incentive systems could be an effective remedy for corruption. In particular, businesses in the Balkans could implement an employee performance evaluation matrix that rates employees based on productivity, compliance and other indicators. In cases of non-compliance, the employee’s bonus would be cancelled, while severe cases could even lead to the termination of employment. Furthermore, whistleblowing should be encouraged and rewarded because it helps to prevent possible corruption scandals and avoid official punishments and sanctions.

At societal level, children should be educated on the perils of corruption from a young age. It is also the case that the judicial system must be both transparent and independent of government bodies. Here, the working conditions for judges and other public officials must be sufficiently well-founded to avoid creating the conditions that foster corruption. Furthermore, freedom of the press represents an important contribution to democracy and is often claimed to be the antidote to corruption. Unfortunately, journalists who report on politics or corruption in their countries are frequently subject to violence and even assassination.

Western Balkans countries continue to pledge their commitment to eliminate bribery. If they do manage successfully to comply with GRECO recommendations and improve their CPI scores, we are confident that this improve their chances of

joining the European Union sooner. It is becoming increasingly apparent that especially younger generations across the entire globe condemn corruption and consider it an immense threat. This leads us to believe that there is a high possibility that change will continue with increasing rapidity.

References

- Bingwa (2018) *The Bingwa Way* available at: <http://www.bingwa.info/bingwa.php> [last accessed 6 January 2020].
- Borter, G (2018) 'Number of journalists deliberately killed nearly doubles in 2018: report' *Reuters* available at: <https://www.reuters.com/article/us-global-rights-journalists/number-of-journalists-deliberately-killed-nearly-doubles-in-2018-report-idUSKBN1O1ISH> [last accessed 12 December 2019].
- Cane, I (2018) 'Why the fight against corruption is this generation's defining issue' *World Economic Forum blog*, 17 October 2018, available at: <https://www.weforum.org/agenda/2018/10/fight-against-corruption-generation-defining-issue-journalist-daphne-Caruana-Galizia/> [last accessed 12 December 2019].
- Demjaha, A (2016) 'Inter-ethnic relations in Kosovo' *SEEU Review* 12(1): 181-196.
- Donadio, R (2018) 'Who murdered Malta's most famous journalist?' *The Atlantic* 8 February, available at: <https://www.theatlantic.com/international/archive/2018/02/who-murdered-daphne-caruana-galizia/552623/> [last accessed 12 December 2019].
- Dorussen, H, H. Lenz and S. Blavoukos (2005) 'Assessing the reliability and validity of expert interviews' *European Union Politics* 6(3): 315-337.
- EU Council (2019) *EU-Western Balkans justice and home affairs ministerial forum – joint press statement* 18-19 November, Skopje, available at: <https://www.consilium.europa.eu/de/press/press-releases/2019/11/19/eu-western-balkans-justice-and-home-affairs-ministerial-forum-joint-press-statement/#> [last accessed 10 December 2019].
- EUR-Lex (nd) *Accession criteria (Copenhagen criteria)* available at: https://eur-lex.europa.eu/summary/glossary/accession_criteria_copenhagen.html [last accessed 7 January 2020].
- European Parliament (2019) *The Western Balkans* European Parliament Fact Sheets on the European Union, April, available at: <https://www.europarl.europa.eu/factsheets/en/sheet/168/the-western-balkans> [last accessed 11 October 2019].
- Field, M (2018) 'Corruption has a cost... and it is paid by citizens' UK Foreign & Commonwealth Office blog, 7 December, available at: <https://blogs.fco.gov.uk/mattfield/2018/12/07/corruption-has-a-cost-and-it-is-paid-by-citizens/>.
- GAN Business Anti-Corruption Portal (2017) *Serbia Corruption Report* available at: <https://www.ganintegrity.com/portal/country-profiles/serbia/> [last accessed 10 December 2019].

- KnowYourCountry Limited (2019) *Serbia* available at: <https://www.knowyourcountry.com/serbia1111> [last accessed 10 December 2019].
- Korzo (2012) 'Balkan Länder: Welche Staaten gehören dazu?' *Korzo Urlaubsland Mazedonien blog* 11 April 2012, available at: <http://www.korzo.de/balkan-laender/balkan-laender-welche-staaten-gehoren-dazu> (in German) [last accessed 11 October 2019].
- Kyle, J and Y. Mounk (2018) *The populist harm to democracy: an empirical assessment* Tony Blair Institute for Global Change, December, available at: <https://institute.global/insight/renewing-centre/populist-harm-democracy> [last accessed 7 January 2020].
- Lopez-Claros, A (2014) 'What are the sources of corruption?' *World Bank blog* 2 October, available at: https://web.worldbank.org/archive/website01605/WEB/W/HAT_ARE.HTM [last accessed 12 December 2019].
- Mayring, P (2010) *Einführung in die qualitative Sozialforschung: Eine Anleitung zu qualitativem Denken* Beltz Studium: Weinheim.
- Misangyi, V, G. Weaver and H. Elms (2008) 'Ending corruption: the interplay among institutional logics, resources, and institutional entrepreneurs' *Academy of Management Review* 33(3): 750-770.
- Mrčela, M (2019) 'Corruption in the Balkans: the elephant in the room' *euObserver* 15 November, available at: <https://euobserver.com/opinion/146614> [last accessed 10 December 2019].
- Qerimi, Q and B. S. Sergi (2005) 'On the relevance of the EU as a means of spurring a socially-sustainable south-east Europe' *South-East Europe Review* 8(3): 111-120.
- Sergi, B. S. & F. Teichmann (2018) *Compliance in multinational corporations*: Emerald Publishing: Bingley.
- Sergi, B. S. & Q. Qerimi (2007) 'Fighting corruption and organised crime as a means of socio-economic development in South-East Europe' *South-East Europe Review* 10(2): 81-94.
- Sergi, B. S. & Q. Qerimi (2008) *The political economy of southeast Europe from 1990 to the present* Continuum International Publishing: London/New York.
- Tanzi, V and H. Davoodi (1998) *Roads to nowhere: How corruption in public investments hurts growth* Economic issues 12 IMF: Washington, DC.
- Teichmann, F (2017) *Anti-bribery compliance incentives* Kassel University Press: Kassel.
- Tong, A, P. Sainsbury & J. Craig (2007) 'Consolidated criteria for reporting qualitative research (COREQ): A 32-item checklist for interviews and focus groups' *International Journal for Quality in Health Care* 19(6): 349-357.
- Transparency International (2007) *Global Corruption Report 2007 – Corruption in Judicial Systems* 23 May, Cambridge University Press: Cambridge, available at:

- <https://www.transparency.org/en/publications/global-corruption-report-2007-corruption-and-judicial-systems> [last accessed 12 December 2019].
- Transparency International (2018) *Digging deeper into corruption, violence against journalists and active civil society* 21 February, available at: https://www.transparency.org/news/feature/digging_deeper_into_corruption_violence_against_journalists [last accessed 12 December 2019].
- Transparency International (2019a) *Corruption Perceptions Index 2018* 29 January, available at: <https://www.transparency.org/en/cpi/2018/press-and-downloads> [last accessed 7 January 2020].
- Transparency International (2019b) *Eastern Europe & central Asia: Weak checks and balances threaten anti-corruption efforts* 29 January, available at: https://www.transparency.org/news/feature/weak_checks_and_balances_threaten_anti_corruption_efforts_across_eastern_eu [last accessed 11 October 2019].
- UNDP Kosovo (2019) *About Kosovo* available at: <https://www.ks.undp.org/content/ksosovo/en/home/countryinfo.html> [last accessed 10 December 2019].
- UNODC (2013) *Business, corruption and crime in the western Balkans: The impact of bribery and other crime on private enterprise* UNODC: Vienna, available at: https://www.unodc.org/documents/data-and-analysis/statistics/corruption/Western_balkans_business_corruption_web.pdf [last accessed 11 December 2019].
- Vaismoradi, M, H. Turunen and T. Bondas (2013) ‘Content analysis and thematic analysis: Implications for conducting a qualitative descriptive study’ *Nursing & Health Sciences* 15(3): 398-405.
- Witchel, E (2017) ‘Getting away with murder’ blog on publication of Committee to Protect Journalists’ 10th Annual Global Impunity Index, 31 October, available at: <https://cpj.org/reports/2017/10/impunity-index-getting-away-with-murder-killed-justice.php> [last accessed 12 December 2019].
- World Economic Forum (2017) *Global Shapers Survey* available at: http://shaperssurvey2017.org/static/data/WEF_GSC_Annual_Survey_2017.pdf [last accessed: 12 December 2019].
- Xharra, A and A. Ben-Meir (2010) ‘The Cost of Corruption in the Balkans’ *History News Network blog* 20 January, available at: <https://historynewsnetwork.org/article/170961> [last accessed 10 December 2019].

