

University of Economics, Prague

# **Master's Thesis**

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***Corruption in the Czech Republic***

***A situational analysis from the point of view of German  
companies in the Czech market***

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## **D e c l a r a t i o n   o f   A u t h e n t i c i t y**

I hereby declare that the Master's Thesis presented herein is my own work, or fully and specifically acknowledged wherever adapted from other sources. This work has not been published or submitted elsewhere for the requirement of a degree programme.

Wiesbaden, August 18, 2015

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## **Abstract**

The purpose of this research is to provide an overview of corruption in the Czech Republic, and especially in German companies operating in the Czech market. Moreover, the goal is to develop recommendations for German companies to better prevent and combat corruption while doing business in the Czech Republic.

Primary data was collected both in the form of an online survey, by contacting a sample of German companies operating in the Czech Republic, and in the form of interviews with two relevant market experts. Additionally, secondary data was gathered and analyzed, including academic literature such as research journals, industry reports and books.

The research demonstrates the severity of corruption in the Czech Republic. According to some of the sample results bribery and nepotism have occurred in German companies. Concerning country-specific patterns, the gift giving and accepting and nepotism culture in the Czech Republic should be taken into consideration and tackled specifically with preventive measures.

## **Key words:**

Corruption, prevention of corruption, German businesses, culture

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## **List of Abbreviations**

CoC	Control of Corruption
CC	Criminal Code
CGC	Corporate Governance Codex
CPI	Corruption Perception Index
ES	Enterprise Surveys
FDI	Foreign Direct Investment
GCB	Global Corruption Barometer
GDP	Gross Domestic Product
TI	Transparency International
UNDP	United Nations Development Program

## **1. Introduction**

Various political corruption scandals have been revealed in the Czech Republic during the last few years. In 2012, the politician David Rath was involved into the embezzlement of EU grants valued at more than half a million Euros (Tschechien-Wirtschaft, 2012). One year later, several deputies were accused of accepting bribes, with the aim of dismissing them from their positions (FR-online, 2013). These scandals have alerted society, and increased awareness and discontent of the current situation. Transparency International (TI) estimates that the cost of corruption in the Czech Republic is about 924 million to 2.7 billion Euros annually (Dufková, 2015). Due to these alarming figures, the urgent need for action becomes evident. The scope of the problem has already influenced foreign companies to devalue the Czech Republic's economic attractiveness due to the severity of the situation. This negatively affects investment decisions of German companies in the Czech market, and concerns current investors (DTIHK, 2014).

For these reasons, this paper is going to analyze the occurrence and determinants of corruption in the Czech Republic, with a special focus on German companies. The emphasis will be on the analysis of primary data that has been collected via surveys from German companies in the Czech market. In this paper the prevention of corruption and measures combating corruption, will be analyzed and appropriate guidelines will be developed.

First, a fundamental understanding of corruption will be created by presenting various definitions, aspects and consequences of corruption. Afterwards, in order to analyze the current situation on corruption, distinctive measurement indicators will be presented and evaluated. In the following section, the possible causes of corruption are divided into economic, political and cultural determinates. These will be investigated in order to find out if corruption has roots in country-specific factors. A brief summary of the actual situation and the legal background will be provided before analyzing the Czech Republic in reference to these determinants. In the following section the primary research results that have been collected will be presented. In the last part, recommendations to prevent corruption will be provided for German companies in particular and for business in general. Finally, all relevant aspects of this work will be summarized and suggestions for further research will be provided.

## **2. Research Methodology and Approach**

The following section outlines the methodological considerations of this research paper. Primary and secondary research has been used to better understand the phenomenon of corruption and its influence on business activities in the Czech Republic, with the goal of creating recommendations to help German companies that do business in the Czech Republic to cope with corruption.

### **2.1 Problem Statement**

The strategic importance of the Czech Republic for German companies becomes clear by looking at the significant amount of German subsidies in the market. However, the Republic's attractiveness decreases and deters future investors due to the unfavorable conditions caused by its high level of corruption. This research will investigate on the one hand the actual situation of corruption in the Czech Republic, as well as the causes of its prevalence. On the other hand, this paper focuses on the extent to which the operations of German companies are negatively affected by this situation. Moreover, it analyzes how German companies in the Czech market can protect their business operations from corruption by implementing preventive practices.

### **2.2 Research Questions**

The following research questions are discussed and answered in the course of this paper.

**Question 1:** To what extent does corruption represent a problem in the Czech Republic, and in particular in German companies in the Czech market?

**Question 2:** To what extent is corruption in the Czech Republic influenced by country-specific factors?

**Question 3:** Which methods serve to prevent corruption in German companies in the Czech Republic?

## **2.3 Data Collection**

In order to answer the different research questions, primary and secondary data analysis have been conducted. Primary data has been gathered by an online survey, with the aim of investigating how much corruption affects German companies in the Czech market and how they cope with it. Also, expert interviews have been conducted to gain more specific knowledge about the Czech market and to support the creation of guidelines to help to combat corruption. Secondary data has been used to create an understanding of the forms and the measurement of corruption, and to gain an insight into corruption in the Czech Republic by analyzing economic, political and cultural determinants.

### **2.3.1 Primary Research**

#### ***Online Survey***

The member list of the Czech-German Chamber of Commerce served as a database for the online survey. From this database, 248 companies of various sizes from different industries have been contacted via email. These 248 companies have been selected due to the availability of their contact email addresses. An overview of the contacted companies can be found in the Appendix A. The people contacted were mainly general managers or other employees with decision-making power, such as purchasing managers. The survey was conducted during a period of four weeks from the 12<sup>th</sup> of March to the 9<sup>th</sup> of April 2015, and consisted of 17 closed-ended questions that allowed multiple answers in several questions. The questionnaire was provided to them in both German and Czech languages (see Appendix B). Concerning the survey results, 52 questionnaires were completely answered, which is a response rate of 21%. Seventy two per cent of the respondents are of Czech nationality, 22% of German nationality, and six per cent of other nationalities. Questionnaires that were not completed were not taken into consideration for the analysis.

#### ***Limitations***

The main limitation is the limited sample size of the primary research. This might be due to the sensitivity of the topic, which could have discouraged a response. Although the general response rate can be considered as satisfactory, it was not possible to send out more questionnaires due to the difficulty of directly contacting suitable people. In addition to this, the survey results represent the limited viewpoints of several individuals. It might be possible

that the interviewed persons were not all good choices to fill in the questionnaire, as their daily work might not be affected by corruption; hence their answers may not reflect the truth regarding their perception and experience with corruption in their company. Another point that should be considered is that the sensitivity of the questions might lead to a biased result if the respondents feel ashamed, or uncomfortable answering honestly. Czech respondents in particular might not want to give a negative picture of their country. Therefore, as a result of all the above-mentioned points, the survey results can only be considered as a first evaluation of the situation and cannot provide a representative overall picture of German companies in the Czech Republic.

### ***Expert Interviews***

In order to gain more insights into the Czech environment, two semi-structured phone interviews with a corruption expert and a compliance manager were conducted. To start with, the interviews were based on some broad questions referring to the causes of corruption, the main problems of corruption and recommendations based on the initial research. Further questions were asked to deepen the understanding of issues that came up during the interview.

#### *Interview with Ivana Dufková - Project Manager at Transparency International Czech Republic*

The interview with Ivana Dufková from TI was conducted with the aim of triangulating secondary data findings concerning corruption in the Czech Republic from an expert point of view. Hence, the questions that were asked related mainly to previously gathered information, as for instance the most prevalent forms of corruption and best practices for combating corruption in the country. For the interview, seven questions were prepared and two additional questions arose during the interview (see Appendix D). A main limitation is that the expert had limited experience with German companies. In addition to this, the answers only represent a single expert's opinion, thus including a subjective perception of the situation.

To gain a better understanding of how a German company adapts its corruption prevention measures to the Czech environment, Local Compliance Manager Alžběta Kahounová at [REDACTED] was interviewed. This expert opinion on the main difficulties of fighting corruption in a business in the Czech Republic was crucial for developing adequate recommendations. Moreover, first-hand experience of effectively combating corruption by a German company could be gained from the interview. The interview consists of seven questions that were prepared ahead of time plus two further questions that came up during the discussion (see Appendix D). Regarding the interview's limitations, as in the other interview, it should be remembered that this interview represents a single personal opinion and experiences from one company.

### **2.3.2 Secondary Research**

In order to develop a broad picture of the scope of corruption, and understand its determinants as well its occurrences within the Czech environment, secondary data such as academic journal articles, literature publications and online newspapers have been included. Also, market studies have been used to analyze the Czech environment from both economic and political perspectives. Additionally, published studies regarding the measurement of corruption from well-known agencies such as TI and the World Bank were integrated to provide the latest available data on the degree of corruption.

### **3. Basic Concepts and Definition of Corruption**

#### **3.1 Definition**

The term “corruption“ does not have a clear and single meaning as it can occur in various forms and contexts (Richter & Burke, 2007). The most common definitions are provided in order to create a consistent understanding for this research paper.

Corruption originates from the Latin word “corrumpere”, which has the meaning of “bribe” and “deprave morally” (DUDEN, 2006). According to the Encyclopedia (2015), it describes generally “all forms in which people try to increase their income at the cost of others.” In addition to this, the United Nations Development Program, TI and the World Bank have established more specific definitions.

The United Nations Development Program (UNDP) has issued a prevalent definition and defines corruption as “the misuse of public power, office or authority for private benefit – through bribery, extortion, influence peddling, nepotism, fraud, speed money or embezzlement” (UNDP, 1999). However, the UNDP states as well that a universal consensus on the definition does not exist (UNDP, 2008). According to TI and the World Bank, corruption is “the abuse of entrusted or public power for private gain” (Transparency International, 2015). This occurs when a public official “accepts, solicits or extorts a bribe” (World Bank, 2015).

It needs to be mentioned that corruption is both a public sector and a private sector problem (Wolf, 2014). In the public sector it occurs mainly within governmental institutions or involves politicians, whereas in the private sector companies and corporations are either involved themselves, or with public officials (Mosnau, 2010). The focus on this paper is on corruption occurring in the private sector and its importance, and methods of how to handle this threat while doing business.

### **3.2 Forms of Corruption**

Depending on its form, corruption can be classified into different scales. The two most common scales are “grand” and “petty” corruption (Langseth, 2006). Grand corruption refers to the violation of the state by governmental leaders or multinational corporations, at the expense of the public. As a consequence of this, a state is losing its credibility (Rose-Ackerman, 2000). In contrast to that, petty corruption is primarily the abuse of power by officials in public institutions in interaction with citizens and smaller business firms, by granting mutual favors of smaller payments of money or favoritism (Langseth, 2006). Concerning smaller companies, petty corruption often serves as a mean of obtaining licenses or other approvals by the state. However, it can also occur between companies in the private sector (Rose-Ackermann, 2005).

A further differentiation can be made between structural and situative corruption. Situative corruption can be described as an unplanned act that is created in a random situation and is the result of a spontaneous offer. In many cases situative corruption is no more than a single incident. As opposed to this, structural corruption is anchored in a society and thus a systematically planned and expected approach (Eigen, Ostendorf, & Leyendecker, 2009). When there is a high degree of severity, structural corruption is also referred to economic crime (Ostendorf, 2008).

Corruption can be very versatile and can occur in various forms and contexts. As mentioned by the UNDP (1997), the main forms of corruption are bribery, extortion, influence peddling, nepotism, fraud, speed money and embezzlement. In addition to these, gifts such as tickets for cultural entertainment that evoke an explicit return can be regarded as a type of corruption, that aims for the same benefits as a monetary bribe (Rose-Ackerman, 1999; ICC, 2015). In the above-mentioned examples, bribery is one of the core elements. Bribery is an advantage that is given, received or solicited for acting dishonestly and not according to set standards. Thereby, all involved parties act by mutual consent. This advantage may involve pecuniary benefits, objects of value, or actions that influence a decision (Richter & Burke, 2007; Zaman & Rahim, 2009). In comparison to a bribe, extortion does not take place under a mutual agreement. In this case, an extorter abuses his entrusted power or position by using threats or violence to obtain desired benefits (Langseth, 2006). Another form, influence peddling, is defined as the abuse of influential power on governmental decision in exchange for advantages (Muchlinski, Ortino, & Schreuer, 2008). Moreover, a common practice regarding



the filling of vacancies or granting other favors is nepotism. This form describes the favoritism of family or relatives and disregard of more qualified candidates. Another form of dishonest behavior is as fraud. It involves a deceit or material concealment with the goal of self-enrichment. Furthermore, in order to speed up proceedings or eliminate administrative barriers, speed money represents the payment to an official in a bureaucratic process. This form of corruption often occurs in the case of administrative permits or licenses. Lastly, embezzlement is the extraction, mainly of funds, by a trusted person that is taking advantage of his position (Langseth, 2006; Business Anti Corruption-Portal, 2015).

As a last point, corruption can occur in “active” and “passive” manner. The person who offers pecuniary or other advantages commits active corruption. In contrast to that, the counterpart who accepts this advantage commits passive corruption (Rose-Ackerman, 1999).

To summarize, after describing the different forms of corruption the versatility and scope of this topic becomes more evident. As the term "corruption" spans various types of practices, it becomes obvious that a uniform understanding is difficult to achieve.

### **3.3 Consequences of Corruption**

Corrupt activities between individuals might often be beneficial for the participants by granting special privileges or increasing the individual wealth (Heidenheimer & Johnston, 2002). Although individuals mainly have to only bear “moral” costs for violating rules and laws, the consequences from the economic perspective are more extensive and can lead to permanent harm for the economy of a country (Klitgaard, 1988; Khan, 1996). This section of the paper will provide an overview of the most frequently discussed consequences in the literature.

First of all, it has been empirically proven that corruption lowers private investments and thus reduces economic growth (Mauro, 1998). Thus, corruption exerts an especially negative influence on the amount of foreign direct investments in a country by creating uncertainty and additional transaction costs, for example in the form of bribe payments (Mauro, 1995; Zhao, Kim, & Du, 2003). Furthermore, businesses might be afraid of getting involved in corruption scandals, which could create sustainable damages to their reputation and brand image (Zhao, Kim, & Du, 2003).

Secondly, apart from missing foreign business investment opportunities, the allocation of governmental expenditures is influenced by a corrupt environment. By focusing on public investments that can easily generate bribes and at the same time neglecting expenditures beneficial to society, such as in the area of education, the general development of a country will decelerate. It has also been argued that economic decline might be caused by the fact that abnormal money-seeking activities might distract from the actual productive efficiency (Mauro, 1998).

However, it needs to be considered that not only corruption itself might have adverse effects on the economic development of a country but especially in interaction with other types of institutional inefficiencies such as bureaucratic red tape, and a weak execution of the legal system. These weaknesses might be correlated and exert adverse effects on each other (Mauro, 1998).

Nevertheless, the possible favorable outcomes of corruption have also been discussed. One point suggests the possibility that abnormal income in the form of bribes might foster employees to work harder. In addition to this, by bypassing bureaucratic obstacles, business operations might be accelerated and inefficiencies eliminated. Both effects could lead to an increased economic growth (Mauro, 1998).

To conclude, it becomes obvious that corruption can cause economic long-term damage in a society by wasting essential public and private resources and lowering national and international investments. These consequences illustrate that corruption is not a trivial offense but can harm the whole nation.

## **4. Measurement**

One of the major challenges of analyzing corruption is the question of how to measure it. It is almost impossible to measure it adequately, due to its broad definition and the lack of an international consensus on its meaning. Thus, when looking at possible measurement indicators, one needs to consider how corruption is defined and what exactly is measured. However, the meaning of corruption and practices considered to be corrupt depend on cultural, moral and legal factors that differ across countries. Furthermore, the possibility of measuring corruption is complicated because of the fact that corrupt practices tend to be undisclosed and often only revealed by scandals or deeper investigations (Svensson, 2005). Therefore corruption measurement methods only serve as an estimate and cannot reflect the actual situation. Due to the different facets of corruption, several indicators should be studied in order to analyze this topic in an objective way. This is essential because a single indicator cannot analyze the complexity of corruption (Rohwer, 2009).

Generally, literature differentiates between two types of methods that serve as an approach to measure corruption – perception based and experience based indicators (Lin & Yu, 2014). Perception based indicators such as TI's "Corruption Perception Index" (CPI) or the World Bank's „Control of Corruption“ index (CoC), focus on how the topic of corruption is perceived from either the population of a specific country or from foreign experts and businessmen. In contrast to that, experience based indicators such as the "Global Corruption Barometer" (GCB) by TI and the "Enterprise Surveys" (ES) by the World Bank deal with the actual cases of corruption that people experienced (Gutmann, Padovano, & Voigt, 2013).

### **4.1 Perception Based Indicators**

Perception based indicators are on the one hand a widespread method of measuring corruption but on the other hand scholars have criticized their effectiveness. It has been argued that the perception of corruption does not measure the concrete existence of corruption (Pellegrini, 2011). Moreover, interpretation of these results should be done carefully because perception is basically influenced by external factors such as personal experience and the media, thus leading to biased assumptions (Zaman & Rahim, 2009).

In the following part the CPI and the CoC will be presented with regards to their functionality, drawbacks and the most recent results for the Czech Republic and Germany.

#### **4.1.1 Corruption Perception Index**

Since 1995, one of the most popular indicators to measure corruption is the CPI developed by the organization TI. TI measures the perception of corruption “as the abuse of public office for private gain” (Lambsdorff, 2007). It was originally introduced to bring the topic of corruption to global attention (Knack, 2006). The CPI analyzes the perception of corruption only in the public sector, thus focusing on administrative and political aspects.

CPI does not specifically analyze all the different forms of corruption as it is mainly confronting bribery and extortion and leaving other types unmentioned (Galtung, 2006). This reflects a rather general picture of the situation of corruption in a country, and is particularly suitable as a country assessment tool regarding risks and challenges in terms of a foreign direct investment (FDI) (Ko & Samajdar, 2010).

According to TI, countries are ranked on a scale of 0 (highly corrupt) to 100 (very clean) according to experts’ and business people’s assessments and perceptions of transparency and corruption in the public sector. Thus, the highest level of corruption in the public sector is perceived in the country with the lowest score (Transparency International, 2015). This data is retrieved from different sources of independent, internationally recognized institutions including among others the World Bank and the Economist Intelligence Unit (European Commission, 2012).

One major drawback of this index concerns the research methodology. The target group consists mainly of higher-income, international businessmen and does not consider the average local population and their perceptions (Lin & Yu, 2014). Results of this single target group might be biased because these international expats represent one stereotype and might not be acquainted with the local culture. This lack of cultural awareness and language knowledge might generally facilitate corruption in order to overcome unfamiliar processes (Sik, 1999).

The following table (Table 1) shows the CPI country ranking for the European Union and Western Europe in 2014 and comparative results of the years 2013 and 2012. Within this

region, Germany ranks eighth place, and in international comparisons on the 12<sup>th</sup> place. The CPI scores are fairly constant within the last three years, showing that with 79 points Germany is one of the most transparent countries. In comparison to that, the Czech Republic is assigned within the region to the 25<sup>th</sup> place and internationally to the 53<sup>rd</sup> place. With a score of 51 in 2014, this represents that Czech Republic is not perceived as being as transparent as Germany. Thus, the CPI illustrates the significant difference between the perception of corruption in the two countries as well as the severity of the problem in the Czech Republic.

Country Rank	Regional Rank	Country / Territory	CPI 2014 Score	CPI Score 2013	CPI Score 2012
1	1	Denmark	92	91	90
3	2	Finland	89	89	90
4	3	Sweden	87	89	88
5	4	Norway	86	86	85
5	4	Switzerland	86	85	86
8	6	Netherlands	83	83	84
9	7	Luxembourg	82	80	80
12	8	Germany	79	78	79
12	8	Iceland	79	78	82
14	10	United Kingdom	78	76	74
15	11	Belgium	76	75	75
17	12	Ireland	74	72	69
23	13	Austria	72	69	69
26	14	Estonia	69	68	64
26	14	France	69	71	71
31	16	Cyprus	63	63	66
31	16	Portugal	63	62	63
35	18	Poland	61	60	58
37	19	Spain	60	59	65
39	20	Lithuania	58	57	54
39	20	Slovenia	58	57	61
43	22	Latvia	55	53	49
43	22	Malta	55	56	57
47	24	Hungary	54	54	55
53	25	Czech Republic	51	48	59
54	26	Slovakia	50	47	46
61	27	Croatia	48	48	46
69	28	Bulgaria	43	41	41
69	28	Greece	43	40	36
69	28	Italy	43	43	42
69	28	Romania	43	43	44

Table 1 – CPI based on Transparency International 2015

#### 4.1.2 Control of Corruption Index

Another corruption indicator that has attracted rising attention is the World Bank's CoC index. This index is one of the six aspects of the Worldwide Governance Indicators, which serves as measurement tool for analyzing and ranking the governance of different countries. According to the World Bank (2015), governance is defined as "the traditions and institutions by which authority in a country is exercised". The CoC measures "the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as the

capture of the state by elites and private interests” (Kaufmann, Kraay, & Mastruzzi, 2006). The data of the CoC is partly collected from the same international sources as the CPI, however it also includes unique sources that contribute more data. The most distinctive points are that CoC covers more forms of corruption such as bribery, fraud or nepotism, and it addresses government and public officials and targets various others including ordinary citizens with its questions (Ko & Samajdar, 2010; Lin & Yu, 2014). For gaining information about petty corruption, ordinary citizens might be the more relevant target group as this is the form of corruption they face in their daily life (UNDP, 2008). Although citizens’ opinions can add high value to perception-based research, it has to be considered that their susceptibility to the media’s influence might be higher than an expert opinion, due to a lack of education (Galtung, 2006). Thus, opposite to the CPI, CoC is targeting not only the public but also the private sector. Also, the several sources used by CoC puts a stronger focus on the impacts of corruption on business operations providing a more relevant source of information for private sector companies (Ko & Samajdar, 2010).

The CoC has a governance score from -2.5 (highly corrupt) to +2.5 (very clean) and a percentile rank from 0 (lowest) to 100 (highest) for all evaluated countries. Table 2 shows a comparison between Germany and the Czech Republic between 2011 and 2013. As with the CPI, the CoC shows the significant difference between the two countries. In 2013, Czech Republic has a percentile rank of 62.68 with a score of 0.19 whereas Germany ranks on 94.26 with a score of 1.78.

Indicator	Country	Year	Governance Score	
			(- 2,5 to +2,5)	Min. Percentile Rank
Control of Corruption	Czech Republic	2011	0,3	66.35
		2012	0,23	63.64
		2013	0,19	62.68
	Germany	2011	1,71	92.89
		2012	1,78	93.78
		2013	1,78	94.26

**Table 2 – Excerpt of “Worldwide Governance Indicators” from 2011 to 2013**

Concerning the two presented indexes, it should be noted that a comparison within countries and over time might be restricted due to the lack of a consistent use of data sources. As a result, a single countries’ measurement might be based on different sources or even the availability of sources within one country may change over time (Knack, 2006).

## **4.2 Experience Based Indicators**

Experience based indicators pursue the target of providing hard data on corruption and showing whether the sampled population has been involved in corrupt practices. This approach benefits from the fact that the impact from judgments is lower than from perception based results (Knack, 2007). Nevertheless, experience based indicators might not always reflect the true situation due to the sensitive and illegal character of corruption. Hence, respondents might deny their involvement in corruption and giving a dishonest response (Galtung, 2006). This reaction could be more common in countries where corruption is regarded as socially unacceptable (Mishler & Rose, 2008).

The following part will present and assess the GCB and ES. Both indicators focus mainly on the experience of their respondents and thus represent a different view than the discussed perception based indicators.

### **4.2.1 Global Corruption Barometer**

Another index developed by the TI is the GCB. As opposed to the CPI, the GCB focuses on the country's population itself and their personal assessment about the degree of corruption as well as their personal experience in their country. The survey puts a main emphasis on corruption concerning the public sector. The survey sample is representative as it is taken randomly from a country's population and does not target a special interest group (Gutmann, Padovano, & Voigt, 2013). In total, in each country, the Czech Republic and Germany, 1000 people have been interviewed. Factors such as the importance of special relationships have also been considered since the survey in 2013. Also the willingness to combat corruption and improve the current situation was analyzed (Transparency International, 2015).

However, a major weakness and a different criterion from other indexes is the fact that the GCB does not provide a ranking of the analyzed countries (Ogwang & Cho, 2014). Moreover, it should be taken into consideration that questions from the experience based part of the survey concentrate only on bribery, thus only covering one of the several forms of corruption (Transparency International, 2015).

The following table (Table 3) presents an excerpt of the GCB results of the experience-related questions. It becomes obvious that in the Czech Republic the most common reason for a bribe

payment is in form as a gift or to express gratitude. Thereby, citizens pay bribes mainly in the medical and health sector or for registration and permit services. In addition to this, 23% have at some time been asked to pay a bribe in the Czech Republic and 35% of these did not refuse to pay the bribe. In comparison to that, only 11% have ever been asked to pay a bribe and 20% of the respondents did not refuse to pay in Germany.

Have you paid a bribe to any one of 8 services listed in the past 12 months?								
Country	Education	Judiciary	Medical and health	Police	Registry and permit services	Utilities	Tax revenue and/or customs	Land Services
Czech Republic	4%	3%	15%	4%	13%	1%	2%	8%
Germany	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

What was the most common reason for paying the bribe/bribes?				
Country	As a gift, or to express gratitude	To get a cheaper service	To speed things up	It was the only way to obtain a service
Czech Republic	57%	4%	31%	8%
Germany	n/a	n/a	n/a	n/a

Have you ever been asked to pay a bribe?		
Country	YES	NO
Czech Republic	23%	77%
Germany	11%	89%

Of those people that said "Yes", they have been asked, have you refused to pay a bribe?	
YES	NO
65%	35%
80%	20%

**Table 3 – Excerpt of Global Corruption Barometer 2013**

## 4.2.2 Enterprise Surveys

A further indicator from the World Bank is the ES that analyze the private economy regarding topics such as corruption, crime, infrastructure, regulation and taxes etc. The survey is addressed to top managers and business owners with a focus on the manufacturing and service sectors in mainly emerging countries. In the year 2013, 254 companies have been interviewed in the Czech Republic. The survey analyzes corruption related experiences, instead of subjective perceptions (Enterprise Surveys, 2015).

Like the GBC, the ES also mainly analyzes corruption in reference to bribes. The surveys represent the scale and prevalence of bribes. Moreover, it should be considered that the ES' scope is restricted by the fact that it measures corruption only between business firms and



public institutions. It is more useful for assessing the business environment in a country than for providing an overall picture of the corruption in a country (Galtung, 2006). In addition, the ES is only following a qualitative approach. A ranking of the countries is not provided.

Table 4 illustrates an excerpt from the results of the ES for the Czech Republic in the year 2013 classified into the different business firm sizes on the topic of corruption. As data for Germany is limited, a general comparison to the interviewed OECD “high income” countries has been taken. The results show that Czech firms experience more bribe payment requests than the OECD average. The most common activities where bribes play an essential role seems to be the securing of government contracts, and in order to “get things done” involving public officials. Regarding the overall picture of corruption in the Czech Republic, almost 16% of the firms surveyed identify corruption as a major constraint, whereas only 10% of the high-income OECD countries assess it to be a problem.

	Czech Republic	Small Firms (5-19 Employees)	Medium Firms (20-99 Employees)	Large Firms (100+ Employees)	High income: OECD
<b>Excerpt Corruption Indicators (% as average)</b>					
% of firms experiencing at least one bribe payment request	3,5	0,4	8,8	0	1,7
% of firms expected to give gifts in meetings with tax officials	0,4	0,5	0,5	0	0,8
% of firms expected to give gifts to secure government contract	11,2	10,1	13,6	5,2	10,7
% of firms expected to give gifts to get an operating license	6,7	0	12,3	n.a	2
% of firms expected to give gifts to get an import license	8,8	n.a	n.a	n.a	1,5
% of firms expected to give gifts to get a construction permit	3,7	0	7,1	0	1,7
% of firms expected to give gifts to public officials "to get things done"	10,7	6	13,8	31,4	8,4
% of firms identifying corruption as a major constraint	15,9	18,1	9,4	28,4	10,8

**Table 4 - Excerpt of the “Enterprise Surveys” 2013**

The presented experience-focused research approaches give an overview about hard data on bribe payments in the Czech Republic, and thus providing a tool for a more accurate assessment of the Czech business environment. However, both surveys contain a key shortcoming. The weakness is that the surveys only consider bribery from one point of view. Thereby, the respondent is only characterized as victim of corruption but never the one who commits the act by actively offering a bribe for instance to a public institution (Knack, 2006).

In order to overcome this shortcoming, one might look at the results of the TPI “Bribe Payers Index“, however results for the Czech Republic are not available.

After having analyzed the situation in the Czech Republic by means of several corruption indexes, the following part of this research is going to provide an overview about the causes of corruption and their classification into different categories.

## **5. Causes of Corruption**

The complexity of corruption makes it difficult to assess its causes and origins as it is affected by multiple factors (Park, 2003). However, it can be analyzed from the perspective of the possible gains and costs of corrupt activities. The occurrence of corruption depends on both the availability of benefits such as the additional income due to imposed restrictions, and on the other hand also on the estimated costs. Costs can be defined as the probability and the degree of a penalty as well as the extent of social disapproval, or rejection of corruption and their own moral scruples (Elbahnasawy & Revier, 2012; Mauro, 1998). This point of view implies that corruption is dependent on the circumstances in a society and can be viewed as an outcome of the economic, political and cultural determinants of a country (La Porta, Lopez-de-Silanes, & Shleifer, 1999). The following section is going to depict the factors influencing the three determinants in more detail.

### **5.1 Economic Determinants**

Economic determinants cover various factors that are related to the economic development of a country: the gross domestic product (GDP) per capita, income level, and the openness to trade will be further analyzed below (Suzuki & Iwasakia, 2012).

The GDP per capita serves as an indicator to assess the economic development of a country and reflects the likelihood of corruption occurring (Treisman, 2000; Suzuki & Iwasakia, 2012; Husted, 1999). This results from the fact that a higher GDP per capita implies that a country has more resources available to prevent and combat corrupt actions. In addition to this, a wealthier country goes also hand in hand with a more developed educational system, which raises the awareness of the topic by educating people to its risks. As a result of this, people's willingness to report incidents can be raised (Treisman, 2000). Hence, countries with fewer resources might be more liable to corruption (Elbahnasawy & Revier, 2012).

Another point that has already been discussed by different scholars is the influence of the national income on corruption (Lesnik & Blanc, 1990; Fredriksson, Richard, & Muthukumara, 2004). They have concluded that a higher income helps to reduce corruption (Van Rijckeghem & Weder, 1997). In order to overcome financial restrictions, people might try to derive alternative income sources by committing illegal activities. Public officials especially

can reach this additional income by abusing the power of their position (Kraay & Van Rijckeghem, 1995).

In addition to the level of national income, also the effects of income disparities have been considered more closely. Social disadvantages might cause discontent and thus promote political instability and corruption (Gupta, 1990). In a country with a high income disparity, the low income class and the high income class have different motivations to engage in corrupt acts. High income classes have more resources available to influence administrative or lawmaking processes to secure or even increase their wealth (Glaeser, Scheinkman, & Shlei, 2003). In contrast to that, people from lower income classes may wish to overcome their lack of financial resources by being involved in corrupt activities. This suggests that income disparity influences the acceptance of corruption by the society (Paldam, 2002).

The extent to which an economy is regulated also influences the amount of corruption. In this regard, the level of foreign trade is considered as an influential variable (Treisman, 2000). It has been argued that, a country that is characterized by a high openness to foreign trade tends to be less corrupt. This argument results from the idea, that for example quantitative import restrictions entice the use of illegal bribes as a means to circumvent the imposed restrictions and assist in creating a black market (Krueger, 1974). Hence, the more open a country is to foreign trade, the less companies need to gain access by means of bribes or similar activities (Bhagwati, 1982).

## **5.2 Political Determinants**

Other factors are determinants that define the political environment in a country, such as the existence of political democracy, the rule of law and economic freedom in an economy.

Several scholars agree that corruption is less common in a democracy. This could be a result of more transparency and freedom of the press (Seldadyo & De Haan, 2006). In a nation that is characterized by high transparency, people might be more afraid of being detected if they were involved in corrupt acts (Alt, Lassen, & Skilling, 2002). In addition to this, the impact of a free and independent press that publishes incidents of corruption and creates scandals can encourage more honesty and transparency in the government (Brunetti & Weber, 2003; La Porta, Lopez-De-Silanes, & Shleifer, 1997).

It has been argued by Miller and Kim (2010) that the degree of economic freedom in a country exerts influence on the level of corruption. Economic freedom depends on the government's intervention in the economy and is governed by the regulations and rules in a nation. In a perfectly free economy, the government does not impose any restrictions. Thus, resources are accessible for everybody and individuals are free to pursue their own activities in all fields. Individual property is protected and an open competition exists. If a country is characterized by many restrictions, this might increase the pursuit of additional income such as bribe payments to facilitate business operations (Park, 2003; Graeff & Mehlkop, 2003). An attractive opportunity for public officials represents receiving bribe payments in order to bypass or speed up regulatory processes (Tanzi, 1998). Thus, it can be concluded that economic freedom serves as a factor that decreases corruption (Goel & Nelson, 2005). However, it also needs to be considered that a free economy also entails risks. As a result of competitive pressure, the use of corrupt tactics might facilitate business operations and increase competitiveness, especially in the case of international business partners or if competitors with conflicting views of corruption are involved (Graeff & Mehlkop, 2003).

It has to be mentioned that the rule of law impacts the occurrence of corruption. First of all, the prevalence of illegal activities is more common in societies where criminal prosecution is less likely to happen. Thus, an ineffective legal system favors the occurrence of corruption due to a lack of penalties (Becker, 1968). Secondly, it has been discussed that also low respect for the law and authority goes hand-in-hand with a higher prevalence of corrupt activities in a nation (Sanjian, 1994).

### **5.3 Cultural Determinants**

The impact of culture plays a major role in the explanation of differences between nations (Hofstede, 1997). Generally speaking, culture is defined as the “set of beliefs and values about what is desirable and undesirable in a community of people, and a set of formal and informal practices to support those values” (Javidan & House, 2001). As a country's cultural values and beliefs influence personal character traits, they may also influence a nation's attitude towards corruption (Scott, Saviour, & James, 1993). In order to cope with corruption in a country, it is essential to be aware of cultural dimensions that might raise the likeliness for corrupt activities. However, according to Paldam (2002), corruption is independent from a

country's culture because it is something that can be changed and does not represent an integral part of a country's identity. Thus, it should not be weighted higher than political or economic factors.

To point out the connection between corruption and culture, the following part is going to discuss the influence of culture based on the Hofstede framework created by Geert Hofstede (1997). In his work he concluded that work culture can be defined by the following four cultural dimensions: power distance, uncertainty avoidance, individualism-collectivism and masculinity-femininity.

Although Hofstede's work has been attracted a lot of attention, it needs to be considered that these four dimensions cannot provide a holistic picture of a culture (Javidan, Dorfman, de Luque, & House, 2006). His work has also been criticized as outdated (Needle, 2004). Please note that this framework only serves as a means to explore the connection between culture and corruption in reference to the Czech Republic. The application of these cultural dimensions to corruption is going to be discussed in the following.

First of all, power distance describes the extent to which it is socially accepted that different members of a nation have more power than others (Hofstede, 1997). Countries that are characterized by a high power distance tend to expect social inequalities. It has been proved that inequalities created by a high power distance might foster the occurrence of corruption (Davis & Ruhe, 2003; Park, 2003; Husted, 1999). Lower level public officials might be motivated to increase their income by offering favorable treatment for the exchange of bribes (Getz & Volkema, 2001). In comparison to that, in low power distance societies, equality dominates so that status is less important and cooperation between people is highly valued (Davis & Ruhe, 2003).

Secondly, uncertainty avoidance describes how individuals in a society cope with uncertain situations (Hofstede, 1997). In societies with a high degree of uncertainty avoidance, people prefer to be guided by norms and rules in their decision-making processes. Although the results of empirical studies are not always significant, it can be assumed that high uncertainty avoidance influences the level of corruption in a country (Husted, 1999; Getz & Volkema, 2001; DiRienzo, Das, Cort, & Burbridge, 2007). Therefore, as highly bureaucratic structures and strong institutions often dominate in these nations, this might encourage immoral

behavior with the goal of bypassing these procedures (Getz & Volkema, 2001). However as a counter argument, a correlation with a high level of uncertainty avoidance and less corruption has also been proved, supported by the argument that people with high uncertainty avoidance tend to stick more to rules and procedures and would not try to bypass them illegally (Davis & Ruhe, 2003).

Another aspect is the masculinity – femininity dimension, which depicts if a nation is characterized by masculine values such as achievement and assertiveness or feminine values such as caring and personal relationships (Hofstede, 1997). It has been proven by different studies that cultures where masculine values dominate tend to be more corrupt (Davis & Ruhe, 2003; Husted, 1999; Sanyal & Samanta, 2004). This might be a result of the fact that these cultures lack feminine values such as sensitivity and corrupt practices might not be perceived as illegal or undesirable.

Finally, the individualism – collectivism orientation focuses on the extent to which people are parts of social groups such as family, friends or employer or are pursuing an independent lifestyle. In a rather collectivistic culture, people tend to neglect their own interests by orienting their actions for the benefit of the group (Pena Lopez & Sanchez Santos, 2014). In addition to this, the individual's focus is rather put on relationships than on tasks (Hofstede, 2001). The majority of studies have shown that corruption is correlated with rather collectivistic cultures, whereas individualistic cultures tend to have a lower rate of corruption (Davis & Ruhe, 2003; DiRienzo et al., 2007). In collectivistic countries, individuals are more dependent on their groups and might make decisions within these groups or even act in favor of them by showing loyalty (Gäthke, 2013). As a result of this, nepotism within the family or friends is more common in collectivistic cultures (Javidan & House, 2001).

To summarize, it can be concluded that the analysis of the Hofstede dimensions can be used as a first estimate if a country's culture tends to be more prone to corruption than others. It can be assumed that corruption might be more prevalent in countries that are characterized by high power distance. In addition to this, high uncertainty avoidance, the prevalence of masculine values and collectivism are positively related with the occurrence of corruption in several studies.

The following section is going to provide an overview of the actual situation and legislation in the Czech Republic. Afterwards, it will analyze the Czech Republic in reference to the economic, political and cultural determinants in order to assess the extent to which the corruption is country-specific.



## **6. Corruption in the Czech Republic**

Corruption has constantly been a relevant topic in the Czech press as well as a concern of foreign investors and companies. In this section, first of all, the actual situation and effects of corruption in the Czech Republic as well as the current legislation will be discussed. Following this, the economic, political and cultural environment will be analyzed in an attempt to find out if it reveals characteristics that might promote the occurrence of corruption.

### **6.1 Actual Situation**

According to public surveys, corruption in the Czech Republic has become one of the issues that most concerns the population. Moreover, the majority shares the point of view that this problem needs to be tackled as a high priority (CVVM, 2012). According to the Eurobarometer business survey 2013, 71% of Czech respondents believe that corruption is a main drawback for business activities in the country. Nepotism has been reported as an obstacle by 69% of those surveyed. Both results represent the highest in the EU, which illustrates the severity of the topic (Flash Barometer 374 , 2013). Also Ivana Dufková (2015), Project Manager at TI in the Czech Republic points out that nepotism is one of the most common forms of corruption that affects business.

Not only are the national citizens concerned, but also foreign investors are alerted to this situation and are afraid of adverse effects on their business activities in the Czech Republic (Mejstřík et al., 2011). Also, the German-Czech Chamber of Commerce (DTIHK) stresses that the high level of corruption harms the Czech market because it discourages current and future German investors. Very high levels of non-transparency concerning public procurement processes, due to an absence of control mechanisms, are a factor. Thus, for German companies, corruption can be considered as a major factor affecting their investment decisions in the Czech Republic (DTIHK, 2014).

It should be noted that the Czech Republic is mainly weakened by structural corruption that involves governmental authorities and their misuse of public resources. This can be explained mainly as a result of the “strong connection between business and politics” (Dufková, 2015). In contrast to the political corruption, petty corruption is no longer considered as a serious problem in the country (Dufková, 2015). Various political scandals ranging from the embezzlement of EU grants to the acceptance of bribes by the delegate David Rath have

shaken the country (Tschechien-Wirtschaft, 2012). Another common issue is the manipulation of public tenders through political influence (Dufková, 2015). Although political corruption is a big problem in the Czech Republic, the causes of corruption do not only originate from the public sector. The willingness of the private sector to engage in corrupt activities such as frauds to foster their business activities should not be underestimated (Ernst & Young, 2012). A general challenge that has been identified is the citizens' tolerance for corrupt practices, due to accepting it as a part of social life, and also from the citizens' lack of awareness of the definition of corrupt behavior (The Government Anti-Corruption Committee, 2013). Corrupt agreements among companies in the process of public tenders have increased. In these agreements, companies decide beforehand which participant in the tender will receive the contract and the others get compensated with a certain amount of money (Dufková, 2015).

## **6.2 Legal Environment**

The term corruption is not specifically defined as a crime in the Czech legislation (Act No. 40/2009 Coll., Criminal Code). However, activities that are related to corrupt activities such as bribery are defined and punishable. Foreign companies who engage in these activities may also be prosecuted under Czech law (CMS, 2013).

Article 331 of the Criminal Code (CC) states the legal consequences of bribery. It covers both private to public, and private to private forms of bribery. Article 331 defines and differentiates between active and passive bribery. Penalties depend on the damage created by the bribe, and for individuals they can range from monetary penalties to up to 12 years in prison. Regarding legal entities, their consequences might include the termination of its activities, monetary penalties or interdiction of participation in public tenders. Also, unwillingness to prevent an action of bribe can be punished (section 367 CC). Bribery is also included in the Civil Code (Act No. 89/1012) referring to unfair competition (section 2976 et sequ.).

Moreover, the CC specifies other crimes related to corruption in "Fraudulent Manipulation of Public Tenders and Public Auctions" (art. 256) and the "Misuse of Information in Business Relations" (art. 255). However, article 256 only applies between the state and the private companies, and does not apply to before hand agreements made between the individual companies. Thus, this represents a lack in the Czech legislation that opens opportunities for corrupt behavior that cannot be prosecuted (Dufková, 2015).

Now that we have a picture of the current situation in the Czech Republic regarding corruption, the three determinants that have already been specified before will be analyzed now in the context of the Czech Republic.

## **6.3 Analysis of Determinants in the Czech Republic**

### **6.3.1 Economical Analysis**

The Czech Republic has achieved strong economic development since its joining the European Union in the year 2004. Its GDP per capita recorded a constant growth until the financial crisis in 2008. With the subsequent recession, the economic power of the Czech Republic decreased. In 2013 the GDP per capita (at purchasing parity) amounted to 20,600 Euros. This represents 80% of the EU (28) (the 28 member countries of the EU) average GDP per capita of 25,700 Euros, showing the economic competitiveness of the Czech Republic within Europe. In contrast to other transitional countries, the Czech Republic can be described as the one with the strongest economic performance (Destatis, 2013; Eurostat, 2013).

The income level in the Czech Republic differs significantly from the older member countries of the EU. The average annual net earnings for a single person amounted to 8.711 Euros in 2014, whereas the EU (28) average net income was recorded at 22.047 Euros. However, in comparison to other central and eastern European countries the Czech Republic's net income ranks below Estonia (at 9.991 Euros) and Slovenia (11.926 Euros). However, concerning the interpretation of these results, it has to be considered that the numbers presented are not at purchasing parity and, thus do not reflect the lower costs of living in the Czech Republic (Eurostat, 2014).

Another determinant that has been identified as a factor influencing the level of corruption is income disparity. This factor can be measured by the Gini-coefficient, which ranges from 0 (completely equal) to 100 (completely unequal). The higher the Gini-coefficient, the larger is the income disparity in a country (Ata & Arvas, 2011). In 2013, the average EU (28) result was about 30.5, whereas the Czech Republic was 24.6, a result below the EU average (Eurostat, 2015). These findings show that income is distributed more equally in the Czech Republic than is the average in the European Union, thus not presenting a finding that might

be part of the causes of corruption in the country. Nevertheless, absolute poverty is increasing in the Czech Republic, which can be discerned by the increasing number of people living under, or close to, the poverty line (BTI, 2014b).

The Czech Republic is characterized by an above average openness to foreign trade as compared to the majority of other European countries (ICC Open Market Index, 2013). Despite the fact that the Czech Republic is part of the European Union and around 80% of its foreign trade is transacted with EU members, trade restrictions are not considered a relevant topic (U.S. Department of State, 2014).

To summarize, the Czech economy has been marked by strong development since its accession to the European Union, and it holds a competitive position among the other members. Although there is no significant disparity between the income levels, Czech Republic's average annual net earnings are notably under the EU (28) average. Apart from the possible influence of the income level, the economic situation does not provide any significant results that might be crucial for explaining the determinants of corruption.

### **6.3.2 Political Analysis**

After living for more than 40 years under the restrictions of a communist government, which had a formative influence on the whole society, the transformation of Czechoslovakia to a market-oriented economic system in the nineties was a protracted process (Danis, Liu, & Vacek, 2011; Machonin & Tucek, 1996). First of all, a general understanding of the historical background, and the impact of corruption at that time should be created before going on with the analysis of the current political environment.

Research has proved that a significant difference exists regarding the perception of corruption in ex-communist countries as compared to non-communist countries. When comparing countries from the same geographic region, ex-communist countries are constantly characterized by a higher level of perceived corruption (Sandholtz & Taagepera, 2005). As a result, not only in Czechoslovakia but also in general in the Soviet bloc, corruption has been anchored in the communist regime and was part of the mentality of the society, especially in the form of small gifts, bribes or mutual services (Koudelková, Strielkowski, & Hejlová, 2015). This results from the fact that these generations have a culturally embedded attitude

that perceived the state and the system as an enemy. The only way to increase individual wealth was to circumvent the system by means of bribes (Davis & Ruhe, 2003). Moreover, as the power over public goods and their allocation was limited to public officials and bureaucratic decisions, the payment of bribes and kickbacks served as a mean of manipulation of the allocation processes (Sandholtz & Taagepera, 2005; Rose, Mishler, & Haerpfer, 1998). In order to oppose the communist regime, people showed their dissatisfaction by enriching themselves with public goods from the state (Lízal & Kocenda, 2001).

The restriction of economic freedom in the former Czechoslovakia was a major issue. The economy and all corresponding decisions were controlled by the state, causing a decline in economic growth as well as a shortage of consumer goods. One important change that emerged from the sudden economic freedom was the privatization process of state-owned companies (Dvorakova, Bright, & Muehlfelt, 2013). A high level of corruption accompanied this transition due to the fact that the distribution of public goods was determined by the payment of bribes to acquire preferred resources (Sandholtz & Taagepera, 2005).

Nowadays, the Czech Republic represents a stable and efficient democracy. Its political environment is characterized by a strong presence of independent media and ensures freedom of speech (BTI, 2014). However, although the Czech Republic has been gone through a successful transformation of its political system, the societal change might not be completed yet, as old habits might still determine the actions of the older generation (Janík, 2010). The “Index of Economic Freedom” published by the Wall Street Journal and the Heritage Foundation, ranks the Czech Republic in the second highest category, as “mostly free” together among others with Germany. In contrast, Slovakia is only assessed as “only moderately free” (Heritage Foundation, 2015).

Although the Czech Republic is characterized by a strong rule of law, a main problem is that the political leaders do not respect the law and have shaken the country’s confidence several times (Transparency International, 2013a). In their function as role models, political leaders’ compliance with the legislation serves as a cornerstone for society’s trust in the functioning of the state (Janoušek, 2013). Another relevant fact is the low prosecution rate of cases related to corruption, especially when Czech politicians are involved (Doody, 2014). According to TI, this is especially the case for corruption in the private sector. The majority of prosecuted cases refer to petty corruption involving public officials, whereas the rate of structural corruption is very low (Transparency International, 2013b).

It can be concluded that the political situation has been strongly influenced by the former communist regime. Although the Czech Republic went through a transformation process and a democratic consolidation has been successful, the patterns from the Soviet system might still be embedded in Czech society. This might facilitate the existence and the tolerance of corrupt practices in Czech society, and at the same time hamper compliance to the legal system.

### **6.3.3 Cultural Analysis**

The economic and political environment in the Czech Republic has been changing significantly and rapidly since the end of the Soviet regime. However, culturally anchored behaviors remain more persistent and require more time to change (Sandholtz & Taagepera, 2005; Hutchcroft, 1997). Although Czech society's adaptation to a new institutional environment will alter cultural norms, the completion of this transformation cannot be determined as yet (Inglehart, 1997).

The following evaluation of Hofstede's four dimensions is based on estimated values and is not part of the official IBM study from Hofstede. The scores have a range from 0 (low degree) to 100 (high degree).

Regarding the first dimension, power distance, the Czech Republic scores 57, which is relatively high in comparison to Germany with 35. This result indicates that the Czech society rather accepts that power is distributed unequally. This relatively distinctive result might be a factor that facilitates corrupt practices. In contrast to Hofstede's assumption, Schroll-Machl and Nový (2008) point out that hierarchies in the Czech Republic are not perceived as strongly as in Germany. This results from the fact that Czechs put a stronger focus on fellowship and the human factor, which might indicate a tendency for a lower power distance.

Regarding the uncertainty avoidance dimension, the Czech Republic has a high score of 74 in the uncertainty avoidance dimension. This shows that the Czech society is characterized by defined structures and rules that might be an indicator that could influence corruption. The same tendency has been identified for Germany with a score of 65. This high score for the Czech Republic might on the one hand be a consequence of the impact of the communist regime with its strict laws and planned economy (Lago, 2011). Even nowadays the burden of

the high level of bureaucracy is noticeable and is deterring companies from foreign investment (GTAI, 2015). Nevertheless, on the other hand it has to be considered that the Czechs have suffered from a constant foreign rule that made it necessary to oppose the State and its imposed rules to survive suppression. This constant opposition left behind a strong rejection of strict patterns that deprive liberties. Hence, Schroll-Machl and Nový (2008) argue that Czechs prefer to handle situations in a spontaneous way by improvising. This assessment indicates rather a low uncertainty avoidance attitude of the society.

Moreover, the Czech Republic can rather be classified as a masculine society with a score of 57, which could be another indicator that might imply that the society tends to be more prone to corruption. However, in comparison, German society might show stronger masculine characteristics due to a higher result of 66. However, in opposite to this result, Schroll-Machl and Nový (2008) classify the Czech cultural business environment as shaped by feminine values, due to high important of social relationships and their cultivation. In addition to that, Dvorakova, Bright and Muehlfelt (2013) also point out the importance of personal relationships, and the fact that Czechs especially care about harmony and an environment with a positive atmosphere.

At last, according to Hofstede, the Czech Republic can be considered as a rather individualistic society with a score of 58. In contrast to that, individualism is even more distinctive in Germany with a result of 67. As discussed before, an individualistic culture is basically not considered to be especially prone to corruption. However, Schroll-Machl and Nový (2008) argue that Czechs favor personal relationships more than jobs or positions. As a result of this, especially in the business environment, it is necessary to build up trust and relationships first before starting with the actual business to be conducted. In addition to this, Czechs would favor helping their friends and relatives over obeying the rules out of a sense of duty to the relationship. Relationships within the family and with friends are marked by a high degree of reliability, and mutual favors are the expected, normal behavior (Schroll-Machl & Nový, 2008).

In conclusion, the analysis of the scores for the Hofstede dimensions implies that the Czech Republic is characterized by high power distance, high uncertainty avoidance, masculine values and a trend to individualism. All these dimensions except the individualism dimension have been identified as factors that might facilitate corruption in a nation. However,

Hofstede's data for the Czech Republic is based on estimates and represents a unilateral view. By comparing these results with a further analysis of Czech cultural experts, it becomes obvious that Schroll-Machl and Nový's evaluation contradicts the Hofstede scores. According to their assessment, a factor that might be relevant related to the occurrence of corruption is the tendency to collectivism.

## **6.4 Conclusion**

After analyzing the economic, political and cultural environment of the Czech Republic, it can be concluded that a main determinant factor regarding the presence of corruption is the former communist regime. Its embedded patterns from the Soviet regime with its "culture of bribes" might still have an influence on the moral and values of the nation, and affect both the culture and decision-making in the political system. In opposition to that, the economic situation does not display any crucial factors that might explain the prevalence of corruption. In contrast, however, cultural analysis shows certain trends of societal behaviors that might favor corruption. It should also be remembered that the works of different scholars display distinctive results on this topic. Although it has been argued by Paldam (2002), that culture is a changing process that is adapting to its circumstances, this process may take a lot of time. Therefore, country-specific factors can be assigned a certain influence in the occurrence of corruption in the Czech Republic.



## **7. German Companies in the Czech Republic**

The Czech Republic is of extreme importance for German companies. The increasing number of companies with German ownership especially in the automobile industry and mechanical engineering sectors highlights this (GTAI, 2015). Moreover, with an amount of 18.4 billions of Euro within the years 1993 to 2013, Germany is the most active foreign investor in the Czech Republic. After an outflow of investment in 2013 with -2.2 billion Euros leaving the Czech Republic, a positive preliminary inflow of 2.9 billion Euros has been recorded for the year 2014 (Tschechische Nationalbank, 2013).

Although the Czech Republic has been a popular investment choice, due to its favorable location in the middle of Central Europe and other factors such as the high level of qualified workers and the availability of suppliers, a noticeable discontent has been observed. This is a consequence of the negative perception of the current topics that includes corruption, economic crime, and the high amount of “bureaucratic red tape”. For considerable numbers of German companies this increasing dissatisfaction, and at the same time the strategic relevance of the business location of the Czech Republic, emphasizes the importance of tackling the issue of corruption (GTAI, 2013).

### **7.1 Analysis of Research Results**

To create a better picture of the situation that German companies face regarding corruption in the Czech Republic, a sample of 248 German companies was contacted for the purpose of a survey. Of the contacted companies, 52 participants have shared their perceptions, experiences and recommendations on corruption.

Of the respondents, 72% are of Czech nationality, 22% of German nationality and six per cent of other nationalities. The significant majority of the respondents' companies have been in business in the Czech Republic for more than ten years. Moreover, the respondents are mainly from the automotive industry (24%), the construction industry (18%) and other industries such as logistics and machinery (33%). Due to the limited number of responses, the survey results can only display a first, valuable insight and are not representative of all German companies in the Czech Republic.

The survey results will be presented in three parts: the definition and perception of corruption, experience with corruption, and attitude towards corrupt behavior. These discussions will be followed by recommendations. The complete analysis with the corresponding graphs can be found in Appendix C.

### **7.1.1 Definition and Perception of Corruption**

First, the definition of corruption was analyzed in order to determine the general understanding of its scope. Corruption represents a complex phenomenon that can be defined as occurring in many forms, as explained in Chapter 3. However, to reduce its complexity, the survey only covers a selection of corrupt practices that have been assessed as especially relevant in the business environment. Thus, bribery, nepotism, embezzlement and the giving and accepting of gifts have been considered. As multiple answers were possible, one important finding is that only 21% of the survey participants considered all four suggested forms as corruption. This emphasized the different understanding of the term of "corruption" and makes evident the lack of knowledge on the scope of corruption.

The majority of the respondents with 92% understand corruption to mean bribery. Subsequently, 51% define corruption as nepotism and 49% as the giving and accepting of gifts. In contrast to these results, only 33% consider embezzlement as a form of corruption. In addition to these results, political corruption has been mentioned as another point that defines corruption.

Concerning the severity of corruption in the Czech Republic, the distinct majority of 96% confirms that it exerts a certain severity. Of these, 47% of the respondents perceive it as very severe and 49% as somewhat severe. In contrast to these results, only two per cent state that corruption in the Czech Republic is not severe at all and two per cent do not have an idea about its severity. In addition to this, 43% perceive corruption as a problem while doing business. Another 55% confirm corruption as a general problem in the business environment, however it has not affected their business activities so far. A very small group of only 2% does not consider corruption to be a problem. This result stresses the significance of the topic, even though it might not exert a negative impact on the business operations of all the companies surveyed.

By comparing the degree of corruption between recent times and earlier times, it becomes obvious that the majority of 57% of the survey respondents do not perceive any difference. Moreover, only four per cent consider the incidence to be higher in earlier times, whereas 27% perceive it as lower. Furthermore, 12% of the sample does not know how to assess the degree of corruption over time.

Finally regarding the causes of corruption, the lack of morals (75%), the lack of law enforcement (63%), bureaucratic processes (61%), and social tolerance (61%) have been identified as principal reasons by the survey sample. In addition to these causes, it has been mentioned that the corrupt acts of politicians set a negative example for the whole society.

### **7.1.2 Experience with Corruption**

In this section, the results of experience with corruption in the company, or by the respondents, will be presented. Although these results might be especially biased because of nonveridical responses, or the respondent not being impacted by corruption in their actual position in the company, they provide an insight into the occurrence of corruption in German companies in the Czech Republic.

From the 52 respondents, 18% state that there has already been a case of corruption in their company. However, more than the majority of 67% have never experienced corruption in the company. It is interesting that 16% did not comment on this question. From the 18% of the companies where corruption had been an issue while doing business, 56% reported bribery as well as nepotism, 44% reported embezzlement, and 33% stated that the giving and accepting of gifts had been committed. Furthermore, the request for a commission or kickback from a set price has been stated as another form of corruption that has been committed.

Regarding the individual respondents' involvement in a case of corruption, only eight per cent have been involved or admitted their participation. In contrast to this result, 75% indicate that they have never been involved in corrupt activities in their company, and 16% did not comment on this question. From the eight per cent that have been personally involved, the act of bribery as well as the giving and taking of gifts have been reported as occurring by 50% each, and embezzlement by twenty-five percent.

### **7.1.3 Attitude towards Corrupt Behavior**

The attitude towards corrupt behavior has been analyzed in the following two questions. First of all, the attitude towards bribes has been analyzed. Thereby, the goal was to find out at which monetary values a gift would be considered as a bribe.

For 41% of the respondents, any kind of gift can be compared to a bribe. In contrast to that, 25% consider a gift with a value up to 30 Euros as acceptable. For 16% a gift represents a bribe if its value is more than 50 Euros; for 14% of the respondents more than 100 Euros is a bribe; and only four per cent consider a gift to be a bribe if is worth more than 500 Euros. The results of the sample are very different, thus displaying no clear consensus to which extent a gift is acceptable or not. This might be due to various possible reasons. First, there might be cultural differences between German and Czech respondents regarding their perception of the acceptance or adequacy of gifts. Secondly, it might result from different corporate governance policies, which might deal with the acceptance of gifts in various manners.

In another question, respondents were asked about the handling of nepotism in the business environment. In detail, this question depicts the attitude of favoring a candidate in order to give a friend a favor, even though other more-qualified candidates had applied for the job. The mindset towards this question has been very distinctive, and the most common answers are as follows. First of all, 27% would not favor the candidate even if he were qualified. Another 27% would not favor the candidate because it would cause them a moral conflict. In addition to this, 22% would not favor the candidate because it is against the company's Corporate Governance Codex (CGC). In contrast to this, 24% would favor the candidate if he were qualified. Other results can be extracted from the corresponding graph in Appendix C. To summarize, it becomes obvious that the majority of respondents would not favor a candidate in order to help out a friend, due to the above-mentioned reasons.

Moreover, the survey asked whether it was easier to obtain public services by using personal contacts or bribery, and the many respondents agreed that this is true. Sixty-seven percent of the respondents state that they somewhat agree with this statement and 27% agree entirely. Only two per cent would rather not disagree, and four per cent did not want to express their opinion on this.

Respondents were asked to what extent they agree with the statement that good relationships with politicians help a business to be more successful in the Czech Republic. Regarding this question, the responses are more diverse and not as clear as in the previous inquiry. On the one hand, eight per cent agree entirely and 35% agree somewhat with the statement. On the other hand, 31% somewhat disagree, and ten per cent do not agree at all with the statement. Moreover, 16% did not want to share an opinion on this.

#### **7.1.4 Prevention and Recommendations**

In order to have internal policies that prevent corruption, research was conducted to determine if the CGC from the German parent company has been implemented in their Czech subsidiary. A clear majority of the respondents (69%) state that their subsidiary has implemented anti-corruption policies to the same extent as in the German parent company, whereas only one respondent stated that their CGC has only been partly implemented by the subsidiary. Ten per cent state that a CGC does not exist in the German parent company, and two per cent of the respondents report that they have a CGC in Germany but not in the Czech Republic. From the 12% that do not have a CGC implemented, six per cent of the companies do not consider it to be necessary, and the other six per cent do not know why or have other explanations.

Regarding the combating of corruption, the respondents have been asked to state all the methods used in their companies. The five most common methods have been identified as company transparency (76%), two-man-rule (71%), CGC (57%), compliance department (41%) and training (41%). The results for the other suggested methods can be extracted from Appendix C. In contrast to the practices that are already in use by the companies, the respondents have been asked for their personal opinions regarding the effectiveness of the practices listed above, with the practice of moderate payment added. These results are almost identical with the previous ones. The five methods most often perceived to be effective have been stated as the two-man rule (65%), company transparency (63%), a compliance department (37%), moderate payment (33%) and CGC (31%). These results show that the methods that the survey respondents personally rated as most effective are already implemented in the majority of the companies.

## **7.2 Conclusion of Survey Analysis**

To conclude, the analysis of the results has confirmed certain assumptions that have been made in the previous part of this research paper. First of all, one essential point is the lack of a uniform understanding of corruption and its scope among employees of various German companies. Second, the sample confirms the influence of corruption, and a certain severity of corruption, in the business activities of German companies in the Czech Republic. Although it only concerns a minority of the sample, it has been proved that corruption occurred, especially in the forms of bribery and nepotism. Regarding the possible causes, the lack of morals, law enforcement, bureaucratic processes and social tolerance are main factors that are considered relevant for the prevalence of corruption in the country.

Additionally, it can be concluded that consensus does not exist regarding the attitudes whether and to which extent gifts should be accepted. In opposite, the majority of the respondents do consider nepotism as a wrong practice due to various reasons. Another point is that a positive consensus has been identified in the correlation between good connections and easier access to public services in the Czech Republic. However in contrast to this, relationships with politicians are not considered to be of very high relevance.

Last, regarding the prevention mechanisms in German companies, the most common practices are company transparency, two-man-rule, CGC, compliance department and training. These practices plus moderate payment at the same time are perceived as the most effective means to fight corruption.

## **8. Recommendations**

This section is going to discuss recommendations to overcome and prevent corruption in businesses. First of all, it will present an overview of the prevention measures that were introduced in the survey results. It will provide also guidelines that should be followed by businesses in order to effectively tackle corruption in their company. In the last part, the knowledge that has been gained during the course of this research project is used to provide suggestions to improve methods of preventing corruption in the German companies surveyed and guidance for businesses in general.

### **8.1 Principles of Combating Corruption**

The survey results showed that the most common methods of combating corruption are the implementation of company transparency, two-man-rule, CGC, compliance department and training. These principles will be presented briefly in the following section.

First of all, overall company transparency is essential for combating corruption and implementing further prevention measures, as it is the basis for credibility and trust in an organization (Dufková, 2015). External transparency pursues the goal of disclosing all relevant information on company's business activities, including key financial figures, reports about company internal anti-corruption practices, payments to political parties or tax payments as well as disclosing information about subsidiaries. However, this mainly concerns publicly owned companies (Transparency International, 2012). Regarding internal approaches, the parent company should require that employees follow transparent processes and systems. A main recommendation is the written documentation of all major business activities. This will improve transparency by stopping employees from concealing activities that are not compliant with the company rules (Kahounová, 2015). This reporting approach should follow the aim of making all procedures open to scrutiny by third parties (BMI, 2013).

Secondly, the two-man-rule is an approach that ensures that relevant procedures are supervised and approved by another employee. This method limits the responsibility and authority of each employee and splits responsibility and accountability between two employees, and thus helps to prevent one employee from violating company regulations (Ax & Schneider, 2006). As a consequence of this, the degree of transparency in the company

increases. In addition, this principle might even be more effective if employees from different areas of the company are involved in the decision-making process (Kahounová, 2015).

The next method of combating corruption, a CGC, is defined as the sum of company related rules and guidelines that are applicable for all employees in a company as well as subsidiaries, suppliers or other relevant partners regarding societal, environmental and ethical behavior (Kochan & Goodyear, 2011). Moreover, the company's values and ethics are further outlined as well as its anti-corruption attitude. These rules give guidance on how to behave in conflicting situations and should prevent unfavorable decisions (IFAC, 2006). For instance, the monetary limit on the giving and accepting of gifts should be stated. The CGC should also provide real-life examples of ambiguous situations (Dolata, 2014). A clear presentation of the company's aims is an essential point for its effectiveness, and it must be easy for everyone to understand (Dufková, 2015). The scope of the CGC depends on the size and needs of the company and its exposure to the risk of corruption (IFAC, 2006).

Another relevant approach is the existence of a compliance department that is responsible for the observance of the company's rules (Vetter, 2008). Apart from supervising that all rules are adhered to, it should be responsible for informing and communicating the rules, and monitoring compliance with those rules (Dolata, 2014). It is considered essential for the compliance officer to find the right balance between the role of a law enforcer and a collegial approach. The basis for an effective approach to compliance is an overall risk analysis in order to identify specific business risks and weaknesses of the company. As a result of this, it becomes clear which areas to concentrate on and also which prevention measures to use. The significance of a risk analysis is especially important in a foreign country where corruption risks are unknown (Kahounová, 2015).

In addition, training methods such as workshops, or online tutorials create awareness of corruption, and impart the ethics of the company. Training serves as an effective preventive practice (BMI, 2013). An essential point for successful training is to consider the various employee groups separately and adapt the presentation accordingly. This is especially relevant as different employee groups are exposed to different risks and might not have the same level of education. In order for all employees to understand the importance of the topic, it should be explained why compliance with the company's ethics and rules are necessary for their own good and the good of the company (Kahounová, 2015).



The last point of interest is whistleblowing. Although only a minority of the respondents mentioned this prevention measure, TI Czech Republic attaches high importance to this approach. Basically, a whistle-blower is someone who reports behavior that contradicts the rules and ethics of a company. A pre-condition for this is a high level of confidentiality, and that whistle-blowers are guaranteed legal protection in order to prevent any kind of revenge or bullying. Only in this way can a company can encourage potential whistle-blowers and reveal hidden problems (Dufková, 2015). Moreover, companies need to create some contact point that also allows both identified and anonymous reporting, and is responsible for investigating these reports (ICC, 2010).

These methods serve as cornerstones for the effective prevention of corruption. However, it should be noted that the simple introduction of anti-corruption practices alone might not help if they are not respected and the corporate environment lacks enforcement (Kahounová, 2015). Hence, the next section will provide recommendations in order to create an anti-corruption environment and to increase the success of prevention measures.

## **8.2 Guidance for Surveyed Companies**

As corruption has been identified as an issue that is affecting the business operations of German companies in the Czech Republic, their approaches to combating corruption should be adapted to the circumstances of the Czech environment. The following recommendations can be suggested from the surveys and interviews.

First of all, a lack of consensus on the definition of corruption has been identified. This might be a consequence of a company not having training that pursues the goal of creating an overall understanding of corruption. One reason for this might be that companies only provide a superficial understanding of the topic, for instance only in written form presented in the CGC. This approach might lack proper training according to the set rules. Thus, as recommended, companies have to create an understanding of the term for all employee groups by concentrating on the employees and ensuring that the topic is understood and embedded in their consciousness.

As a second point, the perceived causes of corruption should be tackled with prevention methods. 75% of the respondents state the lack of morals and 61% social tolerance among others as main causes for corruption. These results imply that companies should create an

environment with strong company values that are embedded in employee's consciousness. These values must project the company's zero-tolerance for corruption in order to counteract against the problem of social tolerance and to reinforce morals.

Although the majority of companies incorporate some of the suggested prevention measures into their business activities, only 20% of the companies implemented whistle-blower systems. Also, only 12% of the respondents perceive it as effective method, although according to TI Czech Republic it can reduce corruption in an organization. So, to increase detection of corruption and also prevent further corruption cases, companies should create an environment that encourages whistle-blowing and offers adequate reporting systems. To reach this, companies must assure whistle-blowers the necessary protection and anonymity if desired.

Moreover, different views on the acceptance of gifts during the process of issuing a huge contract became evident. As 59% of the respondents would not consider a gift of a certain value to be a bribe, this attitude might be a consequence of the societal norms of the Czech Republic. Thus, the gift giving and accepting culture in the Czech Republic should be tackled during training or in company procedure manuals. In the course of this it is fundamental that clear rules are stated on the acceptable values of gifts and other courtesies when dealing with business partners and suppliers, and that gifts in the contract award process are categorically prohibited.

In addition to this, although relationships in the Czech environment play an important role, 88% of respondents would not favor the son of a friend in the application process, stating mainly personal reasons. However, only 22% state as a reason that this behavior would contradict the CGC. As a result, it is recommended to use examples of favoritism and make evident that they are not compatible with company values.

As a last point, it has been identified that respondents share the opinion that the use of relationships and bribes makes it easier to access public services in the Czech Republic. As this view is so prevalent, it is recommended to stress the fact that all business procedures should only be handled through official channels. This can be supported by the introduction of the two-man rule, for example in external purchasing processes as well as matters that concern government institutions.

### **8.3 Guidance for Businesses**

First of all, it has to be noted that there is no single valid tactic for combating corruption in a company, as every strategy needs to be adapted to the requirements and risks of different business environments and sectors. Instead, the company should tackle this with a risk analysis in order to identify risky business areas or business partners. In the course of this analysis, the company should also be aware of potential damages and the consequences that could arise from corruption cases, in order to derive guidelines and practices tailored specifically for the company (Naqschbandi & Zeiner, 2014).

It needs to be considered that the introduction of written guidelines and practices to prevent corruption will not be successful without incorporating them into daily business tasks. Employees need to be involved in the process by understanding and enforcing these values and recognizing their impact on their business area (Pucetaite, Lämsä, & Novelskaite, 2010). Furthermore, training and prevention measures should not only be targeted at higher management positions but should involve the whole organization to secure a universal understanding among the employees (Webb, 2012). At the same time the risks of infringing the rules and guidelines needs to be clearly highlighted and the company needs to prosecute violators. The company must establish and live in a culture where corruption is not tolerated at all (Dufková, 2015). Only if this is secured can the company can establish credibility, and thus effectively prevent corruption from happening in the future (Karklins, 2005). In order to guarantee effective prosecution, the compliance department should introduce procedures for monitoring the set principles and rules (Naqschbandi & Zeiner, 2014). Nevertheless, the success of all strategies depends on the managers' involvement and good role models to create a corporate culture where corruption is not tolerated (Sööt, 2012).

## 9. Conclusion

In this research paper it is evident that corruption in the Czech Republic is a central topic that is not only of concern for national institutions but also affects foreign market participants such as German companies. The necessity to further investigate this matter is based on the mutual economic importance of these two economies and the large number of German companies operating in the Czech market.

The analysis of corruption measurement indicators has displayed the prevalence of corruption in the Czech Republic as compared to Germany or the European Union average. This trend has also been confirmed by the primary research results obtained by surveying German companies in the Czech market. The majority of respondents confirm an incidence of corruption that is affecting their business activities. Some of the sample results proved that corruption, especially bribery and nepotism, have occurred in German companies. Moreover, the consensus on the correlation between strong contacts with public officials and easier access to public services in the Czech Republic supports these findings.

This work has pointed out that the high degree of corruption in the Czech Republic can be partly attributed to country-specific determinants. The Czech nation still seems to be influenced by the former communist regime. Therefore, the higher tolerance for corrupt practices might be a result of the former culture of bribes that was particularly prevalent in the old political system. Hence, cultural determinants and to some extent patterns in the political environment have been crucial for this aspect of Czech business practices, whereas it might not be directly attributable to economic determinants.

In the last section, this work has identified the most common practices to prevent corruption in German companies in the Czech market, such as transparency within the company, two-man rule, CGC, having a compliance department, and training. In addition, the importance of whistle-blowing systems has been discussed and also the need for corporate cultures that support potential whistle-blowers. Concerning country-specific patterns, the gift giving and accepting and nepotism culture should be taken into consideration and tackled specifically with preventive measures. To accomplish this, clear rules should serve as guidelines for the employees and their personal decision-making processes. In addition, the introduction of internal control mechanisms such as the two-man rule can foster compliance, keep business

activities within official business channels, and prevent the intervention of personal relationships in business decisions.

Further areas of interest for research remain, such as to compare the situation of German companies in the Czech Republic to other comparable countries in Central and Eastern Europe such as Poland, Hungary or Slovakia. It would also be of interest to compare the opinions of the German companies and to investigate if the cultural variable might also be attributable in these countries. Moreover, further research should be done by analyzing the possible introduction of new laws, or changes to current laws, in order to see if these provide more efficient prevention measures.

For the future, it can be assumed that the significance of the issue of corruption will steadily increase, not only in the corporate but also in the social environment. Although the use and control of corruption prevention measures are a resource-intensive responsibility, they add to a company's success by diminishing the long term risk of reputation damage. Moreover, companies should expect stricter anti-corruption laws that might aim to create trust in society and establish necessary conditions to encourage foreign investors.

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## 11. Appendix

### Appendix A: Contacted Companies

a. hartrodt CZ s.r.o.  
A.N.S. 2000 spol. s r.o.  
A.RAYMOND Jablonec s.r.o.  
ABT Thies s.r.o.  
AEC ELEKTROTECHNIKA, spol. s r.o.  
AEG ID s.r.o.  
Aerotech Czech s.r.o.  
AEROXON s.r.o.  
AK Frenštát s.r.o.  
AL-KO KOBER spol. s r.o.  
ALBO SCHLENK s.r.o.  
ALBO SCHLENK s.r.o.  
Alfmeier CZ s.r.o.  
Alfons Köster s.r.o.  
AMOENA spol. s r.o.  
Armstrong Floor Products Czech Republic, s.r.o.  
Aufwind Engineering s.r.o.  
B. Braun Medical s.r.o.  
BASF spol.s r.o.  
befra electronic, s.r.o.  
Behr Czech s.r.o.  
BERGER BETON spol. s r.o.  
BERTRAMS PEEKY spol. s r. o.  
Betonbau, s.r.o.  
Bilfinger HSG Technologies and Facility Management s.r.o.  
BLANCO Professional CZ spol. s r.o.  
Blumenbecker Prag s.r.o.  
BORGERS CS spol. s r.o.  
BOSCH DIESEL s.r.o.  
BOSCH Termotechnika s.r.o.  
Brenntag CR s.r.o.  
Brochier s.r.o  
Bühler Motor s.r.o.  
Carl Zeiss spol. s r.o.  
CATENA CZ s.r.o.  
CEHA KDC elektro k.s.  
Cesmir s.r.o.  
Chemetall Kft., org. složka  
DAE EU s.r.o.  
DC s.r.o.  
DCD IDEAL spol. s r.o.  
DCS Praha s.r.o.  
Deutsche Leasing ÈR, spol. s r.o.  
Dieffenbacher - CZ Hydraulické lisy s.r.o.  
Dietz Systeme s.r.o.  
Dobler Metallbau s.r.o.

Doosan Lentjes Czech s.r.o.  
Eaton Elektrotechnika s.r.o.  
EnBW CZ spol. S.r.o.  
Ept Connector s.r.o.  
Ernst Bröer, spol. s .r.o.  
ESN - ekonomická správa nemovitostí s.r.o.  
euroAWK s.r.o.  
EuWe Eugen Wexler ÈR s.r.o.  
EventHouse s.r.o.  
Evo Bus Bohemia s.r.o.  
Fackelmann CR spol. S.r.o  
Fehrer Bohemia s.r.o.  
Frankenland s.r.o.  
Fritzmeier s.r.o.  
G. Gühring  
GEA Heat Exchangers a.s.  
GENICAD s.r.o.  
Giese & Partner s.r.o.  
Goldbeck Prefabeton s.r.o.  
Goldfein CZ s.r.o.  
GTL Transport- und Lagersysteme s.r.o.  
H. A. Kovochem, spol. s .r.o.  
Haas Bohemia spol. s r. o.  
HACH LANGE s.r.o.  
Hailo CZ,s.r.o.  
HALFEN-DEHA, s.r.o.  
Hansa Èesko s.r.o.  
HANYKO Praha s.r.o.  
HDO s.r.o.  
Hectas Facility Services, s.r.o.  
Helukabel CZ s.r.o.  
HERDING Technika životního prostředí s.r.o.  
HMS-hygienické systémy, spol. s .r.o.  
Hochschule Fresenius  
Hochtief CZ a.s.  
HOEKE Automotive  
HORNBAACH Baumarkt CS spol. s .r.o.  
HPI-CZ spol. s r.o.  
IBS Scherer Czech s.r.o.  
Icopal Vedag CZ s.r.o.  
ILOS Industrie Logistik Service. S.r.o.  
ILV s.r.o.  
Ingenics s.r.o.  
ista Èeská republika s.r.o.  
Jungheinrich (ÈR) s.r.o.  
KA Contracting ÈR s.r.o.  
KELLER - speciální zakládání, spol. s .r.o.  
Kemmler Electronic s.r.o.  
Kempchen Trading s.r.o  
Kjellberg - ÈR spol. s r.o.  
KNORR-Bremse Systémy pro užitková vozidla CR, s.r.o



Kostal CR spol, s.r.o.  
Köster - Ěeská republika spol. s r.o.  
Köstler s.r.o.  
KS-Europe s.r.o.  
Kübler, spol. s r.o.  
Kümpers Textil s.r.o.  
KunstStoff-Fröhlich Czech Plast s.r.o  
Kurt O. John s.r.o.  
Lando CZ s.r.o.  
Leifheit s.r.o.  
LERROS Fashion CZ s.r.o.  
Lias Vintřov, lehký stavební materiál k.s.  
Lichtgitter CZ s.r.o.  
LIFOCOLOR, s.r.o.  
LIGUM s.r.o.  
Linde + Wiemann CZ, s.r.o.  
Mahr, spol. s .r.o.  
MANN + HUMMEL CZ s.r.o.  
manroland czech s.r.o.  
Maschinenfabrik Niehoff (CZ), s.r.o.  
Mbtech Bohemia s.r.o.  
MEDAC s.r.o.  
Meffert ĚR s.r.o.  
MEILLERGHP CZ s.r.o.  
menk  
Mercedes-Benz  
MESSER Technogas s.r.o.  
Metabo s.r.o.  
Meteor Polymer Products spol. sr.o.  
MICRO-EPSILON Czech Republic, spol. s .r.o.  
Miele, spol. s .r.o.  
Mubea, spol. s .r.o.  
Müller - Technik CZ s.r.o.  
Noerr Anwaltskanzlei  
NordSüd Czech s.r.o.  
Novatic ĚR s.r.o.  
Novibra Boskovice s.r.o.  
OBI Ceska Republika sr.o.  
OBO Bettermann Praha s.r.o.  
Omega Hořovice, spol. s .r.o.  
OSMA zpracování plastů Ostendorf & Mazeta s.r.o.  
OSRAM Ěeská republika s.r.o.  
Ostwind CZ, s.r.o.  
PBS Turbo s.r.o.  
Penny Market s.r.o.  
PFT, s.r.o. / Prostředí a fluidní technika, s.r.o.  
Pierburg s.r.o.  
Porr a.s. - pobočka Speciální zakládání staveb  
PRECIZ, s.r.o.  
Presston s.r.o.  
ProMinent Systems spol. S.r.o.

Püschmann s.r.o.  
 PwC Audit, s.r.o.  
 Raiffeisenbank im Stiftland eG pobočka Cheb o.z.  
 Rathgeber k.s.  
 Rauschert s.r.o.  
 REHAU s.r.o.  
 Rehm Ěeská republika s.r.o.  
 REMS Ceska republika s.r.o.  
 REMS Ěeská republika s.r.o.  
 RHEINZINK ĚR s.r.o.  
 Riessner-Gase s.r.o.  
 Robert Bosch, spol. S.r.o.  
 Röchling Automotive Kopøivnice s.r.o.  
 Rödl&Partner:  
 Rohde & Schwarz závod Vimperk, s.r.o.  
 Röwer & Rüb s.r.o.  
 RWE Ceska Republika a.s.  
 S.S.K., a.s.  
 Saarpör Klaus Eckhardt GmbH Neunkirchen Kunststoffe KG  
 SAHM, s.r.o.  
 SAP ĚR, spol. s .r.o.  
 Scafom-Rux Ěesko s.r.o.  
 SCH Stahl Trade s.r.o.  
 Schäfer-Menk, s.r.o.  
 Schenker, spol. s .r.o.  
 Schmelzer s.r.o.  
 Schneider & Gemsa CZ s.r.o.  
 Schomburg Cechy a Morava s.r.o.  
 Schunk Praha s.r.o.  
 Seaquist Closures Löffler s.r.o. .  
 SERVIND s.r.o.  
 SFW, s.r.o.  
 SIELAFF Bohemia s.r.o.  
 Siemens s.r.o.  
 Siemens s.r.o.  
 Simm s.r.o.  
 SLR - CZECHIA s.r.o.  
 Sonepar Ěeská republika spol. s r.o.  
 Spedition Feico, spol. s .r.o.  
 Srot Wetzel s.r.o.  
 SRS Kunststoff und Montagetechnik s.r.o.  
 STEINELTechnik s.r.o.  
 Stiebel Eltron spol. S.r.o.  
 Stöbich Brandschutz s.r.o.  
 Stock Plzeò a.s.  
 Storck Ceska republika, s.r.o.  
 Suspa CZ s.r.o.  
 Systemprint Drescher, s.r.o.  
 T-Mobile Czech Republic a.s.  
 TAV International a.s.  
 Technické pruziny Scherdel s.r.o.

Technické pružiny SCHERDEL s.r.o.  
Technolen technický textil s.r.o.  
terrasan CZ s.r.o.  
Tesení a pružné elementy k.s.  
Testo s.r.o.  
Thomas Cook s.r.o.  
TOURING BOHEMIA, s.r.o.  
Trumpeš s.r.o.  
TRUMPF Praha, spol. s r.o.  
TYCO Electronics EC Trutnov s.r.o.  
UBK s.r.o.  
UniCredit Bank Czech Republic and Slovakia, a.s.  
UnionOcel, s.r.o.  
Uniwheels Trading s.r.o.  
UTP - Universal Transport Praha s.r.o.  
V. FRAAS, k.s.  
VAPIS stavební hmoty s.r.o.  
VBH, Vereinigter Baubeschlag-Handel, s.r.o.  
VELOX CMS s.r.o.  
VESUVIUS Česká republika, a.s.  
Viessmann spol. S.r.o.  
Volke Mladá Boleslav spol. s r.o.  
Volksbank Lösbau-Zittau eG Niederlassung Prag  
WEBAC s.r.o.  
Weber Automation s.r.o.  
Westfalia Metal s.r.o.  
Wet Wipes International s.r.o.  
WICKE CZ, s.r.o.  
Wiegel CZ zároveň zinkování s.r.o.  
WILO CS, s.r.o.  
Wimmer Transportdienst, spol. s r.o.  
Windmüller & Hölscher Prostějov s.r.o.  
WINKHAUS CR, s.r.o.  
WINKLMANN CZ Holding s.r.o.  
Witzenmann Opava, spol. s r.o.  
Wüstenrot - stavební spořitelna, a.s.  
Xella CZ s.r.o.  
Xella CZ, s.r.o.  
Zarges CZ, s.r.o.  
Železářny-Annahütte spol. S.r.o.  
Zementwerk Berlin, s.r.o.  
ZEPRIS s.r.o.  
ZF Engineering Plzeň s.r.o.  
Ziehl - Abegg s.r.o.  
ZinkPower Roudnice s.r.o.  
Zott s.r.o.  
Zott s.r.o.  
ZÜBLIN stavební společnost s ručením omezeným s.r.o.  
ZWICKER SYSTEMS s.r.o.

## Appendix B: Questionnaires

### German Version

**1. Was stellt Ihrer Meinung nach Korruption im Geschäftsumfeld dar?  
(Mehrfachnennung möglich)**

- ☐ **Veruntreuung** (z.B. Finanzmittel werden für andere als die vereinbarten Zwecke verwendet; Reisespesen werden für nicht angetretene Dienstreisen gezahlt; Projektfahrzeuge werden für Privatzwecke genutzt)
- ☐ **Bevorzugung/ „Vetternwirtschaft“** (Nutzung von Beziehungen („Vitamin B“) bei Auftrags- oder Stellenvergaben)
- ☐ **Bestechung** Zahlung von Schmiergeldern z.B. im Zusammenhang mit der Erlangung eines Auftrags für mein Unternehmen, zur Beschleunigung von Prozessen, zur Hintergehung von Regelungen
- ☐ **Annahme und Vergabe von Geschenken:** z.B. Tickets zu bedeutenden Veranstaltungen, Reisen oder Gefälligkeiten wie vergünstigte oder kostenlose Serviceleistungen
- ☐ **Andere:**

**2. Betrachten Sie Korruption als ein Problem bei Geschäftstätigkeiten in Tschechien?**

- ☐ Ja
- ☐ Ja, aber es hat noch nie unsere Geschäftstätigkeiten beeinträchtigt
- ☐ Nein
- ☐ Ich weiß es nicht

**3. Als wie schwerwiegend empfinden Sie das Thema Korruption im tschechischen Umfeld?**

- ☐ Sehr schwerwiegend
- ☐ Etwas schwerwiegend
- ☐ Überhaupt nicht schwerwiegend
- ☐ Ich weiß es nicht

**4. Wie würden Sie den Korruptionsgrad heutzutage gegenüber vergangener Jahre vergleichen?**

- ☐ Höher als früher
- ☐ Genauso wie früher
- ☐ Geringer als früher
- ☐ Ich weiß es nicht

**5. Was betrachten Sie als die Hauptgründe für Korruption in Tschechien?  
(Mehrfachnennung möglich)**

- ☐ Bürokratische Prozesse
- ☐ Mangelnde Vollstreckung von Gesetzen
- ☐ Niedrige Gehälter
- ☐ Mangelnde Moral
- ☐ Gesellschaftliche Toleranz
- ☐ Ich weiß es nicht
- ☐ Andere:

**6. Gab es jemals einen Fall von Korruption in Ihrem Unternehmen?**

- ☐ Ja
- ☐ Nein
- ☐ Keine Angabe

**7. Falls ja, welche Art von Korruption wurde verübt? (Mehrfachnennung möglich)**

- ☐ Bestechung
- ☐ Geschenke
- ☐ Bevorzugung von Familienmitgliedern, Freunden, Verwandten
- ☐ Veruntreuung
- ☐ Andere:
- ☐ Keine Angabe

**8. Waren Sie schon einmal involviert in irgendeine Art von Korruptionsfall in Ihrem Unternehmen?**

- ☐ Ja
- ☐ Nein
- ☐ Keine Angabe

**9. Falls ja, welche Art von Korruption wurde verübt?**

- ☐ Bestechung
- ☐ Geschenke
- ☐ Bevorzugung von Familienmitgliedern, Freunden, Verwandten
- ☐ Veruntreuung
- ☐ Andere:
- ☐ Keine Angabe

**10. Stellen Sie sich die folgende Situation vor. Ihr Unternehmen hat einen großen Auftrag zu vergeben und es stehen mehrere potentielle Geschäftspartner zur Auswahl. Bevor die endgültige Entscheidung gefällt wird, sendet Ihnen ein potentieller Geschäftspartner ein materielles Geschenk in Ihr Büro. Der Wert des Geschenks ist eindeutig erkennbar. Bitte wählen Sie eine der folgenden Antwortmöglichkeiten, um zu zeigen, ab welchem Wert Sie das Geschenk als Bestechung ansehen würden.**

- ☐ Für mich stellt jegliche Art von Geschenken eine Bestechung dar
- ☐ Über 30 Euro
- ☐ Über 50 Euro
- ☐ Über 100 Euro
- ☐ Über 500 Euro

**11. Stellen Sie sich folgende Situation vor. Sie müssen eine freie Position in Ihrem Team füllen und haben schon mehrere qualifizierte Bewerbungen erhalten. Der Sohn eines alten Freundes ist zurzeit auf der Suche nach einer neuen Stelle und Ihr Freund bittet Sie, seinem Sohn weiterzuhelfen. Bitte wählen Sie die Antwort, die Ihrer Einstellung zu diesem Thema am ehesten entspricht. (Mehrfachnennung möglich)**

- ☐ Ich würde den Sohn meines Freundes **bevorzugen**, wenn er qualifiziert istIch würde den Sohn meines Freundes **bevorzugen**, obwohl es gegen den Corporate Governance Codex ist
- ☐ Ich würde den Sohn meines Freundes **bevorzugen**, obwohl es mich in einen moralischen Konflikt bringen würde
- ☐ Ich würde den Sohn meines Freundes **bevorzugen**, weil mir die Freundschaft wichtig ist
- ☐ Ich würde den Sohn meines Freundes **nicht bevorzugen**, auch wenn er qualifiziert ist
- ☐ Ich würde den Sohn meines Freundes **nicht bevorzugen**, weil es gegen den Corporate Governance Codex spricht
- ☐ Ich würde den Sohn meines Freundes **nicht bevorzugen**, weil es mich in einen moralischen Konflikt bringt
- ☐ Ich würden den Sohn meines Freundes **nicht bevorzugen**, weil Freundschaft für mich nicht über Arbeit geht
- ☐ Ich weiß nicht, wie ich mit dieser Situation umgehen soll
- ☐ Keine Angabe

**12. In wie weit stimmen Sie der Aussage zu, dass die Nutzung von Beziehungen oder Bestechungen es manchmal einfacher macht öffentliche Dienste in Tschechien zu erhalten?**

- ☐ Ich stimme voll und ganz zu
- ☐ Ich stimme eher zu
- ☐ Ich stimme eher nicht zu
- ☐ Ich stimme überhaupt nicht zu
- ☐ Keine Angabe

**13. In wie weit stimmen Sie der Aussage zu, dass gute Beziehungen zu Politikern wichtig sind, um geschäftlich erfolgreich in Tschechien zu sein?**

- ☐ Ich stimme voll und ganz zu
- ☐ Ich stimme eher zu
- ☐ Ich stimme eher nicht zu
- ☐ Ich stimme überhaupt nicht zu
- ☐ Keine Angabe

**14. Wurde in Ihrem tschechischen Tochterunternehmen ein Corporate Governance Codex aus dem deutschen Mutterunternehmen implementiert?**

- ☐ Ja, im gleichen Umfang
- ☐ Ja, aber nur teilweise
- ☐ Nein, wir haben keinen Corporate Governance Codex im deutschen Mutterunternehmen ☐
- ☐ Nein, wir haben zwar einen Corporate Governance Codex in Deutschland, aber nicht in Tschechien
- ☐ Ich weiß es nicht
- ☐ Keine Angabe

**15. Falls nein, warum haben Sie keinen Corporate Governance Codex in Ihrem tschechischen Unternehmen?**

- ☐ Unser Unternehmen sieht keinen Bedarf
- ☐ Wir haben es versucht, allerdings wieder abgeschafft
- ☐ Ich weiß es nicht
- ☐ Andere:

**16. Wie bekämpfen Sie in Ihrem Unternehmen Korruption? (Mehrfachnennung möglich)**

- ☐ Corporate Governance Codex
- ☐ Compliance Abteilung
- ☐ Unternehmenstransparenz
- ☐ Teambildung zur Verringerung von Verfügungsrechten/ Entscheidungsfreiräumen
- ☐ Schulungsmaßnahmen (Seminare/ Training)
- ☐ Vier-Augen-Prinzip



- ☐ Whistleblowing (interne Ermittler zur Aufspürung von Korruption)
- ☐ Richtlinien / Hotline zur Beratung für das Verhalten in bestimmten Situationen (z.B. Annahme von Geschenken)
- ☐ Rotationsprinzip (z.B. im Einkauf, zur Vorbeugung einer persönlichen Bindung zu Lieferanten)
- ☐ Ich weiß es nicht
- ☐ Andere:

**17. Was halten Sie aus Ihrer *persönlichen Erfahrung* als die effektivste Methode(n), um Korruption zu bekämpfen? (Mehrfachnennung möglich)**

- ☐ Angemessene Bezahlung
- ☐ Corporate Governance Codex
- ☐ Compliance Abteilung
- ☐ Unternehmenstransparenz
- ☐ Teambildung zur Verringerung von Verfügungsrechten/ Entscheidungsfreiräumen
- ☐ Schulungsmaßnahmen (Seminare/ Training)
- ☐ Vier-Augen-Prinzip
- ☐ Whistleblowing (interne Ermittler zur Aufspürung von Korruption)
- ☐ Richtlinien / Hotline zur Beratung für das Verhalten in bestimmten Situationen (z.B. Annahme von Geschenken)
- ☐ Rotationsprinzip (z.B. im Einkauf, zur Vorbeugung einer persönlichen Bindung zu Lieferanten)
- ☐ Ich weiß es nicht
- ☐ Andere:

***Persönliche und unternehmensbezogene Informationen***

**Welches Geschlecht haben Sie?**

- ☐ Weiblich
- ☐ Männlich
- ☐ Keine Angabe

**Welcher Nationalität gehören Sie an?**

- ☐ Tschechisch
- ☐ Deutsch
- ☐ Andere

**Welchen Umsatz erzielte Ihr Unternehmen im letzten Jahr (in Euro)**

- ☐ Weniger als 100.000
- ☐ 100.000 – 500.000
- ☐ 500.001- 2 Mio.
- ☐ > 2 Mio – 10 Mio
- ☐ > 10 Mio. – 50 Mio.
- ☐ > 50. Mio

**Wie viele Mitarbeiter beschäftigt Ihr Unternehmen?**

- ☐ 0-50
- ☐ 51-150
- ☐ 151-300
- ☐ > 300

**Wie lange ist Ihr Unternehmen schon in Tschechien tätig?**

- ☐ Ein Jahr
- ☐ Zwei bis drei Jahre
- ☐ Drei bis fünf Jahre
- ☐ Mehr als fünf Jahre
- ☐ Mehr als 10 Jahre

**In welcher Industrie ist Ihr Unternehmen tätig?**

- ☐ Automobilindustrie
- ☐ Beratung
- ☐ Chemieindustrie
- ☐ Pharmaindustrie
- ☐ Energieindustrie
- ☐ Bauindustrie
- ☐ Finanzwesen

- ☐ Telekommunikation/ Informationstechnologie
- ☐ Textilindustrie
- ☐ Lebensmittelindustrie
- ☐ Solarindustrie
- ☐ Andere:

## Czech version

### 1. Co podle Vás představuje pojem korupce v podnikatelském prostředí? (možnost označení více odpovědí)

☐ **Zpronevěra**

Např. využití finančních prostředků na jiné než domluvené účely, vyplacení diet na služební cesty, které nebyly realizovány, služební automobily, které jsou využívány pro soukromé účely

☐ **Protekce/ Protěžování**

Využití kontaktů (německý eufemismus „Vitamín B“) při zadávání/získávání zakázek a přijímání zaměstnanců

☐ **Úplatkářství**

Poskytování úplatků, např. kvůli získání zakázek pro společnost, nebo pro urychlení procesů, při obcházení předpisů

☐ **Přijetí a poskytnutí darů:**

Jako např. vstupenky na významná představení, pozvání k návštěvě a zaplacení nákladů na tuto cestu, nebo jiné drobné dárky a laskavosti, jako bezplatné poskytnutí služeb, apod.

☐ **Jiné:**

### 2. Považujete korupci za problém při podnikání v České republice?

☐ Ano

☐ Ano, ale obchodní aktivity naší společnosti tím ještě nikdy nebyly ovlivněny

☐ Ne

☐ Nevím

### 3. Za jak závažné považujete téma korupce v českém podnikatelském prostředí?

☐ Velmi závažné

☐ Mírně závažné

☐ Vůbec ho nepovažuji za závažné

☐ Nevím

**4. Jak byste porovnal/a stupeň korupce dnes ve srovnání s minulými lety?**

- ☐ Vyšší než dříve
- ☐ Stejný jako dříve
- ☐ Menší než dříve
- ☐ Nevím

**5. Co považujete za hlavní příčinu korupce v České republice? (možnost označení více odpovědí)**

- ☐ Byrokratické procesy
- ☐ Nedostatečné prosazování zákonů
- ☐ Nízké platy/mzdy
- ☐ Nedostatek morálních zásad
- ☐ Společenská tolerance
- ☐ Nevím
- ☐ Jiné:

**6. Zaznamenal/a jste někdy korupci ve Vaší společnosti?**

- ☐ Ano
- ☐ Ne
- ☐ Žádná odpověď

**7. Pokud ano, k jakému druhu korupce došlo?**

- ☐ Úplatkářství
- ☐ Rozdávání darů
- ☐ Protěžování rodinných příslušníků, přátel a příbuzných
- ☐ Zpronevěra
- ☐ Jiné:
- ☐ Žádná odpověď

**8. Už jste někdy byl/a zapojen/a do jakéhokoli případu korupce ve Vaší společnosti?**

- ☐ Ano
- ☐ Ne
- ☐ Žádná odpověď

**9. Pokud ano, k jakému druhu korupce došlo? (možnost označení více odpovědí)**

- ☐ Úplatkářství
- ☐ Rozdávání darů
- ☐ Protěžování rodinných příslušníků, přátel a příbuzných
- ☐ Zpronevěra
- ☐ Jiné:
- ☐ Žádná odpověď

**10. Představte si následující situaci: Vaše společnost stojí před zadáním velkého kontraktu a je zde hned několik potenciálních obchodních partnerů, kteří se o něj uchází. Před tím, než je učiněno konečné rozhodnutí, Vám jeden z potenciálních obchodních partnerů nechá do Vaší kanceláře zaslat dárek. Hodnota daru je jasně patrná. Zvolte prosím jednu z možností, která ukáže, od jaké finanční hodnoty byste považoval/a daný dárek za pokus o úplatkářství:**

- ☐ Pro mě představuje jakýkoli dárek formu úplatku
- ☐ přes 30 euro
- ☐ přes 50 euro
- ☐ přes 100 euro
- ☐ přes 500 euro

**11. Představte si následující situaci: Musíte doplnit volnou pozici ve Vašem týmu a již nyní máte k dispozici několik vhodných uchazečů. Syn Vašeho starého známého právě hledá nové místo a Váš známý Vás poprosí, abyste jeho synovi pomohl/a. Zvolte prosím odpověď, která nejvěrněji odpovídá Vašemu postoji k danému tématu. (možnost označení více odpovědí)**

- ☐ Upřednostnil/a bych syna mého známého, pokud by měl odpovídající kvalifikaci
- ☐ Upřednostnil/a bych syna mého známého, ačkoli by to bylo proti kodexu správy a řízení organizace
- ☐ Upřednostnil/a bych syna mého známého, ačkoli by to u mě vyvolalo morální konflikt
- ☐ Upřednostnil/a bych syna mého známého, protože je pro mě přátelství důležité
- ☐ Syna mého známého bych **neupřednostnil/a**, i pokud by byl kvalifikovaný

- ☐ Syna mého známého bych **neupřednostnil/a**, protože by to bylo v rozporu s kodexem správy a řízení organizace
- ☐ Syna mého známého bych **neupřednostnil/a**, protože by to pro mě představovalo morální konflikt
- ☐ Syna mého známého bych **neupřednostnil/a**, protože pro mě přátelství není nadřazené práci
- ☐ Nevím, jak se s touto situací vypořádat
- ☐ Žádná odpověď

**12. Do jaké míry souhlasíte s tvrzením, že využívání vztahů (kontaktů) a úplatků někdy v České republice usnadňuje získávání služeb poskytovaných veřejnou správou?**

- ☐ Plně souhlasím
- ☐ Spíše souhlasím
- ☐ Spíše nesouhlasím
- ☐ Vůbec nesouhlasím
- ☐ Žádná odpověď

**13. Nakolik souhlasíte s tvrzením, že dobré vztahy s politiky jsou důležité, abyste mohli být úspěšní při podnikání v České republice?**

- ☐ Plně souhlasím
- ☐ Spíše souhlasím
- ☐ Spíše nesouhlasím
- ☐ Vůbec nesouhlasím
- ☐ Žádná odpověď

**14. Byl ve Vaší české pobočce společnosti implementován kodex správy a řízení organizace (Corporate Governance Codex), který funguje ve Vaší mateřské společnosti v Německu?**

- ☐ Ano, ve stejném rozsahu
- ☐ Ano, ale jen částečně
- ☐ Ne, ani v německé mateřské společnosti nemáme žádný kodex správy a řízení organizace
- ☐ Ne, v Německu takový kodex sice máme, ale v České republice nikoli
- ☐ Nevím
- ☐ Žádná odpověď

**15. Pokud ne, uveďte prosím, proč ve Vaší společnosti kodex správy a řízení organizace nemáte.**

- ☐ Naše společnost nevidí žádný důvod k zavádění kodexu
- ☐ Zkusili jsme to, nicméně kodex byl posléze zrušen
- ☐ Nevím
- ☐ Jiné:

**16. Jak ve Vaší společnosti bojujete s korupcí? (možnost označení více odpovědí)**

- ☐ Kodex správy a řízení organizace (Corporate Governance Codex)
- ☐ Oddělení compliance (oddělení vnitřní kontroly)
- ☐ Firemní transparentnost
- ☐ Teambuilding k omezení dispozičních práv/rozhodovací samostatnosti
- ☐ Opatření ve formě školení (semináře, trénink)
- ☐ Pravidlo čtyř očí (Two-man rule)
- ☐ Whistleblowing (interní vyšetřovatel pro odhalení korupce)
- ☐ Směrnice/horká linka poskytující radu při chování v určitých situacích (např. přijímání dáreků)
- ☐ Rotační princip (např. při nákupu, pro prevenci vytváření osobních vztahů s dodavateli)
- ☐ Nevím
- ☐ Jiné:



**17. Co představuje podle Vaší osobní zkušenosti nejúčinnější způsob (způsoby) v boji proti korupci? (možnost označení více odpovědí)**

- ☐ Přiměřená odměna
- ☐ Kodex správy a řízení organizace
- ☐ Oddělení compliance (oddělení vnitřní kontroly)
- ☐ Firemní transparentnost
- ☐ Teambuilding k omezení dispozičních práv/rozhodovací samostatnosti
- ☐ Opatření ve formě školení (semináře, trénink)
- ☐ Princip čtyř očí (Two-man rule)
- ☐ Whistleblowing (interní vyšetřovatel pro odhalení korupce)
- ☐ Směrnice/horká linka poskytující radu při chování v určitých situacích (např. přijímání dárků)
- ☐ Rotační princip (např. při nákupu, pro prevenci vytváření osobních vztahů s dodavateli)
- ☐ Nevím
- ☐ Jiné:

***Osobní informace a informace o zkoumané společnosti***

**Jaké je Vaše pohlaví?**

- ☐ Žena
- ☐ Muž
- ☐ Neuvedeno

**Jaké jste národnosti?**

- ☐ České
- ☐ Německé
- ☐ Neuvedeno

**Jakého obratu dosáhla Vaše společnost v loňském roce (v eurech)?**

- ☐ Méně než 100.000
- ☐ 100.000 – 500.000
- ☐ 500.001- 2 mil.

- ☐ > 2 mil. – 10 mil.
- ☐ > 10 mil. – 50 mil.
- ☐ > 50 mil.

**Kolik osob zaměstnává Vaše společnost?**

- ☐ 0-50
- ☐ 51-150
- ☐ 151-300
- ☐ > 300

**Jak dlouho již Vaše společnost působí na českém trhu?**

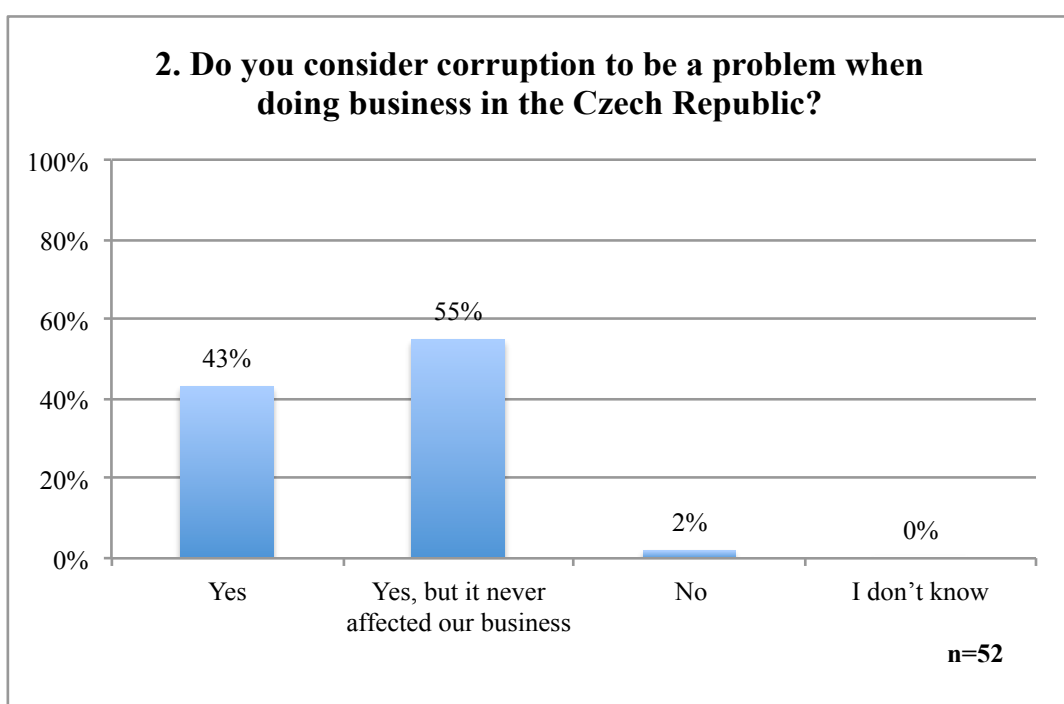
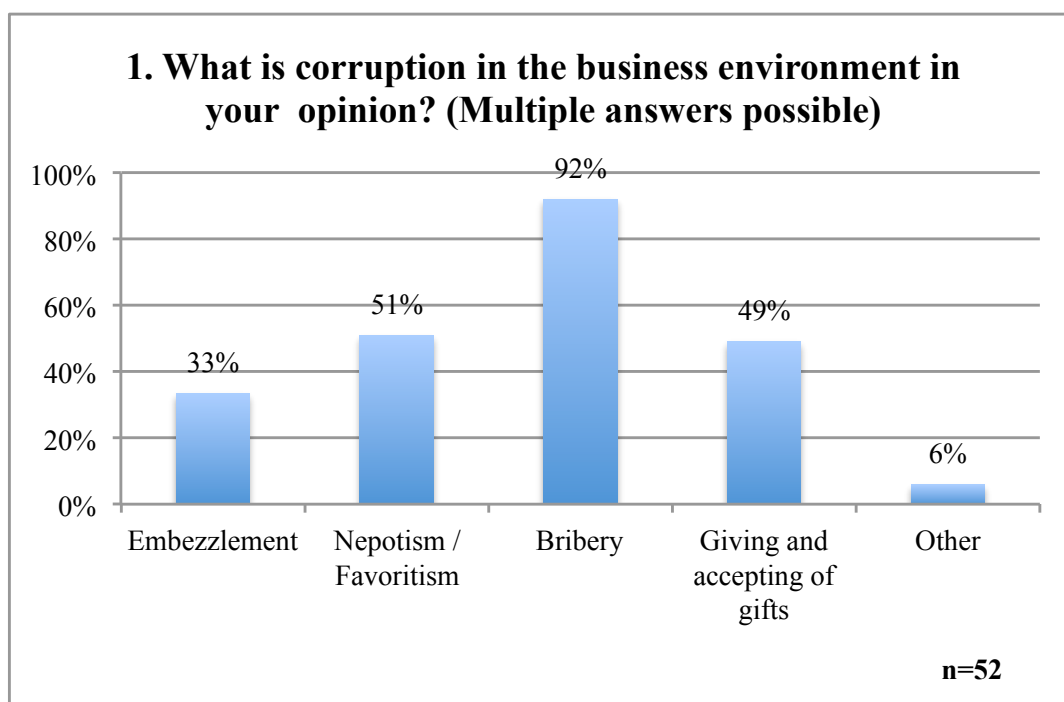
- ☐ 1 rok
- ☐ 2 až 3 roky
- ☐ 3 až pět let
- ☐ Více než pět let
- ☐ Více než 10let

**V jaké oblasti Vaše společnost působí?**

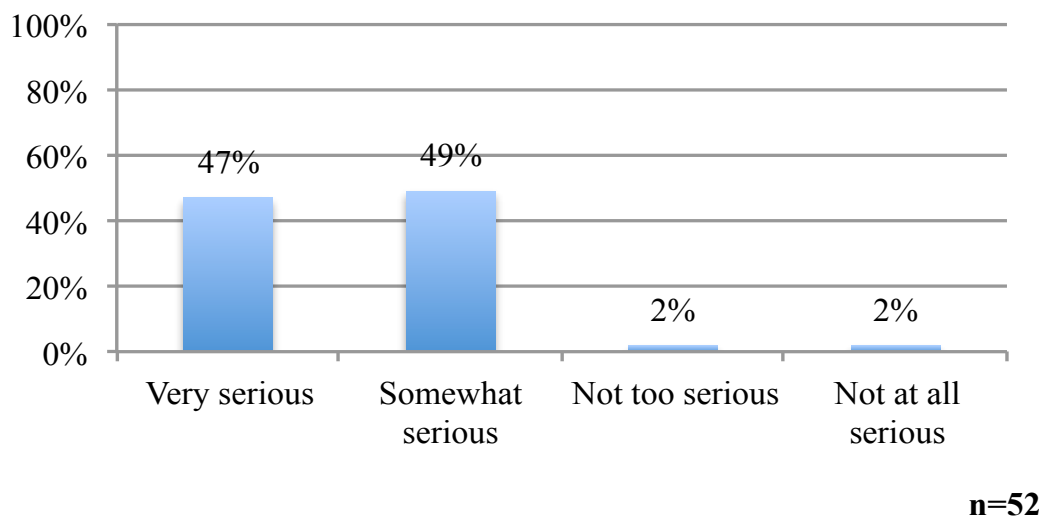
- ☐ Automobilový průmysl
- ☐ Poradenství
- ☐ Chemický průmysl
- ☐ Farmaceutický průmysl
- ☐ Energetický průmysl
- ☐ Stavební průmysl
- ☐ Finance
- ☐ Telekomunikace/ Informační technologie
- ☐ Oděvní průmysl
- ☐ Potravinářský průmysl
- ☐ Solární průmysl
- ☐ Jiné:

## Appendix C: Research Results

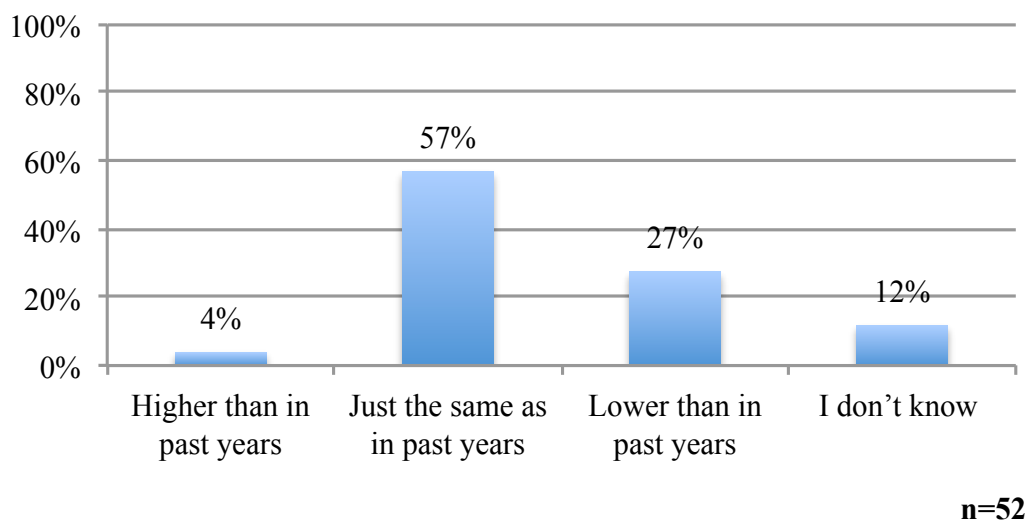
### *Definition and Perception of Corruption*

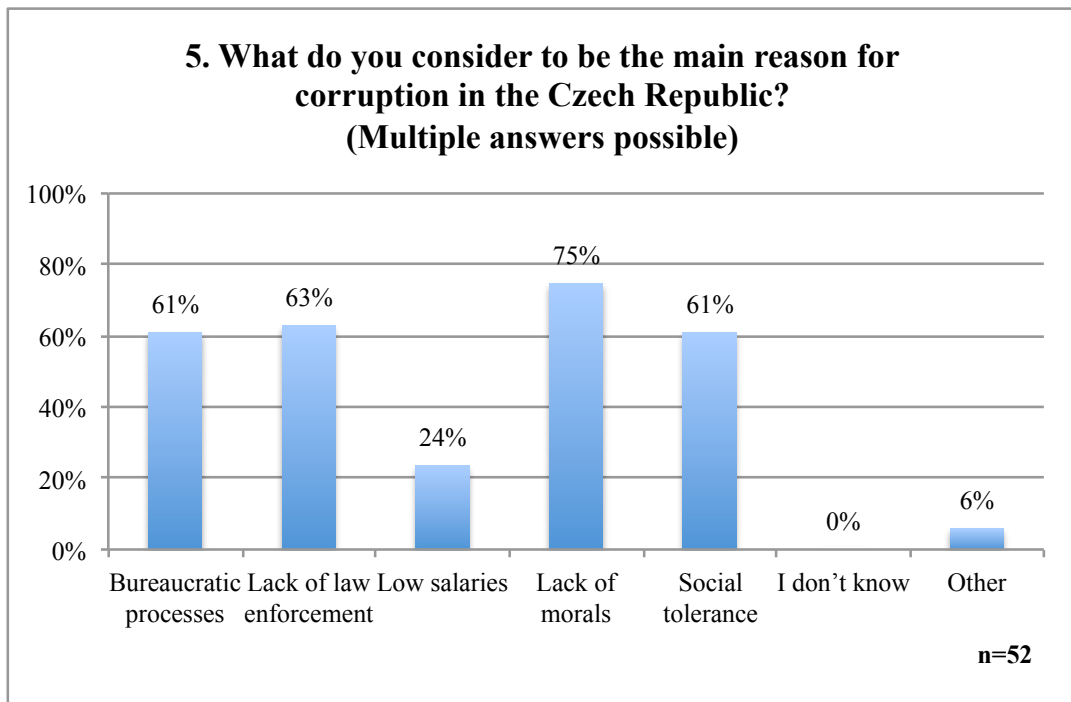


### 3. How serious do you perceive the issue of corruption to be in the Czech Republic?

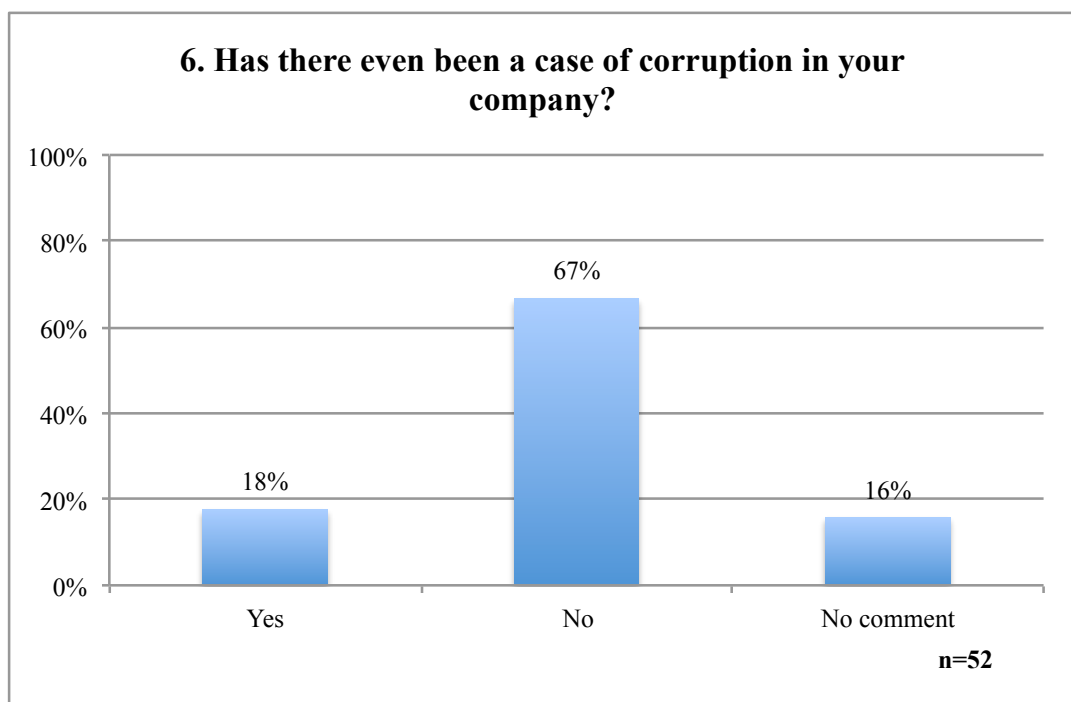


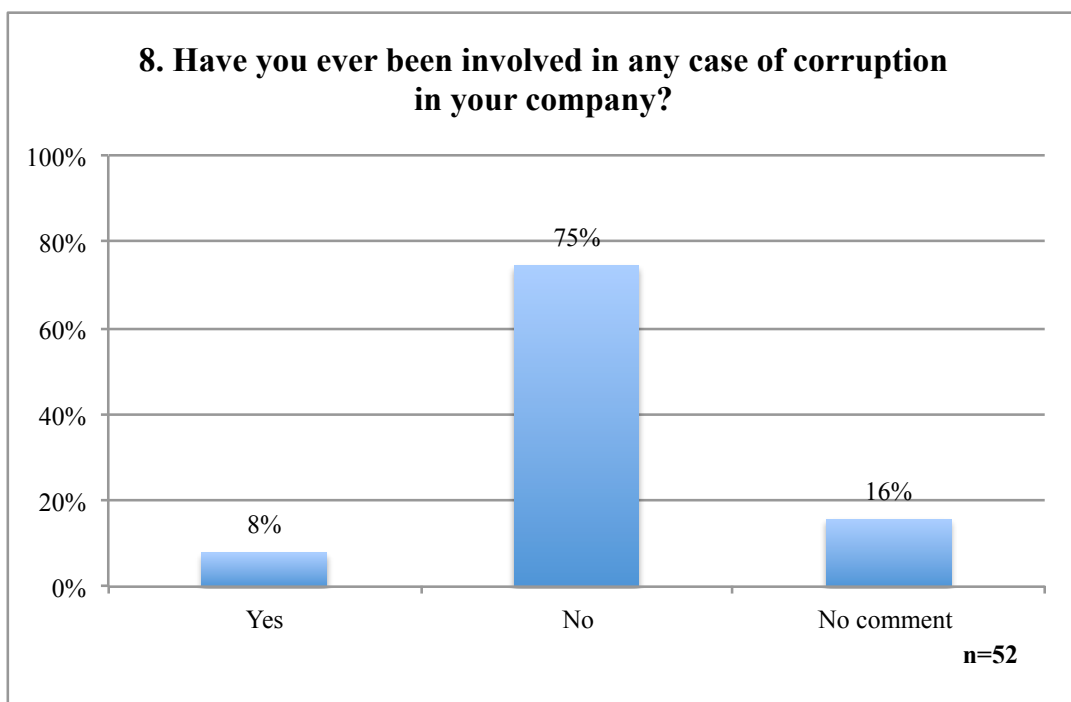
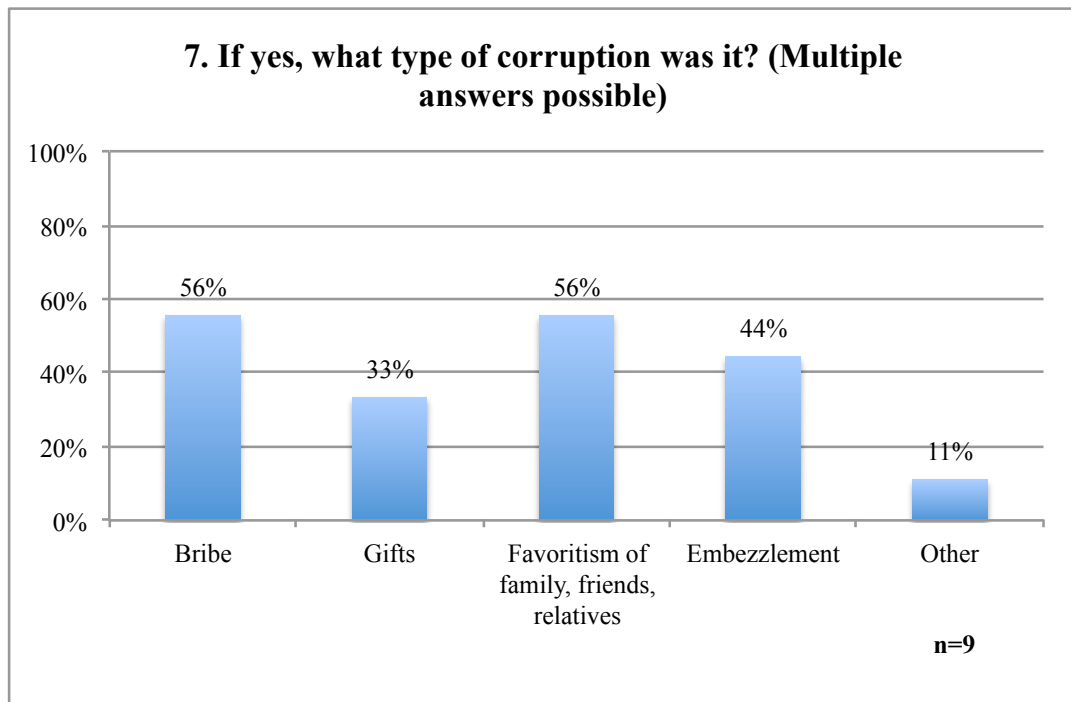
### 4. How would you assess the current level of corruption today compared to past years?

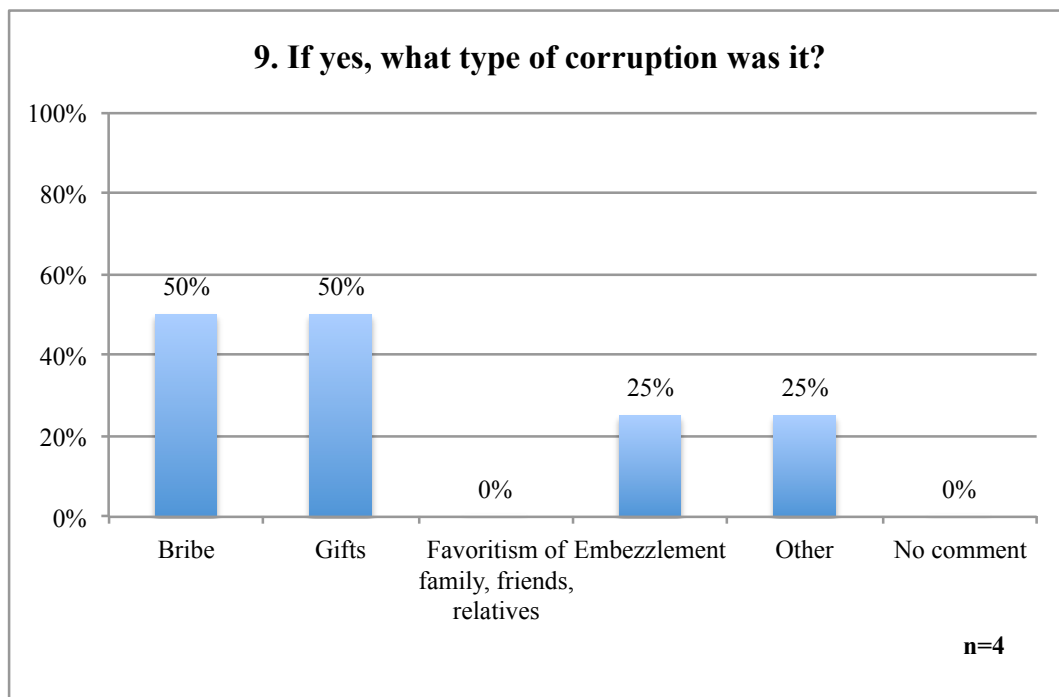




### *Experience with Corruption*

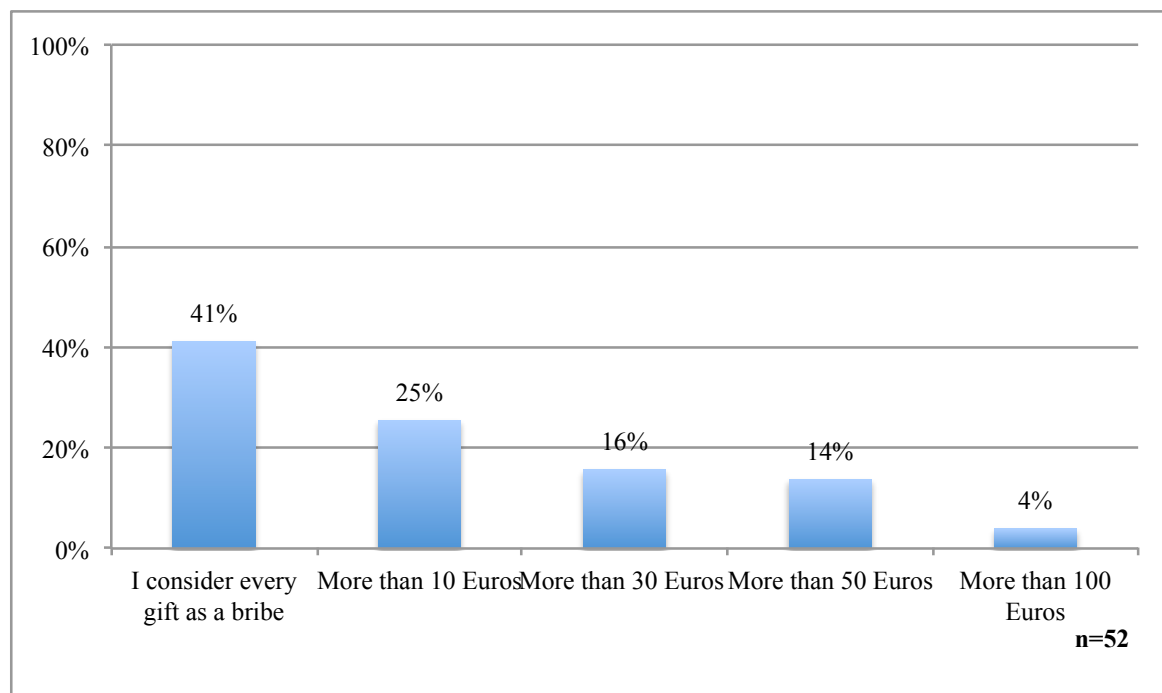




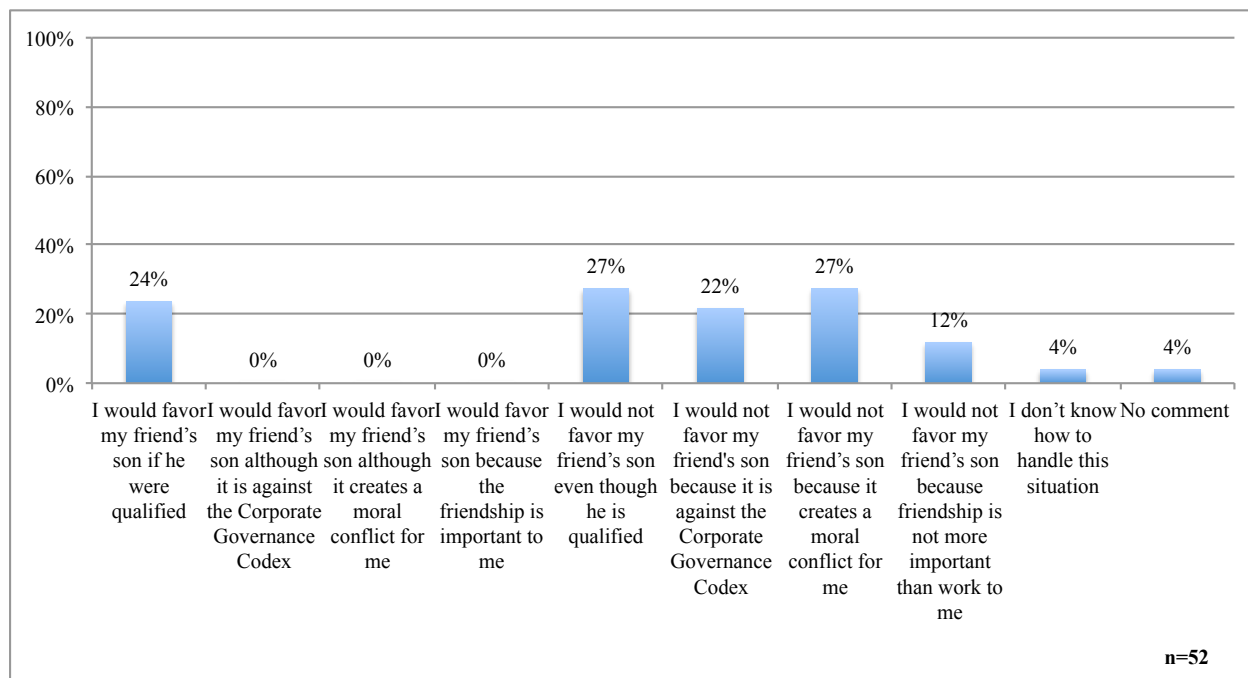


### *Attitude towards Corrupt Behavior*

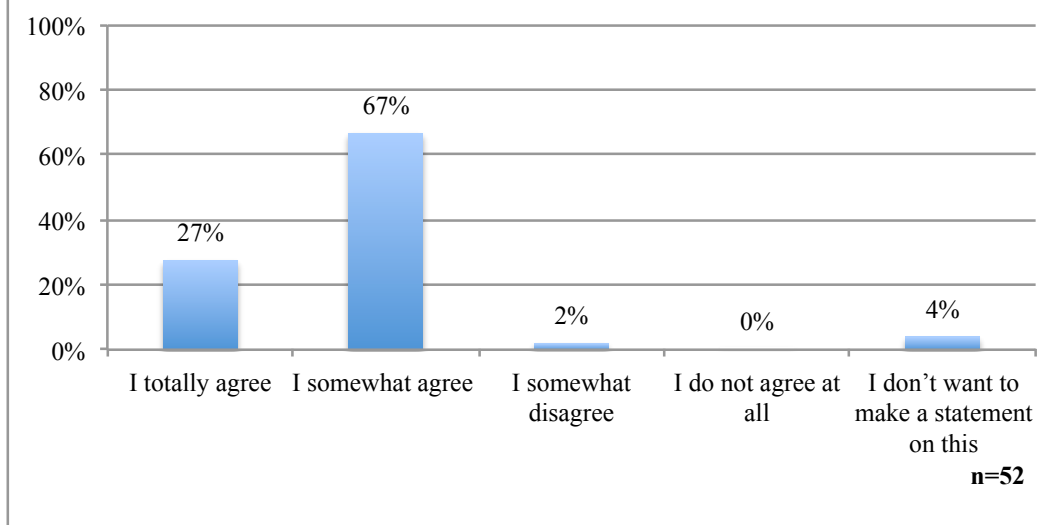
**10. Imagine the following situation. There are several business partners that are qualified for a big contract that your company has put out for tender. Before the final selection takes place, one potential business partner sends a gift to your office. The value of the gift is clearly recognizable. Please choose one of the following answers in order to make clear at what level of value would you consider a gift to be a bribe.**



**11. Imagine the following situation. You have to fill a vacant position in your team and you have already received several qualified applications. The son of an old friend is currently looking for a job and your friend asks you if you could help his son out. Please select the following answers that best fits your attitude.**

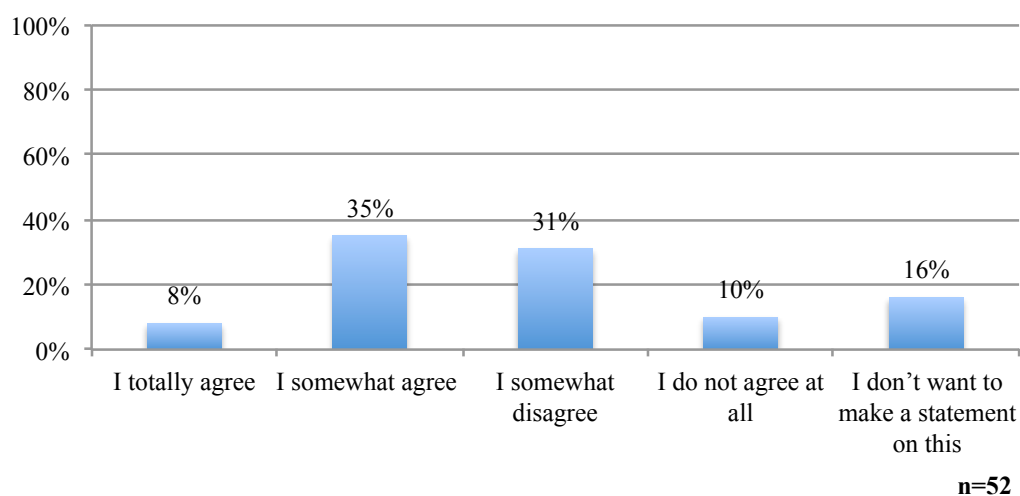


**12. Do you agree with the statement that the use of connections or even bribery sometimes makes it easier to obtain certain public services in the Czech Republic?**



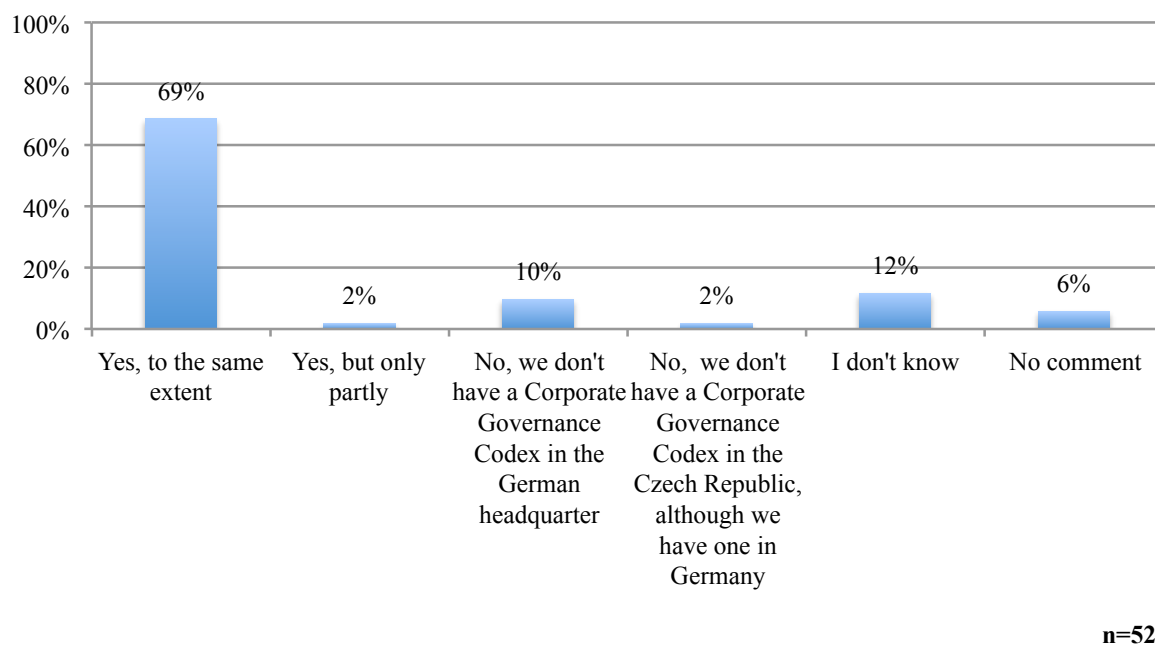


**13. Do you agree with the statement that good connections with politicians are important to be successful in business in the Czech Republic?**

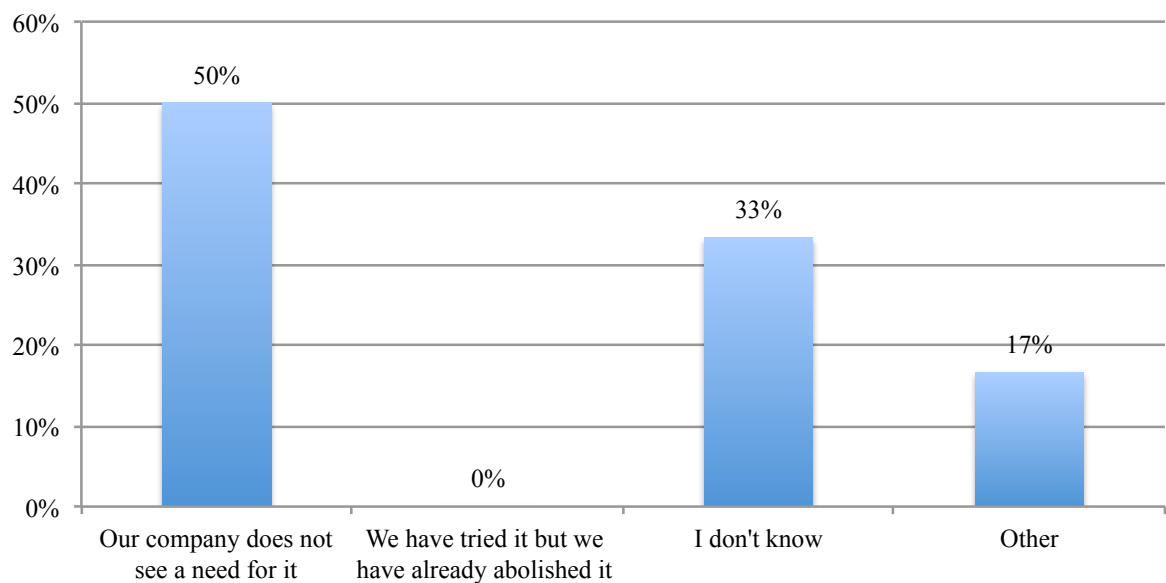


***Prevention and Recommendation***

**14. Has your Czech subsidiary implemented a Corporate Governance Codex from the German headquarter?**

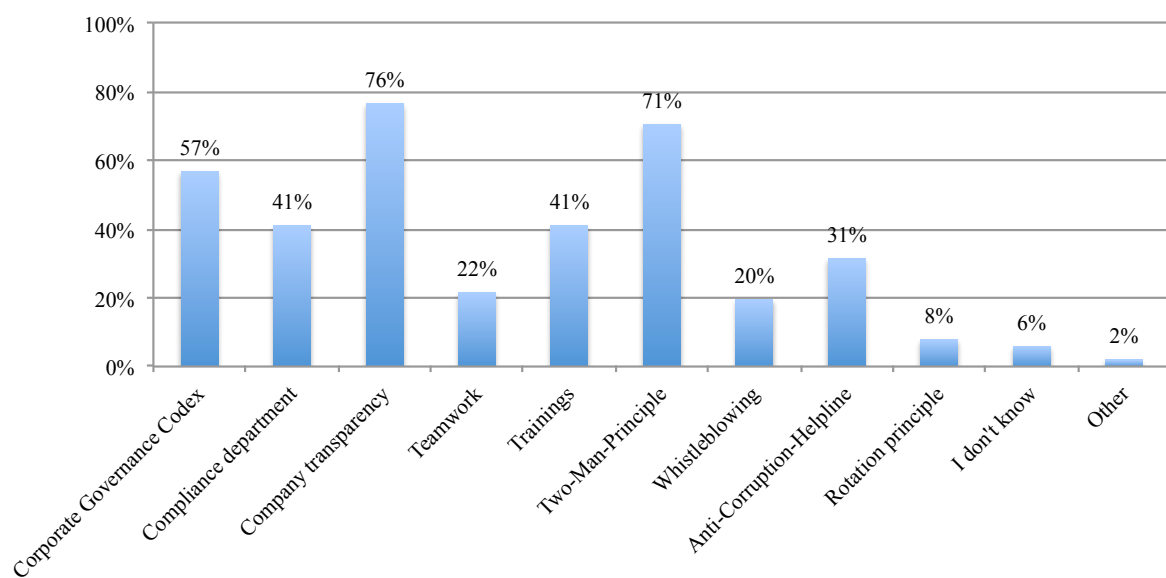


**15. If not, why don't you have a Corporate Governance Codex in your Czech subsidiary?**



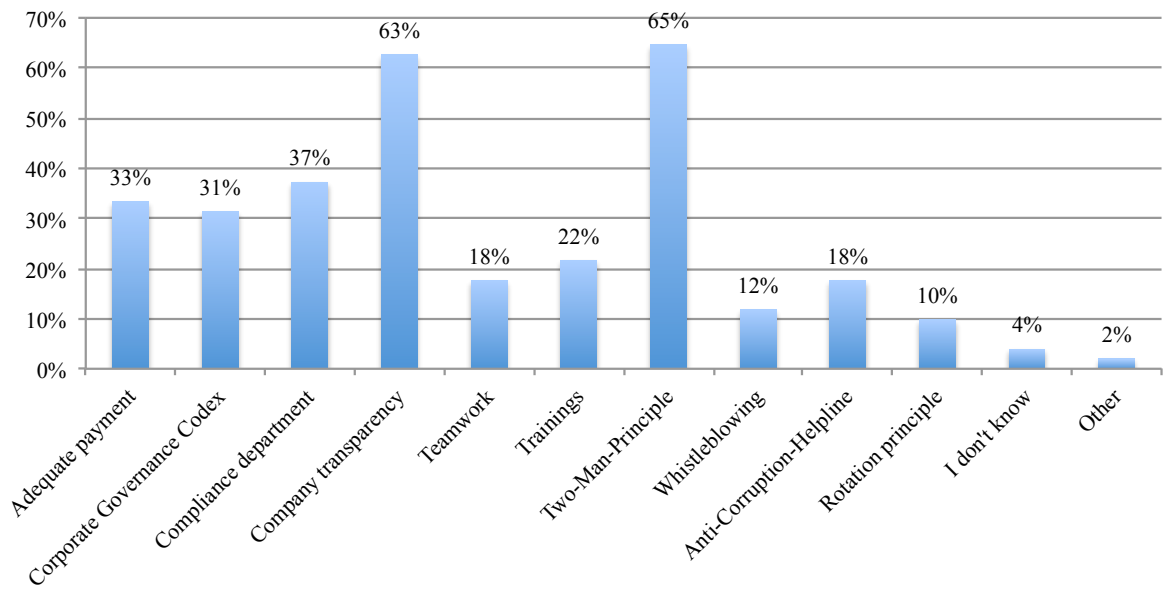
n=52

**16. How do you combat corruption in your company?  
(Multiple answers possible)**



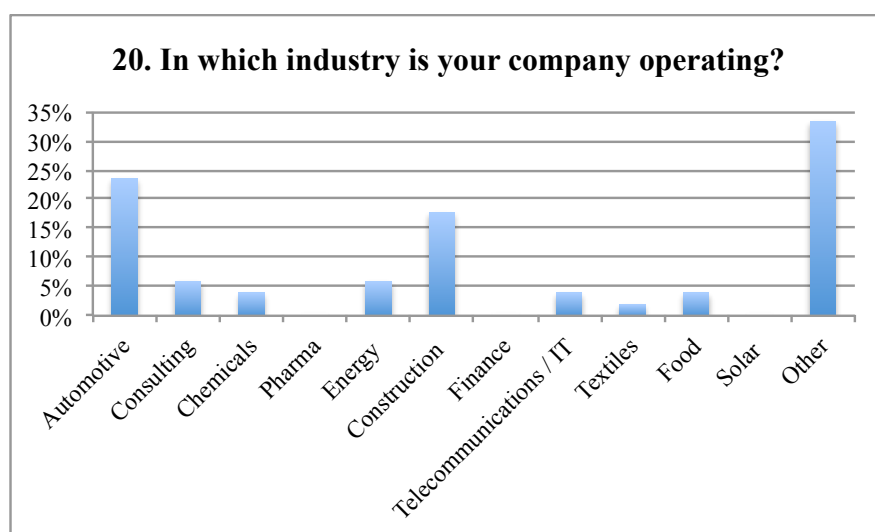
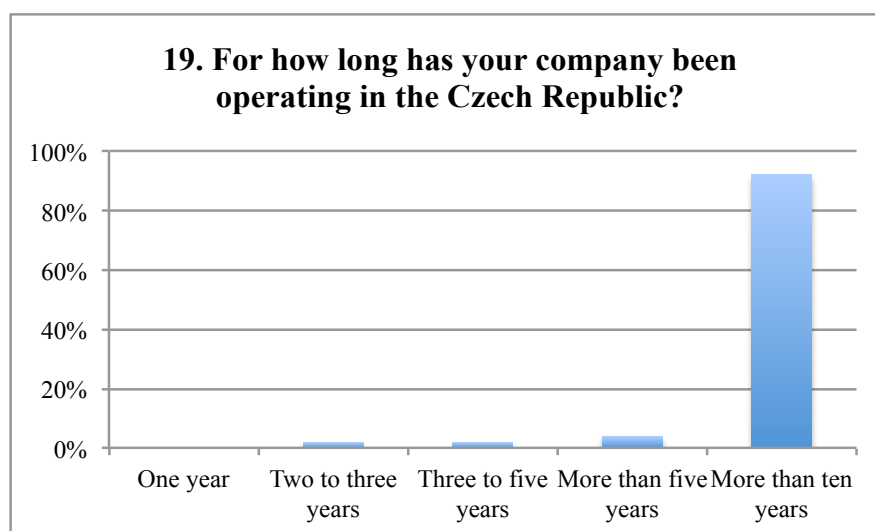
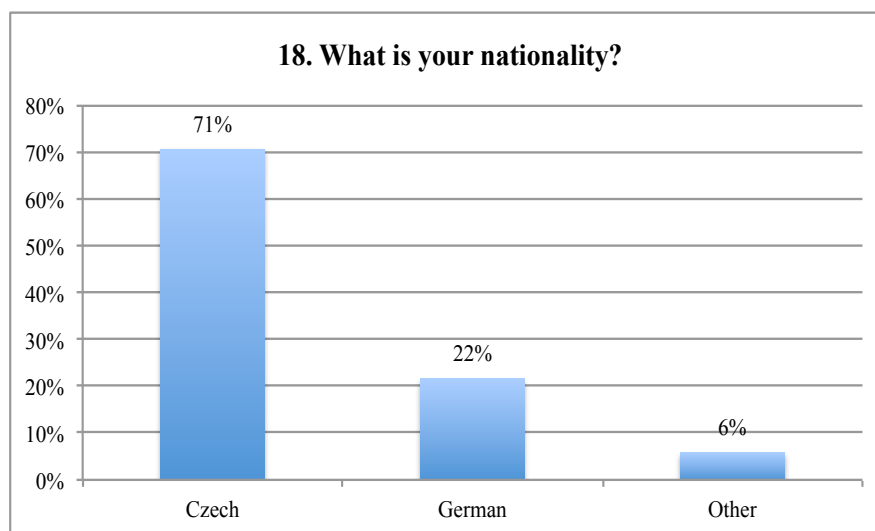
n=52

**17. What do you consider from your personal experience as the most effective method to combat corruption? (Multiple answers possible)**



n=52

## ***Company-related information***



## Appendix D: Expert Interviews

**Interview with Ivana Dufková -**

**Project Manager at Transparency International Czech Republic**

The interview was conducted the 8<sup>th</sup> of July, 3-3:30p.m. via phone

***Which form of corruption do you consider as the most severe one while doing business in the Czech Republic and how can companies prevent it?***

One of the main issues in the Czech Republic is the strong connection between businesses and politics. Civil services and public administration are problematic especially in terms of manipulation with public contracts. Especially in big tenders, only a couple of companies have the chance to win because there is a certain political influence behind it. This usually only concerns Czech companies though.

Nevertheless, it has to be mentioned that the process of investigation and detection is getting better as state prosecutors are now more active in such cases. However, core decisions may take years and this might even be more complicated for foreign companies.

Regarding the prevention of this, firstly, it is important to make the Czech law against corruption more effective. A systemic change in the functioning of public institutions and a more flexible law, which would enable an effective recourse of corruption, would significantly lower the level of corruption.

Secondly, every company may prevent the level of corruption by introducing a mean, which would enable employees to report confidentially any illegal or substandard transactions. It would serve as a kind of supervision or control over the business. A good example for this is a whistleblowing system with legal protection of whistle-blower.

***How can companies create a uniform understanding of corruption?***

The Czech criminal code does not define directly corruption as it focuses only on bribery. However, corruption ranges from offering bribes to embezzlement on EU level. For petty corruption like offering and accepting bribes, the understanding is quite clear within the population and it is not an issue anymore. The main issue is systematic corruption – the interconnection of politics, business and the influence of powerful figures that exert big political influence as they for example own media companies.

***Which cultural differences should German companies in the Czech market consider in order to protect their business from corruption?***

Clientelism and nepotism are common in the Czech market although they are viewed as a considerable issue, which negatively affect the business not only in state organisations but also in business. It is important to prevent these mentioned practices. Furthermore it is important to insist on transparency mainly when a company is involved in a public field.

***What would be your recommendation for German companies in the Czech market on how to combat corruption?***

As I have mentioned in Q1, it is important to give the employees an opportunity to report any possible corruption case without negative consequences. Internal and external transparency is also a key element, which positively impacts the credibility of the company. Many Czech companies tend to be non-transparent inside, which creates feelings of mistrust. Czech people do not have much trust in our politicians because people lack information about what is going on especially when it comes to strategic decisions in our country.

Regarding the implementation of transparency, this depends on the size, culture and the owners of a company. In state operations you follow standardized procedures because you have more or less kind of prescribed requirements. In bigger corporations, trade unions can serve as a powerful mean to be more transparent if the communication is open and fair and they are included into the decision-making.

***What do you consider as the main difficulties while combating corruption in companies?***

People who are witnesses or victims of corruption in a company are usually afraid to report this issue, which is a big difficulty when combating corruption. Whistle-blowers may become victims of bossing, mobbing, duress, threats or even revenge.

Managers follow often a poor approach of keeping track of suspicious actions because they are afraid that this might harm their reputation. However, I do not completely agree with this worry. If you are able to take legal measure and if you want to do it, it is an effective way to combat corruption in the own organisation. However, in the case that managers of a business are from another country and they hire the local mid-management, these hired employees might be afraid of the reaction of their bosses. This might be a result of feeling unsafe or uncomfortable due to legal or administrative reasons.

***How can you change moral values towards corruption and create a company culture that supports an anticorruption attitude?***

It is important to build confidence and transparency in a company. It is mainly up to the employers to increase the awareness of corruption and to give their employees guidelines how to combat corruption without feeling guilty or afraid. It is important for the company to reassure its employees that corruption is intolerable and to make appropriate steps in creating a suitable business environment. Therefore, it is recommendable that the company has a clear and simple Code of Ethics. This Code should also include a clear structure of responsibilities especially for risk analysis and control mechanisms. Moreover, the management has to show their willingness to change things that are not in accord with the Code of Ethics. And of course the most important point, the management must follow the same rules in their position as role models for their employees. If this last point is not fulfilled, effective corruption prevention cannot be guaranteed in an organisation.

***What needs to be changed in the long-term to transform the Czech Republic into a country with a more favourable business environment regarding the topic of corruption?***

It is obvious that the Czech law has to be more effective in terms of a combat against corruption. It is still very difficult to take a legal action against corruptive methods, which are used by companies. Before private companies apply for a public procurement, they make an agreement among themselves in advance on who will be the “winner”. Thereby, it is obvious that the “looser” will receive a certain amount of money. This type of corruption is getting more and more popular and is not covered by any law. Hence, it is important to widen the scope of authority in this particular field. In opposite to that, the process between the state and the applicant is covered quite well by the law. Besides the adjustment of the legislation, companies may create their own measures in preventing corruption for example by organising informative trainings about corruption or to encourage any potential whistle-blowers.

***How high does Transparency International estimate the costs of corruption in the Czech Republic?***

There is of course, no official statistics as to find exact numbers is impossible. However, our economists estimate that the cost of corruption is between 25.000.000.000 and 75.000.000.000 CZK. In addition to this, the President of the Federation of Industry estimates the costs of at least 40.000.000.000 crowns annually.

The state, counties and municipalities award annually contracts in the range of 500-640 billion. If we count only ten percent corruption commission, we come to 64 billion.

Chairman of the Anti-Corruption Foundation Karel Janecek even talks about corruption money of a hundred billion. This means that every citizen contributes in bribery thousand crowns annually.



**Interview mit Frau Mgr. Alžběta Kahounová –**

**Local compliance manager bei [REDACTED]**

Telefonisch durchgeführt am 25.06.2015 von 15:00-15:30 Uhr

***Welche Methoden betrachten Sie als am wirkungsvollsten zur Prävention und Bekämpfung von Korruption im Unternehmen? Was würden Sie Unternehmen raten, die Korruption als ein Problem bei ihren Geschäftstätigkeiten empfinden?***

Zur Prävention und Bekämpfung von Korruption im Unternehmen betrachte ich Compliance Mindeststandards wie z.B. ein Ethik-Kodex, Verhaltensrichtlinien, Schulungen oder Whistleblowing als grundlegend. Darüber hinaus sollte allerdings auch eine Risikobewertung stattfinden, damit sich herausstellt, welche Maßnahmen für das Unternehmen am geeignetsten im entsprechenden Land sind. Dadurch wird deutlich, an welchen Bereichen sich die Korruptionsprävention orientieren sollte und welche Maßnahmen wichtig sind für bestimmte Geschäfte. Aus diesem Grund ist es nicht möglich, allgemeingültige Empfehlungen abzugeben, da diese von der Risikobewertung eines individuellen Unternehmens abhängen.

Grundsätzlich kann allen Unternehmen geraten werden, dass eine umfassende Risikobegleitung notwendig ist um Schwächen zu identifizieren und darauf aufbauend relevante Maßnahmen für die Geschäftsfelder des Unternehmens zu implementieren. Dabei sollten Anpassungen an das jeweilige Land vorgenommen werden, wodurch sich die Maßnahmen auch vom Mutterkonzern unterscheiden können. Darüberhinaus ist es allerdings auch wichtig, dass das Management eine Vorbildfunktion abgibt und implementierte Regeln vorlebt.

***Was ist bei der Umsetzung von Maßnahmen zur Korruptionsbekämpfung in Tschechien zu beachten? Sollten sich die Maßnahmen von deutschen Muttergesellschaften unterscheiden und sollten kulturelle Anpassungen vorgenommen werden?***

Es gibt definitiv kulturelle Unterschiede und deshalb sollten deutsche Unternehmen in Tschechien gewisse Anpassungen durchführen. Selbstverständlich gibt die Muttergesellschaft gewisse Standards vor, die eingehalten werden müssen, jedoch sind auch bei diesen Anpassungen möglich. In Tschechien ist es wichtig, dass der historische Hintergrund des Landes berücksichtigt wird. Geprägt durch das Verhalten in der Vergangenheit stellt besonders „kleine Korruption“ in Form von Bestechung für einen Teil der Gesellschaft etwas Alltägliches dar und wird deshalb nicht als schädlich betrachtet. Diese Einstellung ist

allerdings schwer zu ändern, da für diese Menschen Compliance etwas Neues darstellt. Aus diesem Grund sollten z.B. Schulungen, die direkt vom Konzern kommen angepasst werden. Dabei empfinde ich es auch als notwendig Rücksicht auf die Mitarbeiter zu nehmen und relevante Sachverhalte angepasst auf die Mitarbeiter zu erklären. Auch sollte zwischen einzelnen Mitarbeitergruppen unterschieden werden, da deren Wahrnehmung von Korruption unterschiedlich ist. Dies ist relevant, da bspw. Vertriebsmitarbeiter anderen Risiken ausgesetzt sind als Werksmitarbeiter. Zu den spezifischen Risiken in Tschechien zählen insbesondere Ausschreibungen und Kontakte mit staatlichen Einrichtungen.

***In wie fern halten Sie diese Maßnahmen erfolgreich, wenn es darum geht die Einstellung zur Korruption in Tschechien zu verändern?***

Teilweise lässt sich die Einstellung gegenüber Korruption nicht komplett ändern. Das liegt auch daran, dass es Konzepte gibt, die man so schulen muss, wie sie sind. Allerdings ist es erfolgreich, wenn man das Thema interessanter rüberbringt und man an Beispielen zeigt, wie man mit Korruption im alltäglichen Leben umgehen sollte. Wenn man z.B. eine Schulung mit Mitarbeitern aus dem Werk durchführt, sollte man das Thema auf eine ganz einfache Art und Weise erklären, dann zeigen die Mitarbeiter mehr Interesse und Wahrnehmung an der Thematik.

***Wie kann man ein einheitliches Verständnis von Korruption schaffen?***

Korruption ist ein komplexes Thema, allerdings sehen es viele erstmals nur als Bestechung. Das aber auch eine höhere Art von Korruption dahintersteckt, die mit schweren Straftaten zusammenhängt, ist nicht allen bewusst. Allerdings muss man im Unternehmen auch dafür Verständnis zeigen, dass nicht alle Mitarbeiter auf dem gleichen Bildungsniveau befinden und demnach unterschiedliches Wissen hinsichtlich dieser Thematik aufweisen. Deshalb sollten Schulungen dementsprechend angepasst werden, um ein einheitliches Verständnis zu schaffen.

***Auch wenn deutsche Unternehmen in Tschechien Maßnahmen zur Korruptionsbekämpfung implementiert haben, wie können diese in der Praxis besser umgesetzt werden?***

Als einen essentiellen Punkt zur effizienteren Umsetzung von Maßnahmen sehe ich, dass die Mitarbeiter im Fokus von Schulungen stehen und man sich auf sie konzentrieren sollte. Durch Maßnahmen alleine ist es schwer etwas zu verändern. Deshalb ist es wichtig, dass das komplette Thema im Unternehmen verstanden wird. Dazu muss den Mitarbeitern begründet

werden, warum Antikorruptionsmaßnahmen so bedeutsam sind. Als Grundlage dafür ist zuerst allerdings relevant, dass man sich mit dem Land vertraut macht und mögliche Risiken identifiziert. Dies ist besonders wichtig, wenn ein Unternehmen eine deutsche Geschäftsleitung hat.

***Was ist grundlegend für die Sicherstellung von Unternehmenstransparenz und wie kann diese in deutschen Unternehmen in Tschechien umgesetzt werden?***

Transparente Prozesse sollten grundsätzlich vom Mutterunternehmen durch Richtlinien und Systeme vorgeschrieben werden. Als wichtigen Punkt betrachte ich dabei, dass alles dokumentiert werden sollte. Im Falle eines Problems gilt oftmals der Vorsatz, dass Vorgänge, die nicht schriftlich aufgenommen wurden, nicht existent sind. Wenn einem Unternehmen die Ressourcen für grundlegende Systeme fehlen, dann kann es empfehlenswert sein, Intransparenz z.B. durch das 4-Augen-Prinzip oder eine Rollenverteilung aus verschiedenen Bereichen gegenzusteuern. Dadurch wird die Transparenz im Unternehmen erhöht, sodass nicht ein Mitarbeiter alleine über einen Vorgang entscheidet ohne dass ein weiterer Mitarbeiter in das Vorgehen involviert ist.

***Was ist grundlegend, damit ein Corporate Governance Codex sowie eine Compliance Abteilung zu effektiven Mitteln zur Bekämpfung von Korruption werden?***

Teilweise kann es für ein Unternehmen ausreichend sein nur einen CGC einzuführen. Durch den CGC ist man mit den Werten und der Ethik eines Unternehmens vertraut. Um allerdings wirkliche Transparenz zu schaffen, sollte es auch gewisse Systeme und Regeln geben zur Überprüfung von Geschäftspartnern und Transaktionen.

***Wie kann man Mitarbeiter dazu motivieren gemäß dem Corporate Governance Codex und Compliance Grundsätzen zu handeln?***

Ein wichtiger Punkt ist es, ein Gleichgewicht in der Compliance Rolle zu finden. Auf der einen Seite möchte man nicht die Rolle eines strikten Regelhüters annehmen, aber auf der anderen Seite auch nicht auf freundschaftlicher Basis agieren. Man muss den Mitarbeitern nahe bringen, dass es Regeln gibt, die einzuhalten sind. Dabei ist es am wichtigsten, die komplette Thematik verständlich rüber zu bringen. Die Mitarbeiter sollen verstehen, wieso diese Regeln einzuhalten sind und was der Hintergrund ist. Darüber hinaus sollte dies auch von den Führungskräften kommuniziert werden. Führungskräfte müssen diesen Auftrag

übernehmen und den Mitarbeitern verständlich machen, dass das Einhalten von Grundsätzen nicht nur eine Pflicht ist, aber sie sich und das ganze Unternehmen dadurch selbst schützen.

***Wie sollten Trainings zur Korruptionsbekämpfung in deutschen Unternehmen in Tschechien gestaltet werden, sodass sie erfolgreich sind? In wie fern sollte speziell auf kulturelle Unterschiede eingegangen werden?***

Zwar ist das Thema Compliance neu für alle, aber ich halte es für relevant aufzuzeigen, dass es schon lange im Strafgesetzbuch verankert ist. Deshalb kann es hilfreich sein, die Bedeutsamkeit anhand von Gesetzen zu verdeutlichen. Des Weiteren hilft es verschiedene Schulungen für unterschiedliche Mitarbeitergruppen anzupassen. Dabei kann es auch relevant sein, wo der Mitarbeiter zuvor gearbeitet hat. Im Falle, dass ein Mitarbeiter in Tschechien in einem staatlichen Unternehmen gearbeitet hat, ist es möglich, dass er dadurch in seiner Einstellung zu korruptem Verhalten geprägt wurde. Deshalb ist sehr wichtig kulturelle Unterschiede bei der Umsetzung von Schulungen miteinzubeziehen.