

Systemic Corruption in Tertiary Education: The Case Study of Ukrainian Universities

by

Igor Volzhanin
B.A., Queen's University, 2009

A Thesis Submitted in Partial Fulfillment
of the Requirements for the Degree of

MASTER OF PUBLIC ADMINISTRATION

in the School of Public Administration

© Igor Volzhanin, 2011
University of Victoria

All rights reserved. This thesis may not be reproduced in whole or in part, by photocopy
or other means, without the permission of the author.

Supervisory Committee

Systemic Corruption in Tertiary Education: The Case Study of Ukrainian Universities

by

Igor Volzhanin
B.A., Queen's University, 2009

Supervisory Committee

John Langford, School of Public Administration
Supervisor

David Good, School of Public Administration
Committee Member

Abstract

Supervisory Committee

John Langford, School of Public Administration

Supervisor

David Good, School of Public Administration

Committee Member

Although the study of public sector corruption has gained momentum in recent years, knowledge gaps remain in the theoretical understanding of systemic corruption in the post-secondary educational context. This thesis intends to outline a broad systemic corruption framework which includes both indicators of corruption and drivers that facilitate its development. Factors such as the attitudes towards corruption, economic development, competition with the private sector, the degree of discretion and the opportunity spaces, are explored to develop hypothesis about the causes and possible solutions to systemic corruption. The thesis grounds the framework in the analysis of Ukraine's tertiary education sector as its case study. The public post-secondary institutions in Ukraine have been subject to anti-corruption efforts, but have remained largely immune to them. The argument is that reforms and anti-corruption efforts in any sector must identify and address all of the facilitative factors if they are to be successful.

Table of Contents

Supervisory Committee	ii
Abstract	iii
Table of Contents	iv
List of Tables	v
List of Figures	vi
Acknowledgments.....	vii
Dedication	viii
Chapter 1 – Introduction	1
The Case Study	3
Thesis Organisation	3
Methodology	4
Sources of Evidence.....	5
Drivers.....	8
Limitations	11
Chapter 2 – What is Corruption?	13
Brief History	16
Cost and Benefits of Corruption	18
Systemic Corruption	20
Chapter 3 – Indicators and Drivers of Systemic Corruption in Higher Education	25
Indicators of Systemic Corruption in Education.....	28
Drivers of Systemic Corruption	35
Chapter 4 – Ukraine	45
The Ukrainian Socialist Republic	46
Ukraine’s Education Sector	48
Chapter 5 – On Corruption in Ukraine	55
Indicators of systemic corruption.....	55
Admission	56
The Education Process	59
Administration	62
Governance	63
Drivers of Corruption.....	65
Political Culture	66
Economy	70
Competition.....	744
Opportunity Spaces.....	788
Discretion.....	800
Conclusion	822
Chapter 6 – Conclusion.....	844
Bibliography	888

List of Tables

Table 1 – Indicators of Systemica Corruption in Higher Education.....	34
Table 2 – Drivers of Corruption.....	44
Table 3 – Top 10 University Rankings of Ukraine’s HEIs.....	777
Table 4 – Drivers and Solutions of Corruption in Ukraine.....	833

List of Figures

Figure 1 – GDP Per Capita at Current Prices	71
Figure 2 – Inflation and Consumer Prices in Ukraine	73

Acknowledgments

First of all, I would like to extend my full gratitude to Professor John Langford for his time and dedication as my supervisor. His comments shaped and transformed this thesis from a work of potential to the finished product it is today. Your input was invaluable and I am very glad we had an opportunity to work together. Your guidance and patience kept me going in the most difficult of times. I would also like to thank Professor Good for his feedback on my early drafts, which helped me formulate the framework in more practical terms. In addition, I owe a debt of gratitude to all of the instructors at the School of Public Administration who shaped and challenged my beliefs over the past two years. Special acknowledgment to Dr. Vakil, Dr. Tedds and Bill Warburton, thank you.

I would also like to extend my sincere appreciation to all of my friends both in Ottawa and Toronto who supported me on this journey, encouraged me to continue, allowed me to bounce my ideas, and listened to my passionate diatribes about this thesis. Rob, Adrienne and Ryan, I know it wasn't always easy, but your support was instrumental and the time you spent helping me will never be forgotten. Eric, your comments and company were highly appreciated. Over the last two years I also had a privilege of getting to know some incredible students at the School. MPAers, you are a great bunch!

Last but not least, my special thanks go to my family, Helen, Sergey and my sister Nina. You are the most precious people in my life and without your unconditional love and support none of this would have been possible.

Dedication

To Larisa and Victor

Chapter 1 – Introduction

Public sector corruption presents one of the most fundamental challenges to effective governance. Broadly defined as the use of public office for private interest (Nye, 1967), this age old problem has recently reappeared as a topic of great interest to academics in multiple fields. No country is corruption-free, which makes it one of the most important issues in public administration today. While corruption is present in all countries, it is a particular challenge for Ukraine and other former Soviet-bloc countries which provides a unique case study by which to analyze and understand systemic corruption.

As efforts intensify to understand, mitigate and ultimately eradicate this phenomenon, one of the primary steps necessary is the development of a strong conceptual framework which can be applied to analyze and resolve these challenges. Several such efforts have been documented. However, a framework incorporating all of the correlative variables remains elusive. The purpose of this thesis is to develop a working definition of systemic corruption, clarify indicators of its existence in the post-secondary education sector, outline causes that contribute to the development of systemic corruption and test the effectiveness of the framework of analysis by applying it to the higher education system in Ukraine.

This thesis intends to further the understanding of systemic corruption in education by providing an extensive literature review of the topic, followed by a discussion of the various components of systemic corruption with an aim of bridging the current literature gap between practical and theoretical approaches to studying corruption. By synthesizing the theoretical and practical elements of the various studies, I seek to further the

conceptual understanding of the drivers of corruption and their implications in practical terms.

Another goal of this thesis is to outline several indicators of systemic corruption in education. Indicators are statements that point to the existence of corruption and are divided into four categories, chronicling the education process as experienced by a student or those interacting with the education system from admissions to graduation. Once the indicators of corruption are established, we will examine five causal drivers that I argue explain much of the corruption in the public sector. The explanatory variables include: political culture, economy, competition, opportunity and discretion. Each will be discussed separately to explain how it contributes to the general public sector corruption and the education sector in particular. These variables are intended to be used universally across the public sector. However, this thesis will apply them exclusively to the post-secondary education sector. Further research is necessary to test the universal applicability of the framework to the other sectors of governance.

Finally, this thesis seeks to further the understanding of corruption by examining the Ukrainian post-secondary education system. Corruption is a prominent characteristic of Ukraine's higher education system. Numerous reports, surveys and testimonials suggest that bribery, graft, and preferential treatment have evolved to encompass the totality of the system, elevating individual cases to a systemic level. After examining and applying the framework, some anti-corruption initiatives and further avenues of academic research will be discussed.

The Case Study

The reason for choosing Ukraine stems from the need to study a country whose corruption is both systemic and well-documented. Since gaining independence in 1991, Ukraine has engaged the world, which has allowed foreign, English-speaking academics to visit and study the country. The result of this has been an abundance of academic, media and professional writing on corruption in the country.

Since the Orange Revolution in 2005, Ukraine's government has considerably improved freedom of speech and of the press in the country, which resulted in an increased number of media reports on corruption within the education system. Greater interest in Ukraine by foreign development agencies, such as USAID and the World Bank, has also produced an abundance of statistical information regarding corruption in Ukrainian universities and other post-secondary institutions.

The educational sector was chosen to limit the scope of the paper and to focus analysis on an existing problem. It should be noted however, that the 'drivers' side of the framework applied to this sector is intended to be universal and can be used on any social or economic activity of the public sector.

Thesis Organisation

This thesis is organized into four substantive chapters, along with an introduction and conclusion. Chapter two focuses on the definition of corruption and provides a brief overview of the topic, while chapter three applies the concepts of the first chapter to the post-secondary educational sphere by outlining several indicators of systemic corruption in that sector along with the drivers that promote its development.

The fourth chapter discusses Ukraine; its history and its education sector. The aim of this chapter is to familiarize the reader with Ukraine and draw historical parallels between the present situation and the past, with an added emphasis on corruption. The chapter ends with the discussion of Ukraine's tertiary education sector and its current state.

The fifth and final substantive chapter applies the systemic corruption analytical framework against the available evidence of corruption in Ukraine's post-secondary education system. The evidence comes largely from the independent surveys conducted by the various NGOs and development agencies, as well as the local media reports, government statistics and individual accounts. First, this chapter will apply the indicators of systemic corruption to 'test' Ukraine for the presence of this type of corruption in education, and then the drivers of corruption will be analyzed to determine the possible causes and solutions to systemic corruption. .

Methodology

The research methodology for this thesis consists of a literature and document analysis. The first part of the thesis relies heavily on the academic literature on corruption. Since the framework is a work of synthesis, major works on corruption, systemic corruption and educational corruption are cited. Several works on frameworks and factors of corruption are also examined. For the case study, journal articles, government reports, Ukrainian media reports and newspaper articles are used extensively.

The framework of systemic corruption is divided into two components: indicators and drivers. Indicators refer to the 'markers' that if present point to the existence of systemic

corruption. They are tailored for use on post-secondary education systems and consist of broad statements that indicate that systemic corruption may exist. Drivers on the other hand, refer to causal variables that help explain the existence of corruption. By examining the drivers of corruption it is possible to uncover the root causes of corruption and mitigate them.

Indicators are usually behaviours and actions that are deemed to be corrupt. For example, an indicator of corruption may be when an individual gives a bribe to influence an official. It is important to tailor the indicators to a specific field of study, as general indicators may point to general corruption, while more specific 'markers' could indicate more specific type of corruption.

Drivers are broader variables that are responsible for corruption in the first place. They are generally thought of as the causes of corruption. Thus, while indicators uncover the existence of corruption, drivers help explain the underlying causes for the existence of corruption.

Sources of Evidence

Corruption research usually involves the study of various reports, surveys, media articles and other quantitative and qualitative assessments. Media reports are arguably one of the most popular sources for assessing the level of corruption in a country. In order to be credible, media reports must come from independent sources. Unfortunately, as Yasar (2005) points out, there are two potent problems with the media accounts. Firstly, corrupt countries may not have well-developed independent media and secondly, the media "by its nature will tend to give priority to dramatic scandals... but more

common everyday practices of corruption would be ignored” (p.13). Hence, media accounts and articles alone cannot provide true indication of corruption. Osipian (2007c) further argues that:

The media does an excellent service to the corruptioners by informing the public of average prices... and the ways and mechanisms bribes can be paid... In fact, the country’s mass media more and more often sets the prices, present a rationale for them, and even describes possible mechanisms for these specific transactions (p. 21).

While, there are clear problems with the media, it can still play a role in informing the research on corruption in a given context. By examining media reports it is possible to establish a baseline for the present level of corruption in the country. In fact, by examining the most egregious examples of corruption, one can judge the degree to which corruption exists. In societies where the most egregious examples are relatively minor, it can be said that the level of corruption is comparatively lower. A reverse may be true, if the media reports about corruption are particularly shocking.

Along with the media reports, government reports provide a baseline to understand the level of corruption and the degree to which the government is willing to tolerate and fight it. While there are no assurances that the reports themselves are correct – this may be particularly true in the more corrupt societies – they do provide an indication of the overall level of corruption. Again by looking at the frequency, as well as severity of the reported instances of corruption, it is possible to establish an approximate level of corruption in the country (Yasar, 2005). Government reports that contain large number of cases of corruption with the bribe amounts that severely exceed the average wages in the

country can indicate a corruption problem. Unfortunately, alone these statistics are likely to be rather unreliable and must be used in conjunction with the media reports, as well as the independent perception surveys to inform the research.

Perception indices are arguably the most common method of measuring corruption (Yasar, 2005). The most popular and common corruption perception index (CPI) is compiled annually by Transparency International. At this time, the 2010 report is the latest report available and provides a wealth of information to assess corruption. The report is a compilation of data from multiple sources, including the Africa Development Bank, Asia Development Bank, World Bank, Bertelsmann Foundation, Economist Intelligence Unit, Freedom House and several other respected international institutions (Transparency International, 2010). The index is used to gauge the relative standing of a country compared to that of the world. Since this index relies on Non-Governmental Organizations (NGOs) and other independent organizations, it is substantially less biased than both the local media and government reports. However, as Warren and Laufer (2009) caution, corruption indices can be a self-fulfilling prophecy, particularly when it comes to foreign direct investment. Benjamin Olken (2006) also highlights the problem with the use of corruption perception as an inherently biased and unreliable measure of actual corruption. His analysis is echoed by others who suggest that CPIs only capture a single dimension of corruption and are biased towards multinational businesses (Manion, 2004, p.10). Another problem with using such indices is that they are inherently general in nature and do not provide a breakdown along sectorial lines. One cannot determine if the individual sectors of policing, judiciary, education or healthcare are corrupt, only the aggregate scores are usually reported for each country. This is problematic when looking

at education or policing alone, for example, as the CPI does do not indicate the relative corruption levels in these individual fields. Hallak and Poisson (2002) state that most corruption studies rely on opinion or perception surveys to provide or support claims of corruption. Scholars and researchers often tailor a set of perception questions to a specific group they wish to study and make inferences from the responses about the overall levels of corruption. However, as Hallak and Poisson (2002) note that, “some authors question the relevance of the information thus collected, sometimes, anecdotal, often incomplete, and consequently, potentially misleading” (p. 23). This warning is important to take into consideration when dealing with corruption perception surveys. Thus, this source must also be used in conjunction with the other three.

The final source of note is the socio-economic data of the country. The GDP per capita, the GINI coefficient, savings rates, economic development levels, education levels, business-friendliness ratings and several other development indicators provide important information about corruption. These statistics are compiled by and are available from the World Bank and can inform the analysis from an economic perspective. As has been argued above, the information presented in the sources should be used in conjunction with one another if one is to determine the relative corruption level in the country, especially if one is looking at a single subset of a socio-economic sphere.

Drivers

Drivers presented in this thesis come from a large number of academic sources. Some disciplines favour the causal significance of certain variables over others, which necessitates consultation of a diverse literature on business, economics, sociology,

political science, public administration and various other fields to create a comprehensive framework. After reviewing the literature, the five drivers of corruption that I have settled on are: political culture, economy, competition, discretion and opportunity.

Political culture is generally considered to be more qualitative since it refers to the internal mental processes that are translated into action (Sandholtz & Koetzle, 2000). As such, political culture is usually measured through surveys on attitudes and beliefs. Naturally, what one reports does not necessarily translate into action and omissions may be just as significant as the actual results. To overcome individualist perspectives and biases, political culture studies by their nature rely on “aggregate properties of societies” (Jackman & Miller, 1996, p.635). The most valuable political culture studies focus on long-term or comparative trends, with an established baseline.

Economic factors on the other hand are the preferred variable of economists. Corruption studies that focus on economics emphasize GDP, GINI coefficient, savings rates and other economic development indicators to demonstrate the link between levels of corruption and the economic situation (Goel & Rich, 1989, Svensson, 2005). Some studies also focused on the public sector wages as a driver of corruption (Aidt, 2003). Such causal relationships have been repeatedly observed and give credibility to this variable. However, to use it exclusively would be a mistake, since the causal relationship could work both ways. Countries could be poor because they are corrupt, or countries can be corrupt because they are poor. By using the other drivers it is possible to be more precise on the direction of the relationship. Since if the other causes appear to be relevant in explaining corruption, then the economic drivers are likely part of a larger problem, rather than the end result of corruption.

Monopoly or the lack of competition from the private and voluntary sectors in the provision of services is another explanatory variable that aids in understanding of public sector corruption. Studies that look at the competition have demonstrated that increased competition leads to decrease in corruption (Sandholtz & Koetzle, 2000). Private sector provides an alternative to the public sector and in some cases establishes a check on the corruption in the public sector. Countries with a more developed private sector have a more decentralized service delivery model, which diminishes the power of the public officials, which in turn diminishes corruption. However, the impact of increased competition is hard to measure. Just as significantly, while theoretical underpinnings are clear, how to achieve private sector competition remains somewhat elusive.

Significance of opportunity comes from the institutional approach to studying corruption. Institutional arrangements promote or constrain behaviour. Consequently, good institutional arrangements promote transparent and honest behaviour, while poorly constructed institutions promote corrupt practices. Context is very important to understanding the causal relationship between this variable and corruption. Institutional arrangements that promote unmonitored, personal interactions between public officials and private individuals have the potential to cause or facilitate corruption. This is a subjective, qualitative variable, and relies on the other variables to demonstrate causality.

Discretion is the last variable that is examined in this thesis and refers to the individual's ability to use judgment and power of the office to apply the formal rules. This causal agent is similar to the government monopoly, except in the case of discretion the decision-making power is concentrated in a single official. The more unmonitored power the official has, the more likely they are to engage in corrupt practices, as the

power of their office becomes ‘worth’ more than the tangible benefits they currently derive. Klitgaard, MacLean-Abaroa, & Parris (1996) suggest that by introducing stronger accountability measures and limiting discretion the level of corruption can be expected to decrease. This variable has been studied extensively by social scientists and provides a substantial part of the overall literature on corruption.

Limitations

The data on Ukraine has been gathered largely through the use of search engines and newspaper sites. Several books have also been read to fill the knowledge gaps as necessary. Although the framework is based largely on academic sources, the latter part of the thesis relies more on non-academic or ‘grey’ literature. For example, most of corruption perception studies in Ukraine come from a few USAID studies that have been conducted on this subject. Wherever possible, academic literature has also been used to supplement the findings and statistics presented in the grey literature. The author is fluent in Ukrainian and Russian, which has allowed ready access to the local literature without the need for independent translation.

Ukrainian government reports, university websites and local newspaper articles have also been reviewed to provide a more complete account of the situation in Ukraine. Government reports that contain unflattering information about Ukraine have been taken at face value as representing the most accurate statistics available. This assumption was made because presumably the government would not want to release unflattering data and if it chose to do so, the information contained within should at the very least contain the minimal estimates. Nonetheless, whenever possible corroborating information from

the local newspapers and NGO reports was examined before using the data from the official reports.

Naturally, relying on secondary sources limits this thesis. However, because this is a qualitative study with a primary focus on establishing a solid corruption framework, using secondary sources is sufficient means of achieving this. Further research would incorporate the framework into different public sector contexts and rely on primary sources to test the theories contained here.

Chapter 2 – What is Corruption?

Corruption as a concept is at the same time complex and vague. In popular parlance it is often invoked to indicate deterioration, dissatisfaction with and degradation of a political body. Unfortunately, when used, the term is rarely accompanied by clarifying remarks as to its meaning. Confining the term to a meaningful definition is the main object of this chapter. Along with a comprehensive examination of the academic use of the term, this chapter will examine the five drivers that influence the development of corruption.

According to two prominent scholars (Heidenheimer & Johnston, 1989) definitions of corruption fall under three distinct categories. In the first category, best exemplified by Joseph Nye, corruption is defined as, “behaviour which deviates from the formal duties of a public role because of private regarding (personal, close family, private clique) pecuniary or status gains or violates rules against the exercise of certain types of private-regarding influence” (Nye 1967, 419). Nye’s rather broad definition encompasses concepts of bribery: acceptance and use of a reward to influence the decision of a person in a position of authority or acceptance of a reward by the person in a position of authority; nepotism – bestowal of patronage by reason of close relationship rather than merit; misappropriation – illegal appropriation of public resources for private-regarding uses, which would include embezzlement, theft, and influence peddling. While, the most popular of the three, it is by no means exhaustive. In fact, it is the narrowest and is sometimes deemed to be too restrictive to truly capture the meaning of corruption.

An alternative and broader, 'market-based' definition of corruption has also been established. Van Klaveren (as cited in Heidenheimer & Johnston, 1989) states:

A corrupt civil servant regards his public office as a business, the income of which he will ... seek to maximize. The office then becomes a "maximizing unit." The size of his income depends... upon the market situation and his talents for finding the point of maximal gain on the public's demand curve (p. 9).

Finally, while some find the first definition to be too narrow and the second to be too broad, the third focuses on the concept of 'public interest' as the necessary concept to illustrate corruption. Carl Friedrich (as cited in Heidenheimer & Johnston, 1989) writes:

The pattern of corruption can be said to exist whenever a power-holder who is charged with doing certain things, i.e., who is a responsible functionary or office-holder, is by monetary or other rewards not legally provided for induced to take actions which favour whoever provides the rewards and thereby does damage to the public and its interest (p. 10).

While the three definitions approach corruption differently, they share some important similarities. Actions that promote personal interest are clearly corrupt, as are the actions that violate public's presumption that an official is working in the interest of the public (public interest). Corruption of the public-sector employees relies on the interplay between the expected and actual actions taken by a public official to promote public good. If an official is influenced by his or her own interests in making the decisions, it is a clear case of corruption. As Friedrich (as cited in Heidenheimer & Johnston, 1989) notes, the motivations alone do not necessarily matter, what matters is that "gain was secured at public expense" (p.15). This view is consistent with Nye's definition and is

one of the main contributions of Van Klaveren's definition. To conclude, an official is corrupt if he or she derives undue profit, acts against public interest, deviates from the norms of the office or promotes personal interest by virtue of holding a public office.

Leslie Holmes (1993) lists no less than 17 ways in which an official can be corrupt. Broadly speaking, public corruption is a rent seeking behaviour by a public official with a degree of discretion. The discretion can be leveraged by an outside agent seeking to gain a favourable outcome. If the outcome is influenced in any way by private interests, the action and the official are corrupt. A mere appearance of influence may be enough to consider a practice corrupt. Some academics argue that corruption exists on a continuum from 'honest' to 'corrupt', suggesting there is a 'grey' area (Kernaghan as cited in Tiihonen, 2003, Temple & Petrov, 2004) where the actions may appear to involve private interests, but would not be considered corrupt. As Kernaghan (as cited in Tiihonen, 2003) suggests, "The term corruption is often ...reserved for the most serious forms of unethical conduct" (p.86). However, Langford argues that:

Conflict of interest should be detached from corruption in a conceptual sense and become identified not with decision making by the public official on his or her own behalf but with situations in which there is merely the existence of a clash of private interest and public duty (Langford, 1991, p.29).

Thus, conflict of interest is a *situation*, while corruption is an *act*. The difference between the two concepts is important in understanding why corruption is considered to be more harmful of the two. Corruption is a *deliberate act* which requires calculation and forethought to contravene established norms, rules and laws to further private interest.

While ethical guidelines are intended to steer public officials away from corrupt situations, they are in not a serious defence against corruption. Since corruption involves a conscious effort to disregard formal and informal rules, creating more rules would not necessarily change the outcome. To summarize, four elements must be present when defining public corruption: premeditation, personal interest, official action and breach of public trust. In other words, public sector corruption is: deliberate and active subversion of the established norms to further personal interest and improper exercise of discretion.

Brief History

A significant portion of the modern understanding of how a public official ought to behave comes from Max Weber's treatise on bureaucracy. One of the fundamental principles of bureaucracy for Weber was that officials should keep their 'bureau' activities separate from the private lives (Weber, 1968, p.957). From this basic requirement comes the modern expectation that individuals operating the bureaucracy be independent, neutral, and act in the interest of the public. Naturally, 'public interest' is as much a political determination as it is an objective one, thus, independence and neutrality are of paramount importance to a well-functioning bureaucracy. Corruption is then the introduction of private interests into what should have been a public decision. Although corrupt practices can take many forms, the outcome – being the influence of private interests on a bureaucrat's judgement – is almost always the same. Transparency International, a global anticorruption NGO, defines corruption along similar lines as: "Abuse of entrusted power for private gain" (Transparency International, 2010). While Transparency International does not specify the role of political influences on the

bureaucracy, their definition would likely include political pressure in the decision-making process as a form of corruption. This method of influence would most certainly be against the Weberian idea of an independent 'bureau' as well.

Finally, the debate over corruption is influenced by cultural relativism as well. Many academics argue that culture is a crucial filter that must be applied before judging an incident as corrupt. While Waterbury (1976) argues that cultural relativism is more of an excuse, modern academics give significant deference to culture in the matter of corruption (Philp, 1997). Indeed, culture matters a great deal when it comes to corruption. Since much of modern understanding of corruption is rooted in the Western, Protestant (Sandholtz & Koetzle, 2000) understanding of the relationship between the individual and the state, it is quite likely that exportation of this view abroad would lead to judgments that do not conform to local understandings of corruption. As Warren and Laufer (2010) note, "when survey respondents rate countries on corrupt behaviours, the respondent's judgments of a country's level of corruption will depend on their particular definition of corruption" (p. 843). Transparency International does not account for cultural differences in its ranking (Warren & Laufer, 2009). However, as Philp (1997) succinctly puts it, "If we rely wholly on local norms we end up risking a fundamental incommensurability between ourselves and the local normative and conceptual vocabulary" (p.443). Indeed, if an agent is influenced by a payment does it matter what the payment is called? Local norms have a role to play, but should be handled with care. They can aid, but should not be used to wholly define the parameters of a social interaction. Thus, incorporating, or at least determining local norms is important, but the study should not be interrupted because of the disagreements over certain normative

definitions of corrupt behaviour. Normative relativity can also be overcome by applying strong and clear conceptual frameworks when studying corruption.

Cost and Benefits of Corruption

Despite the intuitive reaction to corruption, not all corruption is bad (Osipian, 2007a). Nye (1967), viewed corruption in terms of costs and benefits and argued that there are indeed, beneficial externalities of corruption. 1) Economic development may be facilitated by corruption, where capital formation may be easier when facilitated by corruption, particularly in countries where bureaucratic 'red tape' hinders economic progress. 2) Corruption, according to Nye, "may provide the means of overcoming discrimination against members of a minority group", indeed, everyone may give bribes to receive services (Nye, 1967, p.420). 3) Corruption may aid in integrating national minorities, where bribery would lubricate the mutual understanding between the warring nations, this may be useful governing a multi-national state. 4) Lastly, corruption may increase governmental capacity of a leader (Nye, 1967, p.421).

It has been argued that corruption played an important and beneficial role in the Soviet Union. Leslie Holmes (1993) notes that *tolkach*' (expediter or pusher) was used "to overcome bureaucratic bottlenecks" (p.203) of the enormous Soviet state-run economy. Similarly, corruption – in the long run – enhanced economic development by mitigating cautiousness, errors and inefficiencies. Another related benefit of corruption was the 'humanization' of the large Soviet bureaucracy, where corruption and bribery provided an essential link between the bureaucrats and the public (Holmes, 1993). Holmes' observations are in line with what Huntington (1968) and Nye (1967) have observed in

terms of modernization and economic development. For states in transition, corruption provides the necessary conduit by which businesses may continue despite the official impediments, either due to imperfect policy design or lack of official rules. Nonetheless, as the case of the Soviet Union shows, corruption cannot persist indefinitely. At a certain point, the level of corruption reaches a critical level where the costs begin to outweigh the benefits, which if left unchecked, reduces the state's capacity to control the economy, erodes the people's confidence in the government and leads to unforeseen and often seismic changes.

The 'costs' associated with corruption are significant. Perhaps the most obvious cost of corruption is the economic waste generated as a result of corruption. Along with waste, corruption has destabilizing and destructive effects on a country (Nye 1967). Not only does the cost of transactions rise, but corruption typically causes capital outflow – or at the very least a slowdown – of foreign and domestic investment. In the modern, globalized economy, corruption can also lead to the decline in credit worthiness, transparency rating and investor confidence (Warren & Laufer, 2009). Economic impact aside, corruption can cause social and political instability, as demonstrated by the current wave of social action in the Middle East (Parvaz, 2011). Indeed, corruption has been repeatedly identified as one of the leading grievances by protesters in both Tunisia and Egypt. Ultimately, rampant corruption leads to the loss of legitimacy of the ruling class, which can be devastating and the impact can reverberate throughout the very fabric of society. In the long run, regimes that fail to deal with rampant and egregious corruption rarely survive.

Broadly speaking, there are two fundamental ways of understanding the damaging effects of corruption: economic and social. The economic lens focuses on the gross domestic product (GDP) losses, missed foreign direct investment (FDI) opportunities, preferential access to resource extraction sites and other economic problems (Varese, 1997; Warren & Laufer 2009). The social lens on the other hand focuses on the undermined legitimacy of the regime, the lost opportunities for upward mobility, administrative abuses and other social externalities caused by corruption (Holmes, 1993; Miller et al., 1997). While both lenses can be used separately, the most compelling analysis of damages often combines both. Regardless of the lens, the degree of corruption will determine the impact on the economy, society and the people. Notably, classification of damages is not presently done on a continuum. Rather it is the characteristics of corruption that shape the analysis. In order to classify the levels of corruption, some academics have used terms such as endemic, institutional, and systemic, to give meaning and provide details to corruption in a given context. While some scholars use these terms interchangeably, each carries particular connotations that differentiate the terms.

Systemic Corruption

No country is immune from instances of corruption. In Canada for example, the government officials have been implicated in running sponsorship scams using federal money (Gomery, 2005; Wanna, 2006). In the United States, cases of preferential treatment during the university admissions process sometimes make the news (Hallak & Poisson, 2002). However, these practices appear to be rare and governments have

sufficient capacity to deal with these threats as they arise. However, weakened or developing states do not necessarily have the resources or the expertise necessary to deal with corruption, which can lead to its spread and eventual absorption into the economic and political structure (Johnston, 1998, p. 90). This phenomenon has been broadly described as systemic corruption, which is arguably the most damaging type of corruption as it corrodes the very institutions that are in place to fight it (Johnston, 1998).

Waterbury (1976) suggests that ‘systemic corruption’ exists when “a proportion of the total resources and talents available to an economy, those tied up in corruption are particularly high and alternatives in achieving individual or collective ends particularly few” (p. 426). Systemic corruption is not necessarily a special category of corruption, rather it refers to a condition where the choice to participate in corruption is particularly easy and the agent has no incentive not to participate in it. The choice to opt out is removed from the system. There are no alternatives, the enforcement is ineffective and corruption is internalized and practiced as if it is the norm. This lack of choice is the principal characteristic of systemic corruption (Johnston, 1998). Systemic corruption is too costly to escape, which means that from a rational choice perspective it is easier, cheaper and safer to participate in corrupt practices, rather than to avoid them. Of course, some officials will remain honest, but over time, they will either become corrupt or be crowded out (Beugre, 2010). Thus, systemic corruption refers to a pattern of corruption that has infiltrated the institutional level and has a self-perpetuating mechanism that cannot be eliminated from within the system by existing mechanisms. More conventionally, systemic corruption can also be thought of as a type of corruption where an outcome of any social interaction can be altered by corrupt means.

Susan Rose-Ackerman (1978) observes that “all theories of the state implicitly or explicitly draw a normative line between market and nonmarket mechanism of allocating scarce resources” (p. 4). Government decisions are normatively prohibited from being for sale in a democracy, although these states accept market mechanisms for allocating many other goods and resources. In theory, governments do not tolerate market mechanisms during rule setting because these rules are supposed to reflect a normative, practicable, social order (Manion, 2004, p. 4). When officials begin to ignore the strict separation between the democratic and market spheres, “then the system of order... loses its practical meaning” (Manion, 2004, p. 4). The logical conclusion of this is the emergence of a market mechanism that functions alongside the democratic process for allocating scarce government resources. As the public begins to understand the new way the government conducts its business, a parallel, informal, market-based decision-making process emerges and later overlaps the formal system, which causes wide disregard for the formal rules among the bureaucrats.

Due to its pervasiveness, systemic corruption is particularly hard to eliminate. It usually occurs in the states that are already weakened, either by mistake or design, and lack the capacity to implement meaningful measures to monitor and eradicate corruption. Systemic corruption becomes intertwined in a wider political and socioeconomic reality that is mutually reinforcing. In countries where corruption is an exception, independent courts, media and auditors who enjoy public support can confront the problem directly and elected officials ignore these problems at their peril (Johnston, 1998). On the other hand, countries that lack strong accountability institutions find it next to impossible to eliminate systemic corruption.

Although often used interchangeably, systemic corruption is quite different from both institutional and endemic corruption. The term institutional corruption generally refers to the concept of corruption when it is studied in the context of economic, social and cultural rules (Collier, 2002). According to this view, an agent's choice is bounded by capacities of the principal's decision-making capabilities and the surrounding "structure of political, economic and cultural rules (institutions)" (Collier, 2002, p.3). While institutional corruption can be present in any society, it is particularly pronounced in societies that are structured in more informal ways, or where interpersonal relationships are prevalent. The rules constrict an agent's ability to seek alternatives or escape the inevitability of meeting a corrupt public official. It should be noted, however, that institutions by themselves do not create corruption, but they can encourage corrupt practices to appear and propagate. Any successful anti-corruption measures would naturally have to address the institutional framework and remove the rules that create opportunities for corruption.

Whereas institutional corruption refers to the structural level of societal composition, endemic corruption refers to the frequency and magnitude of corruption. Waterbury (1976), argues that every society has some level of endemic corruption. It may include paying one's way out of a traffic ticket, or buying a tax collecting post. Bribing one's way to a university or paying off a fire inspector, are also symptoms of endemic corruption. According to Johnston (1998), "even seemingly 'petty' corruption... can be part of a pervasive syndrome of problems" that maintains the status quo (p. 88). Thus, endemic corruption is a symptom of a larger problem, rather than its cause. It is also one of the necessary characteristics of 'systemic' corruption since without the widespread and

endemic – small or large scale – corruption, one could not deem the entire system to be faulty.

In conclusion, systemic corruption is a subset of corruption that is distinct from both ‘endemic’ and ‘institutional’ corruption. Systemic corruption refers to a condition where an individual has no ability to opt out of participating in corruption. The entire system operates in such a way as to eliminate choice and propagate corrupt practices. Due to its pervasive nature, this type of corruption is particularly hard to eliminate and this difference is crucial to understanding this type of corruption.

Chapter 3 – Indicators and Drivers of Systemic Corruption in Higher Education

Corruption can manifest itself quite differently depending on the social, economic and political context. No public sector is immune from corruption. However, while some scholars focus on the overall levels of corruption in a given state, this thesis takes a different approach and focuses on a single subfield of tertiary education. This chapter is intended to demonstrate that the education sector is a distinct subfield within the study of corruption, provide indicators of what educational corruption might entail and explain the drivers behind educational corruption.

Temple and Petrov (2004) argue that the “theoretical basis for the study of corruption is not well-developed” (p.84). Since 2004, efforts have been made to solidify the theoretical foundations and categorize educational corruption into several, more manageable areas. Public sector corruption has emerged as a distinct field of study. Since higher learning institutions are usually funded at least partially by the state, educational corruption can be classified under the broader public sector corruption. Hallak and Poisson (2002) define educational corruption as, “the systematic use of public office for private benefit, whose impact is significant on the availability and quality of educational goods and services, and, has a consequence on access, quality or equity in education” (p. 17).

Corruption in education – rather than justice or healthcare – is considered to be particularly harmful due to the direct impact on the value formation of those involved. Corruption in education, “undermines public trust in higher education, exacerbates the quality of education, prepares unqualified young professionals, and teaches them distorted values and cultures” (Rumyantseva, 2005, p.82). Philip Shaw (2005) argues

that “Corruption in education may...be the birthplace of corruption throughout an economy” (p.3). Corruption in education is a world-wide phenomenon and can range from bribing on entrance exams to paying for degrees (Shaw, 2005, p.2).

Schools and universities are usually an extension of the public sector with which citizens have extensive interactions on the daily basis. As soon as one is old enough to attend school right through to tertiary education, educational institutions play a very important role in inculcating values, beliefs and attitudes. An average child in the Western world spends about half of their day in school during the formative years of their lives. When corrupt practices become the norm in education, the outcome is not simply the reduced efficiency of unqualified workers, but the hordes of graduates who expect bribery, theft, extortion and embezzlement to solve their every problem (Hallak and Poisson, 2002; Heyneman, 2002; Romyantseva, 2005; Shaw, 2005). Heyneman (2003) also suggests that education plays an important role in promoting social cohesion and is essential to promoting values across generations. Being able to deal with officials by unofficial means redefines the societal norms and alters the economically beneficial equilibrium present in non-corrupt countries. Education also contributes to the formation of future elites and thus the future leadership; having leaders who used corruption to get their positions, may set the nation onto a path of perpetual economic decline.

According to some scholars corruption can occur at the academic and service levels, with and without the student involvement. While corruption that involves students can be particularly damaging, corruption that does not, can be equally so. Consider a situation where a faculty member demands a bribe from a student for a grade, if accepted the student not only gains an unfair competitive advantage, but also possibly realigns his or

her moral compass becoming more accepting of bribes in the future. Alternatively, imagine a dean of a faculty ‘skimming’ from the faculty budget. This would lead to less funds being available for educational needs and if discovered, could diminish student’s deference towards authority and increase acceptability of corruption.

While Heyneman (2002) lists three categories of corruption – corrupted functions, corrupted accreditation and corrupted supplies, Rumyantseva’s (2005) typology offers a more comprehensive division into two distinct types of educational corruption. The first type “involves students as agents and has a direct effect on their values, beliefs, and life chances” (p.86). This type would involve students directly, where they are active participants and due to their involvement, their attitudes, values, and beliefs change. A typical example of this would be when a student gives a bribe to a professor after having done poorly on an examination to improve the grade. Having given the bribe, the student now believes that it is easier to pay and not work, increasing the likelihood of paying a bribe in the future. Continual bribery then leads to further modification of attitudes, which is likely to influence behaviour outside of the education system. This type of corruption involves students directly and is pivotal to formation and transformation of student attitudes.

The second type of corruption does not involve the students directly, but nonetheless impacts the students and their attitudes and beliefs. An example of this type of corruption would be embezzlement or theft of school funds by the administration. Embezzlement leads to reduced availability of funding for the students, which in turn reduces the quality and quantity of supplies, technology or equipment. Fewer bursaries and scholarships may be available and as a result, fewer students who rely on funding would be able to attain

higher education. “Although the effect on students is present, it is indirect and realized through various mediating factors” (Rumyantseva, 2005, p.87). Both types of corruption have an impact on the attitudes of students, although the level of impact could vary significantly depending on the offence, frequency and outcome of the corrupt action.

Unlike Rumyantseva, Hallak and Poisson (2002), subdivide educational corruption into six areas based on the planning and management function involved. This typology is more specific as covers extraneous areas such as school building and the promotion of teachers (p. 20). Their framework is particularly strong because it focuses corrupt practices, as well as the factors that drive corruption. In fact, many of the drivers of corruption presented in this thesis overlap with the drivers from Hallak and Poisson’s study and include, culture, economics, socio-political and institutional factors.

Indicators of Systemic Corruption in Education

Now that we understand what systemic corruption in education entails in a general sense, it is important to turn our attention to developing indicators that may point to the existence of corruption and causes of systemic corruption in an educational context. The indicators and drivers in this chapter have several limitations that should be noted. Firstly, indicators apply exclusively to the higher education sector. Secondly, indicators must be evaluated in conjunction with one another; the presence of a single indicator cannot be taken to mean that systemic corruption exists. Nor can the presence of a single driver mean that systemic corruption is inevitable to develop. With these limitations in mind, this chapter will outline the indicators of systemic corruption in education and conclude with a discussion of causes, or drivers, of systemic corruption.

Heyneman (2002) identifies several important characteristics of a corruption-free education system. These include:

- Equality of access to educational opportunity
- Fairness in the distribution of educational curricula and materials
- Fairness and transparency in the criteria for selection to higher and more specialized training
- Fairness in accreditation in which all institutions are judged by professional standards equally applied and open to public scrutiny
- Fairness in the acquisition of educational goods and services
- Maintenance of professional standards of conduct by those who administer education institutions and who teach in them, whether public or private (p.4)

By inverting these criteria it is possible to arrive at a definition of educational corruption. The system would have to be fundamentally unfair to the participants. It would have to privilege one group over another and distribute resources not based on merit, but on familial ties or money. Just as importantly, the relationship between the government and the individual institutions (the accreditation in particular) would be biased, unfair and influenced by private interests. A systemic element would also imply that distribution of cases of corruption would cover the entire sector. Individuals dealing with higher education institutions would have no way of escaping the corrupt practices. Students would be routinely asked to give bribes or barter their way to a degree, rather than be evaluated on merit. Lastly, the enforcement mechanisms over the education sector would be insufficient to monitor and prevent corruption. The government oversight

bodies tasked with policing the system – the Ministry of Education and the police – are either unable or unwilling to monitor the individual institutions.

There are several ways in which one can group these indicators. Rumyantseva's (2005) typology offers one method, by classifying indicators into two categories: education specific and administrative corruption. Alternatively, one can look at corruption in higher education through the lens of those administering the system. In this case, the indicators would be classified from the point of view of those working within the system from administrative staff to faculty members to government officials. Individuals in each of these categories have specialized access and function in the educational structure and therefore are able to exploit it in different manners. A third method of classifying indicators of systemic corruption is to base them on the chronological order from a perspective of a student, from admissions to graduation. While all three methods provide an acceptable way of grouping the indicators, I have chosen to use the third method as it provides an easy and comprehensive method of grouping indicators. Since most corruption reports focus on the students as both witnesses and victims of corruption applying the indicators in a sequential manner is likely to yield the most logical analysis.

The first level of an educational bureaucracy a future student faces is the admissions process. The most obvious corrupt outcome at this stage is if a deserving student is passed over by a less deserving, but a wealthier or a more connected student. A bribe, a personal favour, a phone call from the president of a university can all influence the decisions of the admissions committees (Round & Rodgers, 2009, pp. 85-6). However, these corrupt practices have only one outcome; they unfairly reshape the outcome in favour of one party over another. An admissions process is a zero-sum situation, where

one person will always get in at the expense of another. As such an indicator to test corruption at the admission stage could be:

- Admissions process is opaque with private interests frequently changing the outcome of the admissions decisions

After students are admitted into a Higher Education Institution (HEI), they may experience several manifestations of corruption. Professors may demand a bribe or a favour in exchange for a passing grade on an assignment or exam (Braxton & Bayer, 1999). Students may be forced to pay for books from select publishers or authors, which have little to do with the subject matter they are studying as a prerequisite for passing the course. Finally, students may be able to buy papers from professors and submit those papers either directly to the same professor or another faculty member without any academic penalty. The following indicators of educational corruption may be present during the academic process:

- Faculty members demand bribes for passing assignments and exams
- Students are forced to pay for books that are irrelevant to their subject areas and/or coursework
- Students are able to pay to improve their grades and pass courses
- Students are able to buy finished assignments from faculty members and submit those assignments with no negative academic consequences
- The appeal process is unfair to the students wishing to appeal their grades

From time to time, students will encounter university administrators. This category includes: department heads, principals and vice-principals, deans, rectors and other administrative staff that are involved in governing an organization. Students may be able

to pay these administrators to use their administrative influence to change an outcome. Alternatively, students may be forced to pay for services that should otherwise be free, such as an application to graduate, checking out a book, or transcript requests (Round & Rodgers, 2009). Although, in this instance it is important to examine the formal rules prior to evaluating whether the services should indeed be free. The indicators of administrative corruption in education include:

- Students are routinely asked to pay for services that should by law be free
- Administrators use their positions for personal enrichment
- Administrators improperly interfere in the academic and social matters of the university on behalf of students

Finally, while students are unlikely to directly encounter the government agency responsible for monitoring and regulating the education sector, its influence is pervasive (Rumyantseva, 2005, pp. 90-1). The government agencies responsible for the education sector include: Federal and Provincial Ministries, independent accreditation bodies and local governing councils. These agencies responsible for setting out broad education policies, as well as monitor their implementation and prosecute any transgressions (Weidman, 2007). Where criminal matters may arise, they are also responsible for reporting crimes to the law enforcement agencies. Indicators of systemic corruption in governance of the education system include:

- Bribery or arbitrary enforcement during the accreditation process
- Evidence of a wide geographical distribution among the reported cases of corruption in education

- Officials working for the governing body(s) in charge of education quality monitoring accept bribes and engage in other acts of corruption

Table 1 below, summarizes the above indicators into four sections for easy reference.

Naturally, the education process is part of the larger socio-economic environment. As such, national and regional context matters a great deal. Indeed, it is important to evaluate the totality of the system before passing a judgment on the degree and level of corruption.

Table 1

Indicators of Systemic Corruption in Higher Education

Admission	Education Process	Administration	Governance
Admissions process is opaque with private interests frequently changing the outcome of the admissions decisions	Faculty members demand bribes for passing assignments and exams	Students are routinely asked to pay for services that should by law be free	Bribery or arbitrary enforcement during the accreditation process
	Students are forced to pay for books that are irrelevant to their subject areas and/or coursework	Administrators use their positions for personal enrichment	Evidence of a wide geographical distribution among the reported cases of corruption in education
	Students are able to pay to improve their grades and pass courses	Administrators improperly interfere in the academic and social matters of the university on behalf of students	Officials working for the governing body(s) in charge of education quality monitoring accept bribes and engage in other acts of corruption
	Students are able to buy finished assignments from faculty members and submit those assignments with no negative academic consequences		
	The appeal process is unfair to the students wishing to appeal their grades		

Drivers of Systemic Corruption

Upon establishing that systemic corruption is indeed present within the education system, a more interesting line of inquiry opens up. Why? Why is it that some educational sectors develop corruption while others do not? Scholars have identified scores of causal variables that promote public sector corruption. For the purposes of this thesis we will call these variables ‘drivers’ and explore their causal relationship to corruption. Drivers of corruption fall largely into five broad categories: political culture, economy, competition, opportunity spaces and discretion. This chapter will outline an analytical framework and present the research to demonstrate how each factor influences the level of corruption in a given context.

Individual attitudes towards corruption are similar to corruption indices in that both can be a self-fulfilling prophesy (Cabelkova & Hanousek, 2004; Warren & Laufer, 2009). A belief in the existence of corruption in one’s country can be a powerful motivator for corrupt action. Political culture defined as, “a repertoire of cognitions, feelings, and schemes of evaluation that process experience into action” (Sandholtz & Koetzle, 2000, p.36), plays a very important role in determining the behaviour of public servants. Political culture can be broken down into two sub-categories of socialization and structural attitudes. Socialization refers to the action binding characteristic of being socialized in a certain context. For example, two bureaucrats from two different countries, in a similar situation – where both have low salaries and a low chance of being punished – may act differently when presented with the same opportunity because of *socialization*. As Sandholtz and Koetzle (2000) note, “even where the political-economic

structure of opportunities would seem to invite corrupt behaviour, prevailing cultural orientations can nevertheless inhibit people from exploiting the opportunities” (p.36).

Wider structural attitudes on the other hand may impact the formation of the political, institutional and economic makeup, thereby reducing the other drivers influencing corruption. For example, countries where corruption is deemed to be unacceptable, citizens would likely be less inclined to give a bribe; politicians may feel more pressure to create stronger laws and institutions to detect fraud; and bureaucrats would be more likely to have larger salaries. Thus, political culture can impact both the individual behaviour and the wider context within which the bureaucrats operate. Countries that have a political culture accepting of bribery and graft can be expected to have structures that are more susceptible to corruption, individuals may be more inclined to offer bribes and public officials may be more likely to accept them.

In an educational context political culture can manifest itself in several ways. The permissive attitudes towards corruption may make it easier for parents and students to approach professors and instructors in an attempt to offer a bribe. Alternatively, culture that is accepting of bribery may penetrate the individual institutions and create an atmosphere that is conducive to corruption. Professors may feel that there is nothing wrong with taking bribes and gifts in exchange for better grades because such practices are acceptable at the institutions they work at (Temple & Petrov, 2004, Shaw, 2005, Round & Rogers, 2009). Finally, political culture may influence the government’s willingness to crack down on corruption. If the attitudes and beliefs promote corruption, the government may not see it as a serious problem or may not be able to do much about it.

The second driver of corruption is the economy. The relationship between corruption and economic development is not new. Economists have been exploring this relationship for decades (Aidt, 2003; Goel & Rich, 1989; Triesman, 2007). There is a strong relationship between economic prosperity and corruption. One needs only to look at the bottom of Transparency International corruption index to see that most of the countries on the list are poor, or in transition. In fact, corrupt countries, have lower GDP per capita and lower levels of human capital (Svensson, 2005). Poorer countries are also more likely to have lower public sector wages which forces office holders to supplement their income by rent-seeking (Aidt, 2003; Osipian, 2007a; Shaw, 2005). Aidt (2003) theorises that higher wages deter corruption because they increase “the cost of dismissal and that makes bureaucrats more reluctant to accept bribes” (p. F637). Other studies have found that the difference between public and private sector wages have a significant correlation to the level of corruption (Goel & Rich, 1989). This is consistent with the economic view that economic prosperity leads to higher public sector wages, which in turn drive down corruption. It is possible to theorize that higher wages lead to higher opportunity costs of rent seeking, which raises the minimum sum necessary to bribe an official and largely eliminates petty bribery. It is significant to note that scholars have demonstrated that both overall economic prosperity and higher public salaries lead to the reduction in corruption. This has particularly important implications to the developing countries seeking to reduce corruption.

The economy can have significant impact on corruption in education. Economic troubles may impact the government’s ability to finance the public education sector. Mauro (1998) found that the level of corruption was linked to reduced government

spending on education. This link can be explained in several ways. Reduced government expenditures on education can lead to reduced wages for professors, administrators and other university staff, which could create a stronger incentive to seek alternative sources of income, including corruption. Several studies have indicated a link between low wages in the education sector and corruption (Osipian, 2007a; Round & Rogers, 2009).

Furthermore, reduced government expenditures on education can negatively impact the monitoring mechanisms within government. Lower wages, overworked staff and the inability to attract competent staff may lead to reduced ability of the government to crack down on and investigate corruption, which in turn may exacerbate the problem of corruption in education.

It has long been theorized that public sector monopoly leads to rent-seeking behaviour. After all, if a single individual is the sole issuer of a business licence, the economic value of such a licence is enormous, and so is the urge to personally profit from the transaction. Alternatively, providing healthcare or education services without any competition from the private sector may lead to inefficiencies such as rent-seeking to accommodate those wishing and able to afford the preferential treatment (Sandholtz & Koetzle, 2000). The state monopoly leads to appreciation of the assumed economic cost of the goods, which cannot be mediated by the alternatives from the private sector. If a government monopoly over services leads to increased public sector corruption, then by encouraging and increasing the private sector competition it is possible to reduce the corruption in the public sector. The major impediments to privatization, however, are the corrupt practices associated with the process. In particular, preferential awarding of contracts to the private sector firms is a major issue (Davis, 2004, pp. 56-58). Thus,

privatization must be undertaken transparently and under independent oversight if it is to be successful.

In education, a strong and robust private sector offering an alternative to the public institutions can reduce corruption. Students that are unsatisfied with the public offerings can switch universities or seek other alternatives. As Osipian (2007a) notes, the academic credentials were once “an exclusive domain of the nation-states”, but are now increasingly granted by private institutions (p.4). Osipian (2007a) suggests that both public and private institutions can “satisfy the public’s demand on degrees and certificates that hardly represent high-quality education” (p.4). Thus, a private sector education system can be a double-edged sword. If the public is seeking degrees that ‘hardly represent high-quality’ then an independent private sector will drive down the quality. However, if the public is seeking a quality education system, the private sector will seek to fulfill those needs. Regardless of the direction, the private sector must be in a position to offer *real* alternatives. This means that private universities must have the faculty, equipment, and reputation comparable to that of the public sector. If this is achieved, the private sector may be able to drive down corruption because the tuition costs at these institutions are likely to reflect the real cost of education, which allows private universities to offer higher wages to its staff and reduce their incentives for rent-seeking. However, the start-up costs of a private institution are quite high, which ideally, the government should be in a position to subsidize, at least in the short term. Thus, a robust private sector can reduce the overall corruption in the education system by offering alternatives to the public sector.

Opportunity space is the next factor worth discussing. While it is somewhat ambiguous of a term, the concept refers to institutional peculiarities that are conducive to corruption. Opportunity spaces occur whenever “authority is delegated to a bureaucracy” (Aidt, 2003, p. F635). These spaces include face-to-face meetings with the public officials, ability to have direct contact with the decision-makers without oversight, and encounters outside of the established public boundaries. While such meetings could happen in any country, some institutional arrangements make it particularly easy for such meetings to occur and as Weidman notes, when such situations do occur “corruption is [not] inevitable, but rather... the opportunity for corruption exists and, under certain conditions, may take place” (Weidman, 2007, p. 9). It is therefore better to have institutional arrangements that force business to be conducted over mail or the internet, rather than in-person. In situations where the interaction must be tête à tête, they should be conducted in the presence of another party, under well-monitored conditions.

Opportunity spaces in educational corruption can be found in many places. Students and parents may need to interact with administrators during admissions, or during the course of their studies. In some countries students are expected to undergo oral exams as part of their degrees, which increases the interaction between the students and professors. Practices that tolerate, or even encourage unmonitored interaction, such as personal tutoring, one-on-one meetings with professors and oral exams increase the chances of corruption occurring (Weidman, 2007).

Lack of competition from the private sector is one of two corruption drivers that stem from the government’s role in the social and economic space, the second being discretion. Klitgaard, MacLean-Abaroa and Parris (1996) argue that “corruption is a

crime of calculation, not of passion. People will tend to engage in corruption when the risks are low, the penalties mild and the rewards great” (Klitgaard, MacLean-Abaroa, and Parris, 1996; Dubrovskiy, 2006). Based on this the authors developed a corruption formula, which states that corruption is caused by monopoly and discretion without accountability. Corruption, flourishes “where officials have a monopoly power over a good or service, unlimited discretion in deciding who gets that good or service or how much they get, and there is no accountability whereby others can see what that person is deciding” (Klitgaard, MacLean-Abaroa and Parris, 1996, p. 10). Proper monitoring and accountability leads to a higher chance of being discovered, which raises the risks of engaging in corrupt practices and drives down the number of officials who engage in them (Triesman, 2000). Accordingly, by introducing stronger accountability measures, placing legal and ethical limits on the discretion of public officials and informing citizens of their rights, the level of corruption can be expected to decrease. Strong institutions are required to facilitate proper interactions between the government and the people (Johnston, 2005). Ideally, increased discretion should be monitored by increased accountability, and, if the relationship between accountability and discretion is not maintained, corruption is likely to occur. The larger the imbalance, the more prone to corruption the situation becomes.

Professors are given a wide degree of discretion in educational matters. Professorial autonomy over educational matters is a sensitive subject in many jurisdictions. As institutions of higher learning, universities are usually given a high degree of autonomy to determine degree requirements, grading schemes and budget allocation. Responsible application of discretion is particularly important in Arts, Social Sciences and

Humanities, where the subjective nature of the courses often necessitates an exercise in judgment from the marker. Admissions committees usually meet behind closed doors and make decisions that come down to judgment, rather than science. Judgment is very important to the education process; unfortunately it also is quite susceptible to be leveraged as a currency in exchange for favours and preferential treatment. The natural countermeasure to un-moderated discretion is proper governance and monitoring (Aidt, 2003, Dubrovskiy, 2006). There are two types of accountability mechanisms available to universities. The formal accountability, which “describes the reporting obligations of an institution” and substantive accountability, defined as “a set of sanctioning procedures that are applied by the control structures” (SAR, 2008, p. 4). Both accountability types are designed to introduce accountability without undermining autonomy. Aidt (2003) further argues that “the actual level of corruption is determined by how well the institutions governing the bureaucracy are designed” (p. F635). However, according to Dubrovskiy (2006) “as long as corruption remains a part of the unofficial rules... the only visible effect [of monitoring] is an increase in the amounts of bribes due to an increase in ‘costs’ (p.17). By their nature, educational establishments concentrate a relatively high degree of discretion in the hands of a small number of educators. Excessive monitoring is not only expensive, but can also be considered intrusive. The fundamental problem in educational corruption is how to eradicate inappropriate decision-making without diminishing the necessary authority of a professor over his or her students.

The five drivers outlined in this section provide the basic framework for understanding public sector corruption. Each of these drivers promotes corruption and one can reasonably conclude that by reducing these factors one can reduce corruption as well.

However, efforts that only focus on one or two of the factors are doomed to fail since corruption is influenced by the interplay of all five factors. Thus, only by creating policies that aim to reduce or mitigate all five factors can the overall level of corruption decrease.

Table 2

Drivers of Corruption

Driver	General	Educational
Political Culture	<p>Socialization</p> <ul style="list-style-type: none"> • Actions of public servants to some degree are influenced by their upbringing and organizational norms and standards <p>Structural Attitudes</p> <ul style="list-style-type: none"> • Societies that value honesty and transparency in governance will institute policies that promote these values 	<p>Socialization</p> <ul style="list-style-type: none"> • Participants in the education sector (students, parents, professors, etc.) accept corruption as a normal way of doing business <p>Structural Attitudes</p> <ul style="list-style-type: none"> • Society as a whole deems corruption to be acceptable and does not actively prosecute the offenders
Economy	<ul style="list-style-type: none"> • Overall economic prosperity and public sector wages have a direct impact on the level of corruption in the public sector 	<ul style="list-style-type: none"> • Professors and administrators receive comparatively low wages and must seek additional revenue to sustain themselves
Competition	<ul style="list-style-type: none"> • Government monopoly over provision of public sector services tends to increase corruption 	<ul style="list-style-type: none"> • The Government actively prevents the emergence of the private education sector
Opportunity Spaces	<ul style="list-style-type: none"> • Unmonitored personal interactions between public servants and the public provides opportunities for corruption 	<ul style="list-style-type: none"> • Institutional arrangements and formal practices encourage students and professors to interact outside of the formal classroom space
Discretion	<ul style="list-style-type: none"> • The wider the gap between the discretion of a public servant and the lack of accountability the more likely corruption is to occur 	<ul style="list-style-type: none"> • Professors are unmonitored and are given absolute discretion in assigning grades with no credible appeals process

Chapter 4 – Ukraine

While the last two chapters provided a comprehensive overview of the literature on corruption, this chapter will shift the focus from the abstract field of theory and into the practical field of reality. The case study for the framework has been selected with two criteria in mind. Firstly, the country should have documented corruption and secondly, it should retain a functional government that allows for consistent provision of services. This ensures that the analysis is applied to a county that suffers corruption, rather than a governance vacuum. The second criterion is satisfied as long as the country in question has an executive government capable of delivering meaningful and consistent services to its population. Ukraine has been selected as a case study because it satisfies both criteria and provides a satisfactory analytical platform. The case study will be used to evaluate the various factors influencing corruption outlined in the first part of the paper.

According to Transparency International (2010) Eastern Europe remains one of the most corrupt regions in Europe, which makes it a particularly interesting region to study due to its proximity to the Western world, abundance of evidence and the unique history of the region. The purpose of this chapter is to familiarize the reader with the history of Ukraine, provide a brief introduction about its origins and outline the processes in the public education sector.

Ukraine is a young eastern European state. Its history includes over a millennium of turmoil, conquest and yearning for independence. For the purposes of this study, examination of history will be limited to the last century to establish historical links between the present condition and past events. The last century covers the communist

rule and the 20 years of independent Ukraine. This time period was essential in fostering Ukraine as a nation and later as a country. It was critical in thought and attitude formation, which had lasting implications for the country well beyond the Soviet period. Lastly, during this time Ukraine underwent significant governance reforms, which included a new constitution, tax code and many other legislative and regulatory initiatives. While many of these tools had unintended consequences of increasing corruption, the country continues to maintain its overall independence and economic growth; two remarkable achievements to be sure.

The Ukrainian Socialist Republic

Ukraine was forcefully incorporated into the Soviet Union and pacified in 1921 (Åslund, 2009, p.13). For the next 70 years the nation was under Russian rule and the larger Soviet Union banner. While the Soviet Union officially promoted regional self-governance among the various republics, administrative and regulatory integration remained centralized in Moscow. Collectivization hit Ukraine particularly hard and the severe famine known as *Holodomor* is estimated to have taken between 7 and 9 million lives (Åslund, 2009, p. 13; Ukrainian Canadian Congress, 2008). While the situation improved in the mid-1930s, World War 2 soon devastated the country. Following the war, a relatively stable environment, allowed the republic to develop economically as well as socially, if not culturally. The stagnation and the eventual fall of the Soviet Union brought in a period of instability and economic depression, culminating in extreme inflation in the mid-1990s.

During the harsh economic times of the 1990s, oddly enough, officially, state revenues remained consistent at 41 per cent of the GDP throughout the decade (Åslund, 2009). However, it has been suggested that the actual GDP shrank by half. This was largely due to the excessive taxation responsible for a mass business exodus and profit underreporting. In real terms state revenues declined by half and came mainly from the large, state owned enterprises, rather than private business. The budget shortages led to the curtailment of provision of positive rights, guaranteed under the constitution, such as free education, healthcare and law enforcement. The most affected individuals were the state employees whose salaries remained static and negligible compared to the rampant inflation plaguing the country in the 90s. Perhaps one of the most devastating outcomes of the transitory process was the creation of a large ‘working poor’ category. This category included state employees such as doctors, teachers and professors who receive formal incomes at or below the state-set subsistence minimums (Round & Rodgers, 2009, p. 83). In 2003, an instructor at a university earned about 400UAH (\$100 USD). A salary so low that the Minister of education remarked that, “In order to buy an apartment a professor would have to work for 126 years without eating and drinking” (Osipian, 2007c, p. 22). In 2007, a college instructor was earning 1370 UAH (\$400 USD), which is still a rather pitiful salary compared to the minimum salary necessary for survival, much less leisure or capital purchases. Low salaries essentially forced the ‘working poor’ to turn to alternative methods of generating income (The World, 2010). It is perhaps all too natural that some of them turned to graft, theft and bribery as a means of making a living wage. Since many of them occupied positions of authority, corruption was the easiest route to take.

Ukraine's Education Sector

Arguably, one of the more telling signs of the pervasiveness of corruption in the independent Ukraine is that corruption has now spread to the historically immune sectors of society. Education in the Soviet Union has always been seen as a highly respected and corruption-free environment (Round & Rodgers, 2009). It was revered as a primary method of indoctrination and propagation of the communist ideology. Science and engineering in particular, formed the cornerstone of Soviet progress and were closely monitored by the state to ensure an 'ideologically pure' environment, intolerant of corruption. Cases of bribery and favouritism were prosecuted and were largely unheard of, particularly in the more prestigious universities. Before looking at the corruption situation in Ukrainian state-run universities, it is important to discuss the system itself.

Ukraine's system of education consists of pre-school, secondary, vocational, and higher education. In addition, there is a post-graduate research education system for the advanced science degrees (Tempus Program, 2008, p.1). The system is managed by the Ministry of Education, Science, Youth and Sports of Ukraine (The Ministry, or The Ministry of Education), which directs and coordinates the operations, manages accreditation and sets out policies and regulations governing the education sector. As of 2009, there were 881 Higher Education Institutions (HEI) in Ukraine: 196 Universities, 56 academies, 119 institutes, 228 colleges, 152 technical schools, 129 vocational schools and 1 conservatory. Among these institutions, 466 are state run, 196 are private and the rest are under mixed governance (Tempus Program, 2008). As of 2008/2009 academic year there were over two million seven hundred thousand participants, among them over one million six hundred thousand listed as full-time (Tempus Program, 2008).

Although new education legislations adopted since 1991 have granted increasing autonomy to the HEIs, the Ministry of Education remains actively involved in the management of the tertiary education sector. It continues to be involved in tasks such as curriculum review, accreditation, corruption eradication and general management of the system. More specifically, it is responsible for the development of the educational standards, coordination with other ministries on the streamlining of the education system, and evaluation of the staffing needs and development of future professors and instructors (Bolyubash, 2006). The Ministry, through the various arrangements, directly and indirectly employs many of the instructors who teach in public universities across the country. The funding of public institutions remains largely under the direct control of the Ministry (European Commission, 2007). It should be noted however, that staffing decisions are largely left to the local levels and universities are free to set up their own human resource policies as long as they conform to the Ministry guidelines.

Since 2005 the Ministry of Education has been in the process of implementing the Bologna declaration reforms, which aim to transform the old Soviet-style education system and align it closer with the global principles. This includes aligning university curricula with the Bologna structure (Bachelors, Masters, and Specialist), developing processes for recognition of prior learning and creation of the national quality assurance agency, among many others. Progress has been slow, however, and the Ministry continues to work towards reorganizing the tertiary education section.

Perhaps the most interesting vestige of Soviet past to remain in place is the Ministry's role in determining the so-called 'government order'. Every year, the Ministry determines a country-wide need for every profession and allocates funding for those spots. The

funding is then disbursed among the state universities and institutes, who in turn run competitive entrance exams to fill the spots. Abiturients admitted to these spots have their education paid for by the state and receive a small stipend as long as they maintain reasonable grades (Round & Rogers, 2009, p.85). All other pupils receive no government funding and must fund their own education. Due to the lack of a formal government or private sector run loan system, it falls on the students and their families to raise the necessary funds to attend the university. This could mean anywhere from 12 to over 30 thousand hryvnias a year, depending on the university and program (Kiev National University). As such, a student who did not qualify for the government funding could pay over 120 thousand hryvnias (\$15 000 USD). With the GDP per capita at just under \$3000 USD (World Bank, 2009), such a sum is clearly out of reach for most Ukrainians. Despite the constantly rising cost of tuition and the increasingly shrinking ‘government order’, the number of participants in the higher education process continues to increase, putting additional pressure on the universities to increase tuition costs.

Ukraine has inherited a comparatively large higher education sector capable of providing educational services to millions. In fact, the demand to attend these institutions has been growing steadily over the last 20 years. Education in Ukraine – much like elsewhere – is seen as an important component of upward mobility; many see education as the sole means of having a chance at entering the workforce (Round & Rodgers, 2009) or progressing in a career. It is also one of a small number of legal ways of avoiding mandatory conscription. The supply and availability of higher education space has kept up largely at the expense of the overall educational quality and class sizes. The Ministry does not police class sizes and allows the Higher Education Institutions (HEIs) to self-

regulate the intake of students. This has allowed the HEIs to have virtually an unlimited number of self-funded spots. The number of government-funded spots has been declining steadily, with some proposing to cut the ‘government order’ by half within the next two years (Fri.com.ua). Therefore, as the increased numbers of students vie for an increasingly smaller number of ‘budget’ spots, the number of paying students will only continue to rise. In the long run, this situation could pose equity and access to education concerns.

It is up to the individual HEIs to run the admissions process and select the future students among the hopefuls. Prior to 2003, most universities required the prospective students to write custom examinations based on the program they wished to enter. As such, a student wishing to apply to five different schools would be required to travel to each institution and write an exam. Exams were compiled by the committee and did not have to follow any curriculum. There was a strong disconnect between the high school knowledge and the material being tested, often to the point where extra tutoring was absolutely essential if one was to successfully pass the exam (Silova & Budien, 2006).

Since 2003, the government has introduced reforms to revamp the admissions process to bring a measure of order and standard to the admissions process. Today, in order to be admitted to a university in Ukraine prospective students must write a series of government-administered admissions tests. Conceived in 2003 and fully implemented in 2008, the standardized external tests (SET) were introduced to independently test students’ knowledge while providing a measure of integrity to the results that universities could use to select the students. The tests are usually written over the course of a semester when students are in their last year of high school. The SET has been jointly

implemented in cooperation with several western non-government organizations and is similar to the SATs in the United States (Buskey, 2007).

This reform process introduced in 2003 intensified following the ‘Orange Revolution’ in 2005 with President Yushchenko vowing to put ‘bandits in jails’ (Buskey, 2007). The new standardized testing was implemented on the US SAT model, with a Ukrainian twist. Students would be required to write a combination of tests in Ukrainian and world history, Ukrainian and foreign languages, mathematics, physics, biology and chemistry, depending on the programs they wish to enrol in (Buskey, 2007). In 2007, “all students that took the test had the option of submitting their scores on the exams to the universities they applied to in lieu of sitting for the entrance exam that the universities administered” (Buskey, 2007, p.9). In 2009, writing state exams became mandatory and “the competitive selection of applicants [was] to be carried out by a selection committee according to the amount of points [gained]” (USAID, 2009, p.9). The general aim of this effort was to produce a system that could be used objectively to sort prospective students and bypass the localized exams previously administered by the universities.

The HEIs have been forced by the Ministry to accept the results of the government-run standardized testing. Prospective students are expected to attain at least 124 points – higher for the more competitive programs – and have at least 170 points in the relevant courses before their names are entered into the competitive process (Kiev national university of linguistics, 2010; National medical university, 2010). The points are calculated based on the individual subject tests that the high school students take during their final year. These points are then added with the average high school marks and the final list is ranked based on the results. The top students are then given admission.

Beyond the normal competitive process, the Ministry recognizes several categories of students who are given preferential admissions. These include:

- Persons who are ‘invalids’ under the relevant Acts
- Persons who are socially disadvantaged
- Persons who live in remote or ‘mountainous’ areas
- Persons who gained ‘gold’ or ‘silver’ medals upon graduation from the secondary school

(Kiev National University, 2010)

The students belonging to one of the above-mentioned categories by-pass the normal competitive process and are placed above their peers who compete for spots, effectively limiting the number of the overall spots available for the competitive process. This, of course, does not preclude students from attending the university, as universities are all too willing to provide additional spots for who did not qualify for the ‘budget’ spaces.

Aside from the students, the universities are expected to staff departments and promote faculty. Officially available information is somewhat limited on this subject; however the basic outline of the hiring and promotion process depends on several factors, including: years of service, qualification levels, student feedback, and academic work. Many universities also run public competitions for the teaching positions. Both internal and external candidates are eligible to apply and are usually selected by a panel of senior faculty members. In addition, professors employed by the public universities are expected to undergo a renewal process every five years, effectively eliminating the notion of tenure prevalent in Western academia. The process is very similar to that of the initial hiring, where candidate’s qualifications are reassessed and another five year contract is issued.

This chapter has provided a broad overview of the educational landscape in Ukraine. Ukraine's higher education sector is chronically underfunded and suffers from a limited number of government funded spots and an absence of an official funding mechanism for a majority of students. The recent reforms of the admissions tests shows that the government is indeed able to institute large scale educational reforms, although their effectiveness remains undetermined. Finally, the Bologna process reforms have been slow and Ukraine's HEIs remain somewhat out of step with the rest of Europe's higher learning institutions.

Chapter 5 – On Corruption in Ukraine

Ukraine's education sector is one of the largest in Europe. It is also plagued by widespread corruption (Osipian, 2007b; Osipian, 2007c; Parusinski, 2010; Stetar, Panych & Cheng, 2005) despite which it continues to function and grow. A USAID report on Ukraine suggests that "corruption is currently fused into Ukraine's education system" (Spector & Winbourne, 2006, p.33), while another observer argues that "Universities are among the most corrupted institutions in Ukraine" (Buskey, 2007, p.4). Even Ukraine's former president acknowledged corruption in universities and urged all responsible institutions to "curtail the corruption that is endemic to the admissions process" (MacWilliams, 2005). This chapter will apply the indicators of systemic corruption from the earlier chapters and evaluate whether Ukraine's tertiary education sector is systemically corrupt. The latter half of this chapter will focus on the drivers of corruption as the explanatory variables of systemic corruption and suggest some mitigating strategies.

Indicators of systemic corruption

This section is broken down into four subsections that chronologically mirror the educational process from admission to graduation. The pervasiveness of corruption in Ukraine's tertiary education sector can be best demonstrated by presenting the evidence in the order that a typical student would experience it. Each subsection will present the evidence of corruption and then apply the indicators to determine how systemically corrupt the education system is. The purpose of this section is to provide evidence to support the claim that the tertiary education system in Ukraine is systemically corrupt.

Indicators in highlighted in **bold** are considered to be present in Ukraine based on the available evidence.

Admission

- **The admissions process is opaque with private interests frequently changing the outcome of the admissions decisions**

Before a student ever enters the coveted university classroom, they have already, likely, experienced demands for bribes. In fact, 73 percent of students and parents believe that corruption is widespread during the admissions process (USAID, 2009, p. 5), 62 percent reported encountering corruption, and 39 percent admitted to giving bribes to have their child admitted to the university (USAID, 2009, p.7). Virtually every university has been affected by corruption at the admission stage. Over time the situation has deteriorated to the point where “nobody hides that they paid to get in” (Greenwald, 1996). In some cases, the brazen nature of extortion is astonishing. Admissions are frequently conditional upon the payment of a large sum of money by the parents of the prospective student. Former President Yushchenko once labelled this bribery and cronyism as “shameful and humiliating” (MacWilliams, 2006). In Kiev some 32 percent of students indicated that they had paid bribes (MacWilliams, 2006), while one student admitted to a journalist that “one of the guys confessed that he was [at Kyiv Mohyla Academy] only because his parents knew someone at the admissions department” (The World, 2010).

Prior to 2003, universities were free to administer their own admissions exams, and an entirely new tutoring industry sprang up (Silova & Budien, 2006). Widespread tutoring appeared to fill the gap between the formal education offered in the high schools and the

advanced knowledge being tested on the admissions tests. In Ukraine, almost 80 percent of students reported using either private tutoring services or preparatory courses (Silova & Budien, 2006). The most sought after instructors were the same professors who presided over the admissions committees. By virtue of the positions they held, privileged access to the admissions materials, and the intimate knowledge of the process, these academics were in high demand. According to one study, over half of personal tutors in Ukraine were university professors (Silova & Budien, 2006, p.81) and 85 percent of preparatory courses were taught by the university professors. The same report postulates that, “where university admissions are decentralized and where individual higher education institutions have their own admission requirements, there is a high demand for tutors with university affiliation who may have a direct access to topic content that may appear on the entrance examinations” (Silova & Budien, 2006 p.81). Not surprisingly, 81 percent of those being tutored took the courses to gain admission into a university (Silova & Budien, 2006, p.85). Finally, “private tutoring in Ukraine indicated that it was widespread, unregulated phenomenon that significantly affected educational equity [and] caused corruption” (Silova & Budien, 2006, p.305). One study found that up to 84 percent of students reported being aware of corruption during the admissions process (Land, 2007). Indeed, at the very least such tutoring represented a conflict of interest and at worse represented *prima facie* case of bribery, where those who paid for ‘tutoring’ were actually paying for admission. One university professor in Kiev suggested that lists are frequently compiled with the input from the faculty members, the dean and the rector, of the students to be admitted outside of the normal competitive process. For example, at one department out of the 120 available budget spots, only about 20 are allocated on

competitive basis (Osipian, 2007c, pp. 18-19). The situation has become so problematic that the government was forced to reform the admissions process.

Both the reform process and the introduction of independent testing were met with strong sense of scepticism by many groups, including professors, students and parents; expressing strong reservations about the tests. “The majority of rectors of colleges and universities are against the test. The president of Kiev-Mohila Academy anticipat[ed] clear sabotage [to be] carried out by some of the rectors to compromise the test” (Osipian, 2007b, p. 21). Moreover, 25 percent of respondents believed that independent testing would become as corrupt as regular examinations (USAID, 2009). While both USAID and the Open Society Institute have been more optimistic in their evaluation of the new testing, it will take years to accurately evaluate the impact of this reform. However, the persistent resistance and scepticism of the Ukrainian society towards anti-corruption initiatives is an important finding. Arguably, due to the number of failed anti-corruption efforts in the past, Ukrainians have become quite jaded towards such efforts, no matter how well funded, implemented, or monitored they may be. This attitude inevitably undermines the effectiveness of the future anti-corruption efforts.

Despite the reforms, the admissions process remains opaque, subject to corrupt deals that frequently change the outcome of the admissions decisions. We can conclude that private interests in Ukraine do frequently influence the outcome of the admissions process. Bribes are given and taken with some frequency to facilitate admission, which suggests that the admissions process is not conducted in a transparent and fair manner. This indicates that systemic corruption may indeed be present in the education system. The corruption of the admission system is pervasive and occurs throughout the country.

Naturally, some students can get in by merit, however, it is also clear that any student who wishes to gain acceptance without meeting the criteria can also do so. Over 30 percent of students indicated that they paid bribes to be admitted, which suggests that a substantial portion of students in Ukraine are accepted to post-secondary institutions based on connections, rather than merit. The cases appear to be geographically dispersed, which leaves little choice to those students seeking alternatives to the corrupt system.

The Education Process

While corruption during admissions largely involves professors who have some affiliation with the admissions committees, corruption during the learning process involves the largest number of instructors, who are no less willing and able to seek corrupt revenue sources. The education process is where most of the interaction between students and educators occurs. The following indicators can aid in identifying if corruption has occurred:

- **Faculty members demand bribes for passing assignments and exams**
- Students are forced to pay for books that are irrelevant to their subject areas and/or coursework
- **Students are able to pay to improve their grades and pass courses**
- **Students are able to buy finished assignments from faculty members and submit those assignments with no negative academic consequences**
- The appeal process is unfair to the students wishing to appeal their grades

While concrete examples of such corruption are difficult to come by, the media provides some of the examples of corruption during the educational process. Olga Zelinska, a graduate of the Chernivtsi University, recounted a class where “one professor

charged a set fee per exam. If you paid you passed.” Upon entering the oral examination, she was asked, quite pointedly, “will you try to pass or will you pay?” Since she chose to ‘try’, the professor proceeded to ask questions on the material “he hadn’t covered in the class and then flunked her” (The World, 2010). Her testimony is corroborated by the official Ministry of Education memorandums. One government document begins by stating that, “corruption and bribery are problems, that need immediate solving” (Bolyubash, 2006, p.1). The document notes instances of corruption occurring all over the country. For example, the head of the Mathematics department in Donetsk state academy of architecture and building was arrested for demanding bribes from students valued at over 10,000 hryvnias (\$1,200 USD). In Ivano-Frankivsk, an instructor in a local chemical technicum was charged with extortion, for demanding bribes from students in exchange for a passing examination grade. The instructor was sentenced to five years in prison. In Odessa, a professor at the department of history was arrested for demanding bribes from the students for a passing grade on the final exam. In 2005 alone, there were 1124 criminal cases opened against various educational personnel, including 448 bribery charges. In the first 10 months of 2006, 730 economic crime cases have been opened, 306 on the evidence of bribery by instructors and professors in the post-secondary institutions (Bolyubash, 2006). Furthermore, only 38 percent of students have not encountered corruption in their institutions; a statistic that holds true regardless geographical location of the school (All Ukrainian Press Centre, 2011).

One deputy in the Ukrainian parliament noted that plagiarism has changed as well. Whereas in the 1990s small ‘firms’ offered to write essays and dissertations to those seeking such services, today professors require electronic copies of assignments and then

sell these papers to the other students. Thus, a student can purchase an old paper from his or her professor and then submit the same paper back for a grade (Ovdienko, 2011).

Official documents also show other methods of corruption, such as when students are forced by purchase books from a single publisher (Bolyubash, 2006, p.3). However, there is no indication that students are forced en masse to purchase frivolous books and materials in return for passing grades. While we cannot rule out this practice, it is not reported in the media or in the official audit documents.

On systemic corruption in the educational process we can conclude that Ukraine meets some of the criteria. A survey of 1008 students by the 'Democratic Initiatives' institute showed that 62 percent of them have encountered corruption at their HEIs (All Ukrainian Press Centre, 2011). There are clear indications that bribes are solicited by the teaching staff for passing grades on assignments and exams. There is also evidence that professors are now selling electronic copies of past assignments to current students, although the scope of this scheme remains largely unknown. There is also very limited evidence to suggest that students are forced to buy unnecessary books and supplies. This is not to say that such practices do not exist, however, evidence of their existence is difficult to obtain. Thus, on balance between egregious bribery taking place in the classrooms and lack of corruption in the other areas of the educational process, we can conclude that the education process itself is indeed systemically corrupt. A very large number of students report dealing with corruption, which suggests that the problem is quite persistent in the education process.

Administration

- **Students are routinely asked to pay for services which should by law be free**
- **Administrators use their positions for personal enrichment**
- **Administrators improperly interfere in the academic and social matters of the university on behalf of students**

In Ukraine, administrative corruption is present throughout the country. For example, there have been several instances in Donetsk, Kiev, Zaporizya, Harkiv, Poltava and Lviv, where students were forced to pay for services that, by law, are to be provided free of charge (Bolyubash, 2006). Professors at one University set up their own 'price lists' for services such as exam retaking that Ukrainian regulations decree to be free (Osipian, 2007c). At the National University of physical education and sport of Ukraine, the administration has decreed that all students are to purchase educational literature from a singular publisher. In several Universities students were charged a fee to re-sit an exam. Some universities also increased tuition fees during the year and charged the difference during the term (Bolyubash, 2006). Another popular scheme is to underreport the income received from renting out empty university space to third parties, pocketing the difference. One university rented over five thousand square meters for just \$1 per meter, well below the market price. Additionally, administrators in universities in Krivorig, Chernivtsi and Ivano-Frankivsk were found to have broken several rules regarding procurement, granting preferential contracts without proper documentation or competition (Bolyubash, 2006). Finally, several administrators have been charged with interfering in the education process. The director of a Donetsk institute of psychology and

business was arrested for demanding payments from students. Deputy-director of a professional school in Chernivtsi was sentenced to five years for bribe taking.

Overall, administrative corruption in Ukrainian education system is systemic. All three indicators can be satisfied from the available evidence. Administrators engage in illegal and corrupt practices, the procurement is often conducted in non-transparent manner, with backroom deals away from public scrutiny and high-level officials interfere in the educational process on behalf of the students. Cases of administrative corruption occur throughout the country, which further supports the conclusion that administrative corruption is systemic.

Governance

- **Bribery or arbitrary enforcement during the accreditation process**
- **Evidence of a wide geographical distribution among the reported cases of corruption in education**
- **Officials working for the governing body(s) in charge of education quality monitoring accept bribes and engage in other acts of corruption**

In order to monitor the quality of the education system in Ukraine, the Ministry has established a mandatory accreditation process that evaluates a university's capacity to administer the curriculum. One USAID report observed that "the Education Ministry lacks transparency and accountability at many levels" (Spector and Winbourne, 2006, p.33). And as International Higher Education – an American publication on education policy issues – noted "the main area of corruption appears to be centered in the Ministry of Education and the large state universities controlling licensing and accreditation. In spring 2004, interviews were conducted with 43 rectors, vice rectors, and administrators

at five private universities [across the country]. A consensus emerged that successful licensing or accreditation applications, with few exceptions, required some form of bribery” (Stetar, Panych & Cheng, 2005, p.14). The licencing required on average of \$200 USD, while accreditation required “10 to 20 times greater ‘gratuity’” (Stetar, Panych & Cheng, 2005, p.14). Indeed, one rector remarked that if a US institution with exclusively Nobel prize-winning teaching staff moved to Ukraine, it would fail to get accreditation without a sizable bribe.

According to Heyneman, Anderson and Nuraliyeva, (2008), following the collapse of the Soviet Union, the Ministry of Education began demanding bribes for accreditation and procurement (p.1). Accreditation process remains one of the most problematic issues in Ukraine. The Ministry of Education controls the accreditation process, which has led to corruption. Evidence suggests that centralized control over accreditation in Ukraine has led to massive bribery and graft, which stifles the development of an alternative private sector. Indeed, accreditation requires immediate attention.

The evidence further suggests that corruption occurs across the country in large urban centers such as Kiev, Donetsk and Lviv, as well as smaller cities such as Ivano-Frankovsk and Chernivtsi. Students attending any one of the public higher education institutions in Ukraine are likely to encounter, experience, or at the very least, hear about corruption. While bribery is the most common form of corruption, embezzlement, intimidation, theft and a host of other problems occur throughout the system. In almost all cases, the very processes and organizations designed to monitor and prevent corruption appear to be engulfed in it. The bribes collected from the students and their parents at the

lower levels are frequently divided and ‘passed’ up the chain, ultimately reaching the pockets of the bureaucrats and their political bosses.

In terms of corruption in the governance structure of Ukraine’s higher education sector, we can conclude that it is systemically corrupt. Overt corruption in the accreditation process suggests that the Ministry is an active participant in corruption and is therefore in no position to actually enforce the rules.

In conclusion, based on the available data we can argue that Ukraine’s tertiary education sector is systemically corrupt. The admissions process remains deeply corrupt. The recent reforms may address some of the corrupt practices; however, there is nothing to suggest that these reforms will have a significant long-term impact. The education process is tainted by demands for bribery. Administrators of post-secondary institutions routinely engage in corrupt practices, influence the education process and make inappropriate contracts with the private sector for personal enrichment. Finally, the governance structure of the post-secondary sector in Ukraine is systemically corrupt. The Ministry of Education and Science is unable to monitor the sector, the accreditation process is corrupt and we see evidence of corrupt occurring all over the country. These findings suggest that Ukraine’s tertiary education sector is systemically corrupt.

Drivers of Corruption

Now that we have established that Ukraine’s post-secondary education system is systemically corrupt, it is important to establish why it is so. The framework developed in Chapter three suggests that there are five ‘drivers’ of corruption. This section will apply

the five drivers to the situation in Ukraine in an attempt to understand what causes corruption in Ukraine in hopes of addressing these factors and reducing corruption.

Political Culture

Scholarship and education should be conducted in an environment where neither the students nor the professors dare to imagine offering or accepting bribes. Indeed, the entire culture in the educational institutions and beyond should be one of complete disdain for corruption. Permissive or accepting attitudes towards corruption can aid in its development and propagation throughout society. As this section will demonstrate, both students and instructors exhibit accepting attitudes towards corruption, which creates a positive climate where corruption can exist and prosper.

While multiple theories have been offered to explain the collapse of the Soviet Union, Holmes argues that corruption played no small part in the demise of the communist empire (Holmes, 1993, p. 327). The foundation of the Soviet Union consisted of a strong, overbearing central government, which fused the political and administrative apparatuses together in the hands of a few, powerful ‘apparatchiks’ who ruled the state. The system relied heavily on ‘tolkatch’ or pushers to expedite the processes and create efficiency where little of it existed due to the stringent and contradictory rules in place (Holmes, 1993). A distinct black economy emerged as a result of the contradictions and inefficiencies in the system. Due to the severe shortages caused by the poor central planning and inadequate production, a second, informal economy developed, facilitated by an extensive barter system. The primary purpose of this shadow economy was to “alleviate consumer shortages and bureaucratic bottlenecks” (Sampson, 1987, p.120).

Without this double economy it is impossible to imagine the mainstream Soviet economy

being able to satisfy even the most basic needs of the Soviet citizens. The bartering ensured that those who had easy access to one type of a good could trade it for another.

Although the black economy was pervasive and its use was extensive, it was also illegal. Even though many of the features of this economy today would be consistent with free market principles, it was driven underground by the state. The official government stance was that it did not exist. Thus, anyone who used this alternative economy was de facto engaging in illegal activity. Soviet émigrés estimated that this economy was anywhere from 10 to 50 percent of the country's gross national product (Sampson, 1987, p. 124). This figure indicates that virtually every citizen of the Soviet Union, at one point or another, dealt with the black market. Illegal use of the black market turned citizens looking for a way to satisfy their needs into criminals in the eyes of the state. More importantly, the frequent interactions modified the beliefs and attitudes of the citizenry, making certain contraventions of the law acceptable in their minds. The more individuals engaged in this practice and more acceptable these beliefs became, the larger the shadow economy grew. At its height, individuals were not only trading goods, but services as well. The favours or 'blat' exchanged in this manner became quite common. One could, for example move ahead in the car line for some fine cognac, or get out of trouble with the police for caviar (Holmes, 1993). What started as a necessity quickly grew to encompass virtually every facet of the Soviet society. While the Soviet experiment ended in 1991, the practice of trading favours persisted. The importance of blat to the development of the post-Soviet institutions cannot be underestimated. The exchanges of favours became the norm and carried on after the Soviet Union collapsed, along with the attitudes that legitimized its use.

Sometimes characterized as ‘the chaotic years’, the 1990s were some of the most corrupt times in Ukrainian history. After the fall of communism, the government reoriented itself wholly towards capitalism, which led to mass privatization of state-owned enterprises. The lack of experience with implementation and management of the free market economic system led to the widespread chaos in the economy (Åslund, 2009). The chaos deepened the resulting regulatory and enforcement vacuum, which only fostered the already present corruption climate persistent from the Soviet past. Whereas, the government of the Soviet Union made attempts to combat corruption, following the fall, enforcement mechanisms broke down and ceased to exist. This gave rise to “an extraordinary amount of official corruption and Mafia-style crime” (Varese, 1997, p.580). The living standards fell and economic disparities widened (Chernina, 1994). With official corruption on the rise and living standards in free fall, it is no surprise that the old Soviet-era corruption reappeared in new and damaging ways.

The 2007 “MCC Baseline Survey on Corruption in Ukraine” states “that 67 percent of Ukrainians who have dealt with government officials over the past twelve months say that they have been directly involved in corrupt interactions” (Round and Rogers, 2009, p.81). Temple and Petrov (2004) argue that ‘mentality’ is one of the main bases for corruption in education. “Corruption is... [also] linked to the Soviet-period *mentalitet*. *Blat* practices of the Soviet period taught... citizens to protect their networks of family and friends, not to take personal responsibilities, but alternatively to rely on, blame, the Government” (p. 91).

Ukrainian political culture is permissive towards corruption and in many cases it has paralyzed the will of the people to do anything to reverse the situation. Ukrainians see

their governing institutions as an impediment, rather than a solution. When the child is struggling to gain admission, a bribe is the solution, when a student is unable to pass a course, ‘an agreement’ can always be struck. Ukrainians are aware of the moral implications and “80 percent of faculty and students described accepting money in exchange for a favourable grade as inappropriate.” (Stetar, Panych & Cheng, 2005, p.14). Nonetheless, 30 percent of students indicated inclination to purchase favourable grades and 15 percent would let their friends know about corrupt practices (Parusinski, 2010). The idea that everything can be negotiated and that rules are impediments, have created a culture that has failed to adopt the rational legal framework that is the foundation of the modern Western societies. Without the compliance with the restraints of the formal and informal rules, Ukraine cannot hope to overcome corruption. The entire frame of mind has to be addressed and changed. Otherwise, the current political culture in the country is likely to continue to propagate an environment where under-the-table deals are struck and illegal and corrupt methods are used to achieve outcomes that are in the individual interest, rather than that of the society as a whole.

Recommendations

The government should launch a campaign to educate the population about the dangers of corruption. The campaign should focus on the education sector in particular and highlight some of the dangers of educational corruption.

The government will need to take steps to tackle corruption in other areas as well. Judiciary, police, healthcare and other sectors will have to undergo intensive reforms to irradiate corruption. Focusing on the education sector alone is not likely to deal with the deeper problem of political culture in the country.

Economy

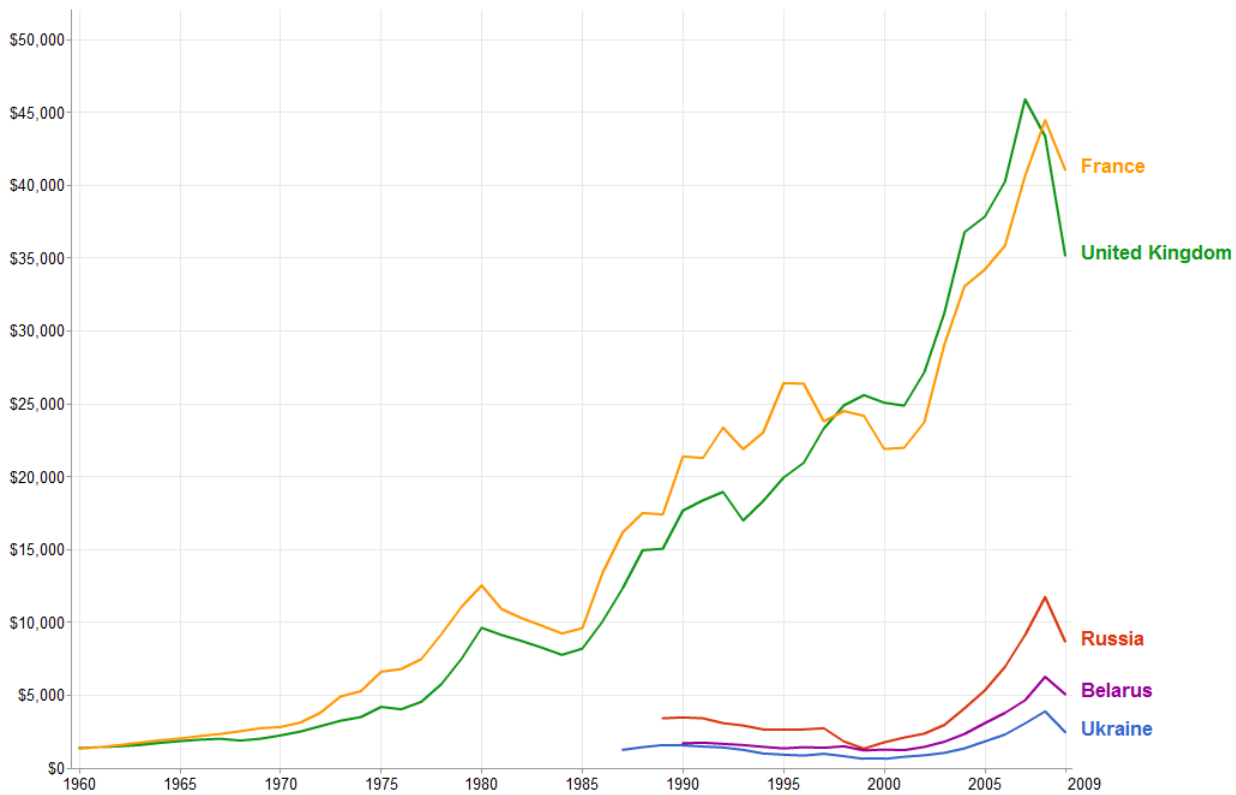
In the early 90s, Ukrainian authorities introduced a progressive taxation system for individuals to replace the old Soviet flat income scheme. The new system peaked at an absurd rate of 90 per cent for salaries over \$100 USD (Åslund, 2009, p 54). Ukraine established a tax system that was “formally confiscatory”, which drove “half of the economy underground” (Åslund, 2009, p. 54). The GDP shrank by half and government revenues plummeted. Public sector was hit particularly hard as it relied exclusively on the dwindling pool of resources. The massive state apparatus inherited from the Soviet times had to be slashed. Instead of mass firings, the state opted for salary cuts. The cuts were so severe that these state employees became “working poor” (Round & Rodgers, 2009, p. 83). The situation has not significantly improved in the last 20 years and it remains dire. The resulting low salaries are an important explanatory factor for corruption in Ukrainian education system (Osipian, 2007c, Parusinski, 2010, The World, 2010).

According to the Figure 1, Ukraine’s GDP per capita stood at just under \$2,500 USD in 2009, which is almost half of that of Belarus (\$5,075 USD) and no more than a third of Russia (\$8,684 USD). Graph 1 contains comparative GDP per capita information. This indicator is well below the Western European countries, such as France (\$41,051 USD) and the United Kingdom (\$35,165 USD). Ukraine is not only worse off economically vis-à-vis the richer Western European states, it is also worse off compared to its neighbours, many of whom shared similar history of the Soviet rule. This comparative analysis suggests that Ukraine is far behind the other countries in the region.

Figure 1

GDP per capita at current prices

Gross Domestic Product per capita at current prices. Not adjusted for inflation and converted to US dollars applying market exchange rates. [More info »](#)



Data source: [World Bank, World Development Indicators](#) - Last updated Apr 26, 2011

The smaller size of the economy impedes the Government's ability to pay its workers. This coupled with a severe inflation – as demonstrated in Figure 2 – experienced in the 1990s, wiped out the savings of college professors many of whom lost their savings in the early 1990s “and are now grossly underpaid” (Osipian, 2007, p.3). Salaries of university academics in Eastern Europe and elsewhere in the region fell to “70 percent of those undertaking comparable jobs in industry” (Chapman, 2001, p. 50). The budget constraints practically forced instructors and academics to leverage their positions to extort additional income to supplement the pitiful government wages. Without additional income, many have argued that the very survival would be impossible (Temple & Petrov, 2004, p. 90). In 2005, the average post-secondary instructor salary was 550 UAH (\$212 USD), which was below the average salary in the country (\$231 USD) and slightly above the minimum sustenance level of 423 UAH (\$163 USD) (Silova & Budiene, 2006, p. 309). Low public sector wages are consistently cited as the primary reason for corruption in Ukrainians HEIs (Greenwald, 1996; Osipian, 2007; Temple & Petrov, 2004). Unfortunately, without improving the overall economy, it is unlikely that the government will have the ability to increase the wages of the civil servants. This, unfortunately, creates a vicious cycle, where poor educational outcomes due to corruption will prevent further economic growth, which will ultimately depress the wages necessary to combat corruption.

Figure 2*Inflation and Consumer Prices in Ukraine (1993-2010)*

Year	Inflation, average consumer prices	Percent Change
1993	4734.914	
1994	887.489	-81.26 %
1995	374.583	-57.79 %
1996	80.213	-78.59 %
1997	15.889	-80.19 %
1998	10.539	-33.67 %
1999	22.727	115.65 %
2000	28.217	24.16 %
2001	11.946	-57.66 %
2002	0.743	-93.78 %
2003	5.209	601.08 %
2004	9.037	73.49 %
2005	13.548	49.92 %
2006	9.057	-33.15 %
2007	12.843	41.80 %
2008	25.206	96.26 %
2009	15.898	-36.93 %
2010	9.79	-38.42 %

Source: [International Monetary Fund](#) - 2010 World Economic Outlook

Corruption in education became the means of redistributing wealth and equalizing income. As one student who was forced to pay a bribe to pass an exam said, “he [the professor] had diabetes, his wife was very sick and his academic salary wasn’t enough to cover his medical bills” (The World, 2010). It is not uncommon for instructors to require a second or a third job just to get by. Corruption is the means by which professors can extract extra revenue from their positions and earn a living wage. Similar reasoning holds true with the administrators who manage budgets and property worth millions, yet receive a wage that is on par with the poverty line. The economic incentives are an important driver to consider in terms of corruption in the Ukrainian education system.

Recommendations

Public sector wages must be increased to be comparable to those offered in the private sector HEIs. This is arguably the main issue facing Ukraine today. The increase in wages and benefits is likely to have the most direct impact on reducing corruption.

Competition

While a parallel private education sector is not mandatory to reduce corruption, countries that struggle with corruption and have a robust and competitive private education sector display lower levels of educational corruption. While it is impossible to say what the ideal ratio between private and public institutions should be, robust competition from the private sector keeps the public sector in check. If the quality of public education decreases and corruption increases, students could seek alternatives in the private sector. Ideally, the private sector would work independently from the public

sector and would be monitored by independent accreditation and monitoring agencies to ensure that an appropriate level of service is being offered at these institutions.

Megan Buskey (2007) notes, “private universities report much lower levels of corruption in general. 90 percent of students questioned and 95 percent of faculty members... [report] that bribery for successful scores on entrance exams or course exams is virtually unheard of” (p.5). The anecdotal immunity from corruption of the private education sector can be at least partially explained by the higher wages and tuition costs in these institutions. The true cost of education is reflected in the pricing structure, which allows private institutions to recoup education costs, pay higher wages to the staff and reduce the incentive to seek additional income. Unlike their public sector counterparts, private university professors do not fall into the ‘working poor’ category and thus have a stronger incentive to remain employed, which reduces their incentives to be corrupt. Private universities also have the freedom to set prices that reflect the true cost of education in Ukraine, which reduces the incentive and ability of the students to pay additional bribes. Few can afford to pay full tuition costs and pay off their professors. Some have also suggested that private institutions are able to attract better staff with higher wages and apply more sophisticated accountability measures; however, this cannot be corroborated by the available information.

Growth in the private education sector inevitably reduces government’s monopoly over tertiary education. However, such decrease is likely to cause an overall level of corruption in education to decline as well. As more corruption-free private education institutions appear, the pressure on the public institutions to reform will increase, otherwise, the demand for public education will decrease. This may present particular

challenge in Ukraine, where population decline is already likely to cause the long-term demand for higher education to dwindle (Osipian, 2007c). This will likely put additional pressure on the public sector to reform or risk downsizing.

As of 2009, there were 466 state and 196 private HEIs, with the remainder being under mixed governance (Tempus Program, 2008). The number of private institutions has continued to grow over the last decade and now comprises a substantial part of the overall tertiary education sector. The private sector today provides competitive offerings, catering to virtually every student need. From universities to academies, from colleges to technical schools, the private education sector in Ukraine is now full of choices.

However, while the size of the private sector has increased, it continues to lack credible alternatives to the centuries old public universities. According to Webometrics (2011) – a service that ranks how connected educational institutions’ websites are – the highest ranked schools in Ukraine remain the state-run institutions (Study Links, 2011). See table 3 for the list of the top 10 most connected post-secondary schools in Ukraine. The private sector institutions have not yet been able to attain the same international prestige as the higher tier public universities. Students who wish to study at the more prestigious institutions are bound to the public sector. It is only a matter of time, however, before the private sector begins to catch up to their public sector counterparts.

Table 3

Top 10 University Rankings of Ukraine's HEIs

WORLD RANK	UNIVERSITY	SIZE	VISIBILITY	RICH FILES	SCHOLAR
1443	<u>Ivan Franko National University of Lviv *</u>	3,248	4,444	1,529	537
1576	<u>National Taras Shevchenko University of Kyiv</u>	1,442	2,304	1,476	2,066
1608	<u>Mohyla Academy University of Kiev</u>	2,273	3,291	3,228	521
1634	<u>Donnetsk National Technical University</u>	1,555	4,335	2,335	1,061
1745	<u>Kharkov National University VN Karazin</u>	2,806	5,244	1,987	854
1964	<u>Odessa National I I Mechnikov University</u>	2,422	4,039	4,186	692
2133	<u>Sumy State University</u>	3,951	9,366	2,673	561
2145	<u>National Technical University of Ukraine Kiev Polytechnic Institute</u>	2,366	2,599	3,049	1,913
2258	<u>Lviv Polytechnic National University</u>	2,984	6,521	3,313	1,092
2527	<u>Kharkov National Academy of Municipal Economy</u>	5,192	11,628	5,371	110
2748	<u>Donetsk State Medical University *</u>	5,559	6,109	3,655	1,191

Source: Webometrics (2011)

Recommendations

In order to improve competitiveness in the education sector the government should, first and foremost, reform the accreditation process. The rampant corruption during accreditation requires private institutions to raise funds to make payments to make the accreditation process ‘smoother’, which prevents legitimate institutions from operating without resorting to corrupt means to attain their accreditation status. The current accreditation process is overly centralized and is not transparent. The common complaint from the rectors of private institutions is the constant rent-seeking by the government officials. A prudent reform would be to privatize and decentralize the accreditation institutions and place them outside of the direct government control. This would create a competitive accreditation sphere where private universities could seek alternatives and switch between accreditation providers if some become corrupt. The Ministry would continue to monitor the sector and issue accreditation policy directives. However, it would no longer be in charge of applying these policies and issuing the accreditation certificates.

Opportunity Spaces

Ukraine’s universities continue to rely on oral examination (The World, 2010) as a means of evaluating student’s knowledge. Unfortunately, this method produces ample opportunities for bribery and graft. An opportunity to subjectively evaluate student’s knowledge in an unmonitored one-on-one interview provides an opportunity for a student to pass a bribe and a professor to demand one. Unlike written tests, oral exams do not leave traceable records. An examiner is free to ask any question to test student’s knowledge and some may choose to ask questioned not covered in class (The World,

2010). Thus, as an institutional method for gaging student's comprehension of the class material, oral examinations are inherently problematic. Due to the closed nature of the process, academic institutions in countries that are prone to corruption should ensure that these examinations are recorded and monitored.

Another opportunity space that exists in Ukraine is the admissions process itself. Students are required to deliver admission applications, in person, to the institutions they wish to apply to. Aside from being tedious and time consuming for students, this application method is susceptible to corruption. By coming into direct contact with the members of the admissions committee, students have an opportunity to offer bribes, while administrators have an opportunity to demand them. The opportunity for corruption in this case can be mitigated if the institutional arrangements are changed in way that removes the interaction between the two groups. By placing the application process online this opportunity space can be greatly diminished. Students could apply online and their standardized test grades can be uploaded automatically by the administering agency. The universities in turn could process these applications without any contact with the students, thereby ending the present opportunity space.

Recommendations

The Ministry should institute a new policy of recording all oral examinations. The recording should begin as soon as a student enters the examination room and should not be stopped for any reasons. The Ministry should then review a sample of these recordings and a student should have access to their recording, if requested. Alternatively, Ukrainian universities should move away from oral and towards written examinations. Written exams provide a better record of knowledge that can be presented during an appeal.

The government should move towards an online system for processing admissions applications. Under this system, the students would be able to submit their applications electronically, without the need to make appointments at the admissions offices. Their grades would also be automatically transmitted to the universities they are applying to. This would eliminate the need to interact with the university officials and create a 'faceless' process that would be more fair.

Discretion

The more fundamental problem in terms of discretion appears to be the lack of consistent ethical and professional standards that are essential to tackle this problem. When the ex-President Yushchenko appealed to the professional ethics of the rectors and professors calling their actions "shameful and humiliating" (MacWilliams, 2006), he did not consider that professors in Ukraine lacked the very code he was appealing to. The private tutoring industry sprung up precisely because professional guidelines were silent on the conflict of interest and none of them prohibited this type of activity (Silova & Budiene, 2006). The unfettered professional discretion has led to some academics unduly profiting from their positions, be that during admissions or the education process itself.

Another example of unfettered discretion comes from a recent educational reform in some universities that changed the grading system to a percentile grading scheme (1-100). However, the new marking system did not set out the corresponding scale. In other words, it did not outline what a passing grade is, what grade constitutes 'excellent' or 'good' (Odyshkin, 2008). As one professor has observed, this has led to instructors assigning grades as if they are playing a lottery, or "closely-random" (Odyshkin, 2008).

Without specific guidelines, there is no accountability. How can the Ministry enforce proper behaviour and standards when none are issued?

However, provided that such guidelines did exist, it is likely that they would not have been vigorously enforced anyway. Although the Ministry is tasked with monitoring and enforcement of the rules, there are no practical enforcement mechanisms in place to ensure they are followed (Heyneman, Anderson & Nuraliyeva, 2008). The breakup of the Soviet Union had an immediate effect of collapse of public expenditures, which necessitated de-centralization and ultimately lack of regulatory oversight and enforcement (Heyneman, 2004, p.645). It was left largely up to the individual institutions to ensure that appropriate policies are followed. The Ministry does conduct periodic inspections outside of the regular accreditation inspections, however, these inspections are performed with an advance notice and any findings can usually be 'solved' with a bribe. Thus, the Ministry as an oversight institution lacks the ability to police the sector and monitor the use of discretion. The professorial and institutional autonomy in Ukraine gives faculty and administration a high degree of discretion that is largely unmonitored. Because the Ministry itself is a corrupt organization (Heyneman, Anderson & Nuraliyeva, 2008) and no independent body exists to conduct inspections, it falls largely to another corrupt body, the police (Beck, 2005), to conduct and prosecute corruption. To be fair, 730 criminal cases were opened in 2006 alone, against corrupt Ministry and local government officials, university administrators and professors (Bolyubash, 2006, p.4). This is only a tip of the iceberg however, and without a more competent and independent enforcement mechanism in place, the levels of corruption are unlikely to diminish.

Recommendations

The government must create an expansive and strict code of conduct for all post-secondary instructors outlining appropriate behaviour and guidelines. The code should be designed to appropriately limit discretion and create enforceable regulations that the Ministry can uphold. The code should contain a conflict of interest policy as well as a policy addressing ethical behaviour.

The government should allocate more resources to bolster the enforcement capabilities of the Ministry of Education. The audit unit within the Ministry should, in turn, make greater efforts to monitor the education sector by conducting more random checks to ensure that the official policies and guidelines are followed.

Conclusion

Table 4 below, summarizes the findings of this chapter and provides a summary of the recommendations outlined in each section. This chapter suggested that Ukraine's education system satisfies the criteria for systemic corruption. It also applied the five drivers of corruption, which explored different facets of Ukraine's education sector and wider society to ascertain the causes of systemic corruption. Finally, recommendations have been suggested to tackle the causes. The recommendations, while independent in nature, should be implemented in sync with each other if they are to be successful in reducing systemic corruption in Ukraine.

Table 4

Drivers and Solutions of Corruption in Ukraine

Drivers	Problem	Recommendations
Political Culture	Ingrained culture of bribery as a means of dealing with problems	<ul style="list-style-type: none"> • Create a country-wide educational campaign about the corrosive nature of corruption
	See education officials as a barrier to a degree	<ul style="list-style-type: none"> • Reform other sectors, judiciary, health, police to reduce corruption
Economy	Poor economic conditions have led to a depression of public wages	<ul style="list-style-type: none"> • Increase public sector wages above the private sector rates
Competition	The private sector institutions do not have the same prestige as the higher-end tier public universities	<ul style="list-style-type: none"> • Finance the development of private institutions • Create not for profit universities
Opportunity	Unmonitored oral examination	<ul style="list-style-type: none"> • Record oral exam sessions
	Personal admission procedures	<ul style="list-style-type: none"> • Create an online system to process admission applications
Discretion	Official ethical code is missing for university instructors	<ul style="list-style-type: none"> • Create an official code of ethics and conflict of interest policy
	Lack of effective monitoring by the Ministry	<ul style="list-style-type: none"> • Increase the budget of the enforcement unit within the Ministry of Education

Chapter 6 – Conclusion

For my concluding remarks I wish to assess the usefulness of applying the framework of systemic corruption, comment on some alterations of the initial framework, note the limits of my analysis and suggest further avenues of research in the area of educational corruption.

Overall, the framework worked well when applied to Ukraine. The indicators allowed the research to be more focused and findings to be categorized in a logical and sequential manner. The indicators also highlighted areas where corruption appears to be more pronounced – governance and administration and areas where corruption or the evidence thereof is lacking, namely the education process. I believe that structuring the indicators chronologically, based on student experience was a useful method and should be maintained in the future.

The drivers of corruption served their purpose. Each variable carried an explanatory component that contributed to the understanding of the underlying causes of corruption in Ukraine. Since drivers were structured in a way to encompass social, political, economic, institutional and structural dimensions, the mitigation strategies were also designed to diminish corruption in each of these areas. This distinguishes the research in this thesis from many of the scholarly articles that propose mitigation strategies for individual areas, rather than a comprehensive reform package focus on all five drivers. More comprehensive corruption mitigation strategies are required to address systemic corruption in education and elsewhere.

The Ukrainian case study exposed some areas that are not covered by the framework. Modern Universities are increasingly breaking down regional and national boundaries and find themselves operating in a global sphere. Global competition and isolation is not usually discussed in corruption literature as a distinct driver of systemic corruption, however, in the case of Ukraine it may play a role. Ukraine's education system remains largely isolated from the global community (Parusinski, 2010). Parusinski (2010) notes that "one of the most deleterious features of Ukraine's system of higher education... is its isolation, especially institutions devoted to social sciences" (p.3). It appears that the competition driver discussed in the framework should be expanded to include global competition as well. Lack of global competition could, theoretically lead to higher corruption, however, the research on this matter appears to be lacking. Future research could focus on the causal relationship between isolation of the education system and the prevalence of systemic corruption.

I would like to point out several limits of my research. The evidence collected for the application of the framework came from secondary sources. While much of the evidence points to the existence of corruption in Ukraine and satisfies the indicators of systemic corruption, it is largely based on perceptions and opinions. Such is the nature of corruption. Those who engage in it rarely wish to advertise their actions and those who do not, hardly know anything is amiss. Thus, measuring the existence of corruption is inherently problematic. This thesis does not hide the fact that the information presented was secondary in nature. Instead, I attempted to gather as many distinct sources as possible to suggest that corruption exists and it is not simply in the minds of a few, but is a systemic problem.

Another limit of the indicators presented in this thesis is that they apply exclusively to Ukraine's education sector. One should not and cannot extrapolate the findings to the other sectors of Ukraine's society. The same limits do not apply to some of the drivers, such as the economy and political culture, which are inherently more global in nature. It is my hope to further extend the application of the framework to the other sectors of governance, both within and outside of Ukraine. Indeed, one future research avenue could be to apply the framework more broadly to sectors such as healthcare, jurisprudence and policing.

Finally, as noted earlier, it has been my position that a complex phenomenon of systemic corruption requires comprehensive solutions. The anti-corruption literature often focuses on particular drivers and attempts to address them in isolation. Some focus on legislative and governance reforms (Peisakhin & Pinto, 2010); others focus on political will (Kpundeh, 1998). In the case of Ukraine, researchers generally suggest raising wages (Osipian, 2007c) or closing opportunity spaces. However, rarely do we encounter proposals that tackle every driver. A prudent reform in Ukraine would seek to change the prevalent political culture, fix economic troubles, increase competition, increase accountability and enforcement and close opportunity spaces. Addressing any one of these drivers alone is likely to lead to a 'patchwork' of reforms that are unlikely to achieve lower corruption levels. It has been well documented that closing one loophole – in a situation where people are constantly looking for more loopholes – simply drives up the average cost of a bribe and does little to improve the situation in the long run.

Comprehensive reforms are difficult to create and even more difficult to implement. However, the reason why corruption tends to persist is because it is rarely dealt with

comprehensively. Small reforms are likely to address some of the symptoms leaving the rest of the corrupt system to adjust and continue operating as before. It is time that governments, NGOs and academics refocused their efforts on creating comprehensive anti-corruption schemes that would simultaneously address all of the underlying causes of systemic corruption.

Bibliography

- Aidt, T. S. (2003). Economic analysis of corruption: A survey. *The Economic Journal*, 113, F-632-F652.
- All Ukrainian Press Centre. (2011). *How to fight corruption in educational institutions*. Retrieved June, 20, 2011, from <http://presscenter.ukrinform.ua/presscenter-3717.html>
- Åslund, A. (2009). *How Ukraine became a market economy and democracy* Institute of International Economics.
- Beck, A. (2005). Reflections on policing in post-soviet Ukraine: A case study of continuity. *The Journal of Power Institutions in Post-Soviet Societies*, (2), 2-12.
- Beugre, C. (2010). Resistance to socialization into organizational corruption: A model of deontic justice. *Journal of Business and Psychology*, 25, 533-541.
- Bolyubash, Y. (2006). *Dopovidna zapiska pro stan roboti shodo vikorinennja, profilaktiki i zapobigannju projaviv habarnictva ta inshih negativnih javish u sferi osviti*. Ukraine: The Ministry of Science and Education of Ukraine.
- Braxton, J. M., & Bayer, A. E. (1999). *Faculty misconduct in collegiate teaching*. Baltimore: John Hopkins University Press.
- Buskey, M. (2007). *Corruption and reform in Yushchenko's Ukraine: A case study of the effort to implement standardized testing in Ukrainian high schools*. (Unpublished Third Annual Danyliw Research Seminal on Contemporary Ukraine). New York City,
- Cabelkova, I. (2001). Perceptions of corruption in Ukraine: Are they correct? *CERGE-EI Working Paper Series*, 176, 1-57.
- Cabelkova, I., & Hanousek, J. (2004). The power of negative thinking: Corruption, perception and willingness to bribe in Ukraine. *Applied Economics*, 36(4), 383.
- Collier, M. (2002). Explaining corruption: An institutional choice approach. *Crime, Law & Social Change*, (38), 1-32.
- Davis, J. (2003). Corruption in public service delivery: Experience from South Asia's water and sanitation sector. *World Development*, 32(1), 53-71.

- The World*. (2010). Diploma fraud in Ukraine, Retrieved July 1, 2011, from: <http://www.theworld.org/2010/03/diploma-fraud-in-ukraine/>
- Dubrovskiy, V. (2006). *Towards effective anti-corruption strategies in Ukraine: Removing the cornerstone without toppling the building*. Warsaw, Poland: CASE-Center for Social and Economic research.
- European Commission. (2007). *The education sector in Ukraine*. Executive Agency: Education, Audiovisual & Culture. Retrieved from http://eacea.ec.europa.eu/tempus/participating_countries/higher/Ukraine.pdf
- Fri.com.ua. (2011). *Lebed: Nebezpeky zakonoproektu pro vyschu osvitu*. Retrieved July 1, 2011, from <http://fri.com.ua/2011/01/lebed-nebezpeky-zakonoproektu-pro-vyschu-osvitu-7486-1/>
- Goel, R., & Rich, D. (1989). On the economic incentives for taking bribes. *Public Choice*, (61), 269-275.
- Gomery, J. H. (2005). *Commission of inquiry into the sponsorship program and advertising activities*. (Public Inquiry Commission Report Government of Canada.
- Greenwald, I. (1996, March 15, 1996). Corruption and shortages hamper higher education in Ukraine. *The Chronicle of Higher Education*, pp. 1-2.
- Hallak, J., & Poisson, M. (2002). *Ethics and corruption in education*. No. 15). Paris: International Institute for Educational Planning/ UNESCO.
- Heidenheimer, A., & Johnston, M. (1989). In Heidenheimer A., Johnston M. and LeVine V. (Eds.), *Political corruption: A handbook* (2, Illustrated ed.) Transaction Publishers.
- Heyneman, S. P. (2002). Education and corruption. *International Forum at the Annual Meeting of the Association for the Study of Higher Education (ASHE)*, Sacramento, California. 1-20.
- Heyneman, S. P. (2003). Social cohesion and the future role of international organizations. *Peabody Journal of Education*, 78(3), 25-38.
- Heyneman, S. P. (2004). Education and corruption. *International Journal of Educational Development*, 24, 637-648.
- Heyneman, S., Anderson, K. H., & Nuraliyeva, N. (2008). The cost of corruption in higher education. *Comparative Education Review*, 52(1), 1-25.
- Holmes, L. (1993). *The end of communist power*. New York: Oxford University Press.

- Huntington, S. P. (1968). *Political order in changing societies*. New Heaven: Yale University Press.
- Jackman, R. W., & Miller, R. A. (1996). A renaissance of political culture? *American Journal of Political Science*, 40(3), 632-659.
- Johnston, M. (1998). Fighting systemic corruption: Social foundations for institutional reform. *The European Journal of Development Research*, 10(1), 85-104.
- Johnston, M. (2005). *Syndromes of Corruption: Wealth, Power and Democracy*. Cambridge: Cambridge University Press
- Kiev National University. (2010). *Ogoloshenia pro priyom studentiv*. Retrieved July 1, 2011, from <http://www.univ.kiev.ua/ua/abit/rules/>
- Kiev national university of Linguistics. (2010). *Pravila priyomy*. Retrieved July 1, 2011, from <http://www.knlu.kiev.ua/?AC=71,%20http://www.nmu.edu.ua/g11.php>
- Klitgaard, R., MacLean-Abaroa, R., & Parris, L. (1996). *A practical approach to dealing with municipal malfeasance*. Nairobi: UMP Working Paper Series 7.
- Kpundeh, S. J. (1998). Political will in fighting corruption. In S. J. Kpundeh (Ed.), *Corruption and integrity improvement initiatives in developing countries* (pp. 91-110) United Nations.
- Langford, J. (1991). Conflict of interest: What the hell is it? *Optimum: Journal of Public Sector Management*, , June 28, 2011. Retrieved from <https://dspace.library.uvic.ca:8443/handle/1828/2350>
- MacWilliams, B. (2005, July 8, 2005). Ukraine chief assails corrupt admissions. *The Chronicle of Higher Education*, pp. 1-2.
- Manion, M. (2004). *Corruption by design: Building clean government in mainland China and Hong Kong*, Harvard University Press.
- Mauro, P. (1998). Corruption: Causes, consequences, and agenda for further research. *Finance and Development*, , 11-14.
- Miller, W., Koshechkina, T., & Grodeland, A. (1997). How citizens cope with postcommunist officials: Evidence from focus group discussions in Ukraine and the czech republic. *Political Studies*, (XLV), 597-625.
- National medical university. (2010). *Pravila priyomy na pershiy kurs*. Retrieved June, 20, 2011, from <http://www.nmu.edu.ua/g11.php>

- Nye, J. S. (1967). Corruption and political development: A cost-benefit analysis. *The American Political Science Review*, 61(2), 417-427.
- Odyshkin, O. (2008). Socrates, corruption and Bologna process. Retrieved from: <http://www.osvita.org.ua/bologna/vprov/articles/28.html>
- Olken, B. A. (2006) "Corruption Perceptions vs. Corruption Reality," NBER Working Paper No. 12428
- Osipian, A. (2007). Corruption hierarchies in education in developing and transition societies'. *UCEA Conference Proceedings for Convention*, 2-40.
- Osipian, A. (2007a). Corruption in higher education: Conceptual approaches and measurement techniques. *Research in Comparative & International Education*, 2(4), 313-332.
- Osipian, A. (2007b), Higher education corruption in Ukraine: Opinions and estimates. *International Higher Education*, pp. 20-21.
- Osipian, A. (2007c). Higher education corruption in Ukraine as reflected in the nation's media. *Munich Personal RePEc Archive*.
- Ovdienco, N. (2011). Naychastishe "na lapy" dayut na yridichnih facultetah. *Golos Ukrainyini*, Retrieved from <http://www.golos.com.ua/Article.aspx?id=228853>
- Parusinski, J. (2010). Ukraine's higher education institutions: Fighting isolation. *European Focus*, 7, 1-8.
- Peisakhin, L., & Pinto, P. (2010). Is transparency an effective anti-corruption strategy? evidence from a field experiment in India. *Regulation & Governance*, (4), 261-280.
- Philp, M. (1997). Defining political corruption. *Political Studies*, (XLV), 436-462.
- Rose-Ackerman, S. (1978). *Corruption: A Study in Political Economy*. New York: Academic Press
- Round, J., & Rodgers, P. (2009). The problems of corruption in post-soviet Ukraine's higher education sector. *International Journal of Sociology*, 39(2)
- Rumyantseva, N. L. (2005). Taxonomy of corruption in higher education. *Peabody Journal of Education*, 80(1), 81-92.
- SAR. (2008). *University integrity contest*. Romania: Romanian Academic Society.
- Sandholtz, W. & Koetzle, W. (2000). Accounting for corruption: Economic structure, democracy, and trade. *International Studies Quarterly*, 44, 31-50.

- Shaw, P. (2005). The Determinants of Educational Corruption in Higher Education: The case of Ukraine. University of Connecticut, 1-28 (Draft). Retrieved from: http://editorialexpress.com/cgi-bin/conference/download.cgi?db_name=NEUDC2005&paper_id=83
- Silova, I., & Budien, V. (Eds.). (2006). *Education in a hidden marketplace: Monitoring of private tutoring*. New York, New York: Open Society Institute. Retrieved from http://www.soros.org/initiatives/esp/articles_publications/publications/hidden_20070216/hidden_20070216.pdf
- Spector, B., & Winbourne, S. (2006). *Corruption assessment: Ukraine*. United States: USAID.
- Stetar, J., Panych, O., & Cheng, B. (2005). Confronting corruption: Ukrainian private higher education. *International Higher Education*, 38(Winter), 13-15.
- Study Links. (2011). *Top universities, colleges in Ukraine*. Retrieved June, 15, 2011, from <http://www.topstudylinks.com/Top-Universities-in-Ukraine-c210.aspx>
- Svensson, J. (2005). Eight questions about corruption. *The Journal of Economic Perspectives*, 19(3), 19-42.
- Temple, P., & Petrov, G. (2004). Corruption in higher education: Some findings from the states of the former soviet union. *Higher Education Management and Policy*, 16(1), 83-99.
- Tempus Program. (2008). *Review of higher education Ukraine*. European Commission. Retrieved from <http://www.tempus.org.ua/uk/korysna-informacija/publikaciji/56-review-of-higher-education-in-Ukraine/download.html>
- Tiihonen, S. (2003). *The history of corruption in central government* (illustrated edition edition ed.) IOS Press Inc.
- Transparency International. (2010). *Corruption perception report 2010*. Berlin: Transparency International. Retrieved from http://www.transparency.org/policy_research/surveys_indices/cpi/2010
- Triesman, D. (2000). The causes of corruption: A cross-national study. *Journal of Public Economics*, 76, 399-457.
- Triesman, D. (2007). What Have We Learned About the Causes of Corruption After Ten Years of Cross-National Research? *Annual Review of Political Science*, 10.
- Ukrainian Canadian Congress. (2008). *Holodomor survivors*. Retrieved July 1, 2011, from <http://www.holodomorsurvivors.ca/Home.html>

- USAID. (2009). *Corruption in Ukraine: National study on corruption during admission to higher education establishments*. August, 2009. Retrieved from http://www.pace.org.ua/images/stories/corruption_in_Higher_Education_Report_2009_ENG_Final.pdf
- Varese, F. (1997). The transition to the market and corruption in post-socialist Russia. *XLV*, 579-596.
- Wanna, J. (2006). Insisting on traditional ministerial responsibility and the constitutional independence of the public service: The Gomery inquiry and the Canadian sponsorship scandal. *Australian Journal of Public Administration*, 65(3), 15-21.
- Warren, D., & Laufer, W. (2009). Are corruption indices a self-fulfilling prophecy? A social labeling perspective of corruption. *Journal of Business Ethics*, (88), 841-849.
- Waterbury, J. (1976). Corruption, political stability and development: Comparative evidence from Egypt and Morocco. *Government and Opposition*, 11(4), 426-445.
- Weber, Max (1968). *Economy and Society*. Edited Guenther Roth and Claus Wittich. New York: Bedminister Press, 1968, vol. 1, 956-1005, "Bureaucracy".
- Webometrics. (2011). *Rank of universities of Ukraine*. Retrieved June, 15, 2011, from http://www.webometrics.info/rank_by_country.asp?country=ua
- Weidman, J. C. (1 May 2007). *Quantifying the relationship between corruption in education and economic development in the Eastern Europe and Eurasia region: An exploratory literature review*.
- Yasar, M. M. (2005). *A complex systems model for understanding the causes of corruption: Case study - turkey*. (PhD, University of North Texas). , 1-190.