



**LUND**  
**UNIVERSITY**

**Effects of reforms in a corrupt institution**

**A minor field study on corruption in higher education in Georgia**

**Lund University**

**Department of Economics**

**NEKH01 Spring 2013**

**Jakob Tejler**

**Supervisor: Fredrik Sjöholm**

## Abstract

Corruption is considered a global problem. All over the world it affects people's lives, for the majority in negative ways. Cleaning up a corrupt state has proved to be difficult; if it does not have a history of continuously being a democracy for a long time it faces an increased chance of being corrupt. Whether a state actively fights corruption through laws and reforms does not always matter.

Since the Rose Revolution took place in Georgia about ten years ago the country has fought corruption hard. It is today famous for achieving changes to the better in a faster pace than others seem able to.

Ten years ago a wealthy student could buy an education and a diploma. Through this research, based on 41 interviews with stakeholders of the higher education in Georgia, opinions are revealed about the current situation. A lot has happened in Georgia the last ten years; within higher education corruption in terms of bribes seems to have eradicated. What is found out to be the continuous problem is elite corruption and nepotism. These are problems reforms seem to have overseen. It is also believed to be harder to fight than bribery.

Keywords: Georgia, Caucasus, Tbilisi, anti-corruption, corruption, reforms, education

# Table of contents

1. Conceptual framework & previous literature .....	4
1.1.1 Reasons for corruption to still be high .....	4
1.1.2 Reasons for corruption to have decreased .....	4
1.2 The problems of measuring corruption .....	5
1.3 Previous literature .....	6
1.3.1 The Hungarian anti-corruption reforms.....	7
2. Background: Georgia, history and reforms .....	8
2.1 Corruption in Post-Soviet Georgia.....	11
2.2 Reforms in Georgia.....	15
3. Method .....	19
3.1 Interviews .....	22
4. Results from interviews – respondents’ opinions.....	23
4.1 Current situation of corruption .....	23
4.2 Nepotism .....	25
4.3 Quality of education .....	26
4.4 Reason of corruption/Georgian nature of corruption .....	27
4.5 Effects from corruption on life .....	28
4.6 Ways of fighting corruption.....	28
5. Discussion .....	30
6. Conclusions.....	33
7. References.....	34
8. Appendix.....	36
Appendix #1: Interview Topics .....	36

In 2003 citizens of Georgia marched the streets of the capital Tbilisi in the peaceful Rose Revolution, demonstrating against the widespread corruption. Short thereafter a new government with the motto “Georgia without Corruption” was elected. The system of higher education was called one of the most corrupt parts of the corrupt nation (Rostiashvili 2004, p. 11). Major reforms have been made in Georgia to fight corruption since the Rose Revolution. To examine the effects of reforms in a corrupt institution, this thesis examines the past, the reforms and the current situation in higher education. The results will show what effects reforms have had in this (short) period of time. The question this thesis is aiming at answering is;

*What effects have post-Rose Revolution reforms had on the corruption in the higher education in Georgia?*

Corruption, the misuse of public office for private gain (Treisman 2000, p. 399), is often considered a global problem preventing countries to develop. Corruption is associated with lower levels of investments and growth, less foreign direct investment and less investment in human capital such as education (Rose-Ackerman, 2008, p. 332).

A globally functioning method of fighting corruption, applicable by any institution or nation troubled by corruption, might not be available or possible to find. Lessons can still be learnt from implemented campaigns focused on fighting corruption, even if culture and other factors make sure there are no identical cases. The reforms in Georgia have been called successful in global media such as The Economist (7<sup>th</sup> February 2012), in an article answering the question “What can others learn from Georgia's success?”. The World Bank, 2012, p.15) explains “how the state was able to root out corruption and eliminate red tape in selected public services”. The Ease of Doing Business Index (June 2012) by the World Bank ranks Georgia the 9<sup>th</sup> easiest place in the world for doing business. Corruption is one of the factors the index is based on. (Sweden is ranked 13, Germany 20. Top three countries are Singapore, Hong Kong and New Zealand).

Treissmann (2000, p. 439) finds one significant variable to explain corruption better than any other; democracy. What is much more important for a country than being a democracy today is

a history of being a democracy. For countries that have not had at least 40 years of continuous democracy, corruption is much more common than for countries that have had a long and lasting democracy.

Georgia became a democracy after the fall of the Soviet Union. The new post-revolution campaign against corruption was started only a decade ago. From the theories of Treissmann one can understand a great transformation to the better in such a short amount of time is not common when it comes to corruption. Examining if corruption can actually be prevented in a short period of time and to understand the effects of the Georgian reforms is therefore interesting. This transformation (as well as Georgia in general) seems quite unknown and deserves to be examined and highlighted. The purpose of the thesis is therefore to tell how successful the Georgian anti-corruption programs have been, measured by opinions from stakeholders of higher education.

To understand the effects of the reforms the current situation is compared to the situation before reforms. This is done by comparing stakeholder's opinions about existence of corruption today to the opinions of stakeholders ten years ago. This is believed to give an understanding of what has happened and to some extent also how it has happened.

Available data for describing the situation of corruption in Georgia before the reforms is scarce. One reason for focusing on higher education is the availability of data. A report by Ketevan Rostiashvili published in 2004, focused on corruption in higher education in Georgia, seems to be quite unique in making readers comprehend a corrupt institution in Georgian post-Soviet, pre-revolution, society. The research is also replicable today. For Rostiashvili's study data was gathered from 60 in-depth interviews made with students, professors and parents of students in different universities in Georgia. The interviews for Rostiashvili's study were made just months before the Rose Revolution, the catalyst for reforms and changes.

In order to avoid difference in results caused by changes of methods for collecting data, this research is made to replicate the research from Rostiashvili's report as precise as possible. Data for this study is gathered by equal interviews, distributed among stakeholders in equal positions of the higher education sector as in the research made for the report by Rostiashvili. Interviews

follow the same protocol, discussing the same topics and are largely made by the same team of interviewers.

# 1. Conceptual framework & previous literature

## 1.1.1 Reasons for corruption to still be high

Pellegrini, Lorenzo and Reyer Gerlagh (2008, p. 247-248) summarize the work of Treisman in a quite peculiar quote: “That is, the significant explanatory variables are all persistent over time, impossible to change in the short and medium run. The most policy-amenable variable is the ‘exposition to democracy for more than 46 years’. As the sources of corruption are persistent, corruption itself will remain stable over time and can hardly be affected by policies; corrupted countries should rather learn to live with it.”

Treisman, D. (2007, p. 235) expresses it a bit different, but one can draw similar conclusions as Pellegrini, Lorenzo and Reyer Gerlagh do above. Treisman, D. (2007, p. 235) explains how a long and lasting history of liberal democracy, a high current income as well as high income in both year 1700 and 1820 have significant effects on today’s corruption.

North (1995, p. 366) suggests “Since it is the norms that provide “legitimacy” to a set of rules, revolutionary change is never as revolutionary as its supporters desire, and performance will be different than anticipated”.

## 1.1.2 Reasons for corruption to have decreased

North (1994, p. 361) further argues organizations will reflect the opportunities provided, with the example; if piracy is rewarded, piratical organizations will be generated. North (1994, p. 360-361) points out how institutions are not always made to be made socially efficient but they are shaped by formal rules to serve the interest of those who are able to create the rules. North (2007, p.4) also states that when breaking the rules can pay off, the rules will be broken by those gaining from doing so. Whether rules will be violated or not do therefore depend on how big the risks of getting caught are, and the consequences of getting caught.

Klitgaard (1996, p. 35) states “monopoly plus discretion minus accountability equals corruption”, where monopoly means the possibility to charge other prices than the optimal price, discretion means the official is able to make decisions with no, or little, limits.

Accountability means there is a lack of transparency in the transaction. Implementing it the

other way around; what you need to reduce corruption, according to Klitgaard, is to reduce monopolies and discretion while increasing transparency.

Further on Klitgaard (1996, p. 36) cites some mutual factors from successful campaigns against corruption:

- To gain credibility a campaign should start by punishing and publishing names of high profile individuals involved in corruption. Important to not only address individuals considered enemies of the campaign maker (from opposite parties etc).
- Reforms need to be started by helping officials doing the right thing. Civil servants should be compensated by positive results. Goals and ways to measure success should be defined and set. Officials need the possibility of fighting corruption and still make a decent wage.
- After focusing and punishing the high profile corrupt individuals, shift focus from searching for past crimes to prevent future ones from happening. Special anti-corruption offices can be created to investigate corruption and also to work on reforms in institutions to make the risk of corruption decrease.
- A short, medium and long term strategy needs to exist. Start by focusing on the most harmful variations of corruption (for example corruption within the police and courts are considered very harmful). Within the first six months at least some success need to be made for the campaign not to lose credibility.

Rose-Ackerman (2008, p. 329) also pushes the importance of quickly after reforms establishing structures and control combined with a rhetoric part to inform the public of the reforms and its seriousness. All uncertainty will give further incentive to acting corrupt.

## **1.2 The problems of measuring corruption**

Corruption is hard to measure, only perception of corruption can be measured and the results are solely the opinions of the respondents about the prevalence of corruption (Treissmann, D. 2007, p. 215). Cross-national comparisons might not be very precise due to several factors that might affect the results besides the actual existence of corruption; questions in questionnaires as well as the definition of corruption might be interpreted differently. Differences in perceived

seriousness of the problem, justice, and trust in the government might also affect (ibid, p. 5). Two of the most famous corruption perception indexes, made by the World Bank and the Transparency International, have also changed the way the indexes are constructed during their existence (ibid, p. 6). As sources used to measure corruption have been edited a change between different years could depend on the index and not in actual change of perceived corruption. This means using existing indexes for time-series data might not be totally reliable, at least not for seeing changes in the short run. Another problem can occur when individuals in decision-making positions participating in corruption do not allow research to be made the way desired by researchers (Klitgaard. 1984, p. 77).

Golden and Picci (2005) criticize survey-based measures of corruption as they have at least two intrinsic weaknesses. First, the reliability of survey information about corruption is largely unknown. Respondents directly involved in corruption may have incentives to underreport such involvement, and those not involved typically lack accurate information. Secondly, the reliability of the index may deteriorate over time. There is a danger that respondents report what they believe based on the highly publicized results of the most index rather than how much 'real' corruption exists. In terms of representative sampling, surveys among the general public may be better. However, various respondents may have no experience with corruption. Their perception may not be very stable over time, since it is highly depending on how much attention corruption receives in the media. Meanwhile, using specific target groups as the source of corruption perception can yield maximum information about corruption although not necessarily honestly expressed. The drawback is that these groups may not be fully representative, being a corruption-prone sub sample of the general public.

### **1.3 Previous literature**

Anti-corruption programs are common around the world. One reason for them to exist might be a sincere will to get rid of corruption and the inefficiency and problems included with it. Another reason for running an anti-corruption program might be external pressure. For receiving foreign

aid or to be included in unions and trade agreements developing countries might be required to battle corruption.

### **1.3.1 The Hungarian anti-corruption reforms**

When a country is applying for a membership in the European Union it faces many requirements. For Central and Eastern European countries (CEE) some of the laws and reforms shaped to reduce corruption might be made to show the European Union signs of progress more than anything else (Batory, 2012, p. 67). In Hungary reforms have been made and the legislative framework against corruption is well-developed. Nonetheless, according to perception-based surveys, opinions about the prevalence of corruption have not changed. Several anti-corruption efforts have not had very strong results in CEE countries. This is often believed to be the case because the actors that need to initiate changes to reduce corruption are the actors that benefit most from the existing, corrupt, status and do therefore not put in enough effort (ibid, p. 68). Even though rules and penalties are present for corruption-related crimes in CEE countries, other elements of credible deterrence are weak or missing (ibid, p. 78). Anti-corruption programmes initiated for reaching a goal, such as entering the European Union, might slowly vanish after the goal is reached (ibid, p. 68). Laws that are ignored are supposed to do more harm than good because they undermine the credibility of the legal system. Ignorance of new and well-developed anti-corruption laws is believed to be common in several countries where corruption is rooted and campaigns and anti-corruption programs have lost credibility (ibid, p. 79).

## 2. Background: Georgia, history and reforms

Georgia is a country slightly smaller than Ireland (Encyclopedia Britannica, Georgia; Encyclopedia Britannica Ireland), located in the South Caucasus, between Europe and Asia, neighboring oil- and gas-rich Azerbaijan and has a coast along the Black Sea. It has population of 4, 49 million people (Encyclopedia Britannica, Georgia) and an estimated GDP per capita of US\$ 3,597 in 2009 (Global Finance, 2013-02-11). Georgia has mostly only had short periods of independence. Georgia, or certain parts of the country, has a history of being ruled by different invaders; for example the Roman Empire, Persia, Mongolia, and The Ottoman Empire. Between 1920 and 1921 Georgia was independent after having been a part of tsar Russia, to be incorporated into the Soviet Union. Georgia was thereafter in the Soviet Union for most 20<sup>th</sup> century (Encyclopedia Britannica, Georgia). The history of being dominated by foreign powers is believed to have alienated the Georgians from the central state. Strong relations and high levels of trust to people within the belonging ethnic group as well as relatives and friends, combined with a lack of trust in central power, is believed to have been a breeding ground for nepotism in Georgia (Shelley, L., Scott E. R., Latta, A., 2007, p. 1).



[http://www.lonelyplanet.com/maps/europe/georgia/map\\_of\\_georgia.jpg](http://www.lonelyplanet.com/maps/europe/georgia/map_of_georgia.jpg)

In the Soviet Union education was close connected to Marxist-Leninist ideology, students and professors were closely observed by the Communist Party. Different-thinking individuals were opposed and all social science taught was closely linked to the ideology of the party. This lack of diversity was not the only issue in education during the Soviet era, corruption was also widespread. According to Rostiashvili (2004, p. 10-11), personal loyalty was higher valued than knowledge or academic qualifications. This shaped a system where the powerful individuals of society and their relatives, the elite, could, and did, get admitted and graduate from schools and universities without passing the formal requirements.

A decentralized system of education gave universities possibilities to set up their own curriculum. Orkodashvili (2012, p. 34) explains how low salaries in universities made professors search for extra income. By making the entrance exams for their universities difficult, or manipulating them to the professors' advantage, a great demand of private tutoring was created among students. Having a celebrity tutor became a matter of status. To find one personal connections were needed (ibid). As knowledge needed in entrance exams became more detached from what schools were teaching, high school students shifted focus from their studies and started preparing for entrance exams instead. This led to another trend; to enter university in a young age, often about sixteen or seventeen. For potential students from the countryside, and for students from families with no valuable connections, this made it harder to enter universities as tutoring often became unavailable (ibid, p. 35).

Georgia declared independence from USSR 1991, leading to unemployment and poverty. Law-enforcement bodies were demoralized and criminal organizations and gangs blossomed. Civil war followed between different "political" groups, some of them trying to enlist fighters by handing out guns to supporters. Battles took place in central Tbilisi, weapons disappeared and criminal gangs were able to collect weapons needed for robberies and other crimes. In late 1991 a criminal group of about 40 persons stormed the hostel of Tbilisi State University, robbing several hundred foreign students living there. Criminal gangs stole state and private property, selling it enabled them to buy more weapons from other gangs or Russian army officials. Gangs

grew in size and armory; shortly there were powerful small armies with better equipment than the Georgian police, which was left unable to protect the Georgians (Kukhianidze (2009) p. 219).

In 1992 the Military Council handed the power to Eduard Shevardnadze, ex-foreign minister under Soviet president Gorbachev (Encyclopedia Britannica, p.7). The system of the Soviet governance were preserved, no profound changes were made except for central power moving from Moscow to Tbilisi, the capital of Georgia (Shelley, L, Scott E. R., Latta, A., 2007,p.2).

Shevardnadze stabilized the situation in Georgia, strengthening the police and created a military force while appointing his former Soviet colleagues to government positions (Kukhianidze, 2009, p. 220).

## 2.1 Corruption in Post-Soviet Georgia

Corruption was a problem in Georgia during the Soviet period. After independence it grew worse. During the regime of president Shevardnadze, starting in early 90s, several reforms were made to fight corruption and there were strong laws and regulations to prevent it. As laws were not enforced the anti-corruption laws and programs lost all credibility. The ruling politicians, including the president, the juridical system and the police were all believed to be as corrupt as the rest of the Georgian society (Eurasianet, 2004). It was hard to differentiate police from criminals. Local criminal bosses were often used by citizens and companies as assistance and defense instead of the police. Unfair redistribution of state property to government officials and links between high politicians and criminal gangs and smuggling businesses were serious problems in independent Georgia. In 1993 Russia excluded Georgia from the ruble currency zone. A new currency, coupons, were created. The National Bank of Georgia gave credits with low interest rates to businesses that had “special connections” with government officials. Hyperinflation followed as the economy was mismanaged, reaching an inflation rate of 2669% in January 1995 (Kukhianidze, 2009, p. 221).

Political will to battle corruption was believed to be missing as no high-ranking officials linked to corruption were punished despite various forms of evidence. When a journalist accused the Georgian Writer’s Union of embezzlement and corruption, the journalist himself was investigated by the Interior Ministry and the Prosecutor General instead of the Union (Kukhianidze, 2009, p. 222).

According to World Bank (2012, p. 1) corruption was everywhere in Georgia in 2003, pervading close to every aspect of life. For as much as \$2000 - \$20 000 one could receive a job as a police officer, a job that officially did not pay enough salary to live. Demanding bribes was especially common, selling drugs or working for organized crime were other ways to make a living for a police officer. This was well known and sometimes people justified this by the low salaries. Officers accused citizens of crimes, guilty or not, demanding a bribe or a fine. The money was shared with the supervisor, who had to pay a share to the next person in the corrupt pyramid of police (World Bank, 2012, p. 13). For businesses it was easier to unofficially discuss what taxes

and bribes to pay tax authorities than to understand the tax rules to do it officially. Businesses that did not pay bribes faced harassment from personnel at the tax offices and often had to pay more taxes than they actually were obliged to (ibid, p. 26). The national borders were protected and controlled by officers in customs focusing on how to maximize the revenue of bribes; in terms of smuggling almost anything was possible only depending on the amount of bribes. In customs officers also paid for vacancies, up to \$10 000 for a job. Import taxes were paid to the state only rarely, resulting in only small state revenues (ibid, p. 37-38). Widespread corruption was believed to explain the lack of foreign investments. Because of Georgia's strategically location foreign investment was believed to have high potential. Except for bribes foreign investors were also troubled by kidnappings and threats for ransom and bribes, keeping the well-needed foreign capital away (Eurasianet, 2004).

Rostiashvili (2004, p. 11) exposes a Georgian higher education system that is neither equally accessible to all nor able to give its students the quality of education desired. The average salary in the education sector was slightly less than half the national average salary in 2002 and about 44 % of the average minimum existence level. Rostiashvili (2004, p.14) explains how during the Soviet era the headmasters of the universities and institutes were selected by the Communist Party, famous for picking persons loyal to them. In independent Georgia loyalty kept an important role, headmasters loyal to the president were elected. Personnel with a high loyalty to the headmasters of the universities were employed, shaping a hierarchical system in the universities where once again academic qualifications or knowledge were not of major interest. Nearly all respondents interviewed for Rostiashvili's report considered the higher education system of Georgia corrupt. All respondents defined corruption similarly and all considered corruption being a negative phenomenon. The administrations of the institutions were considered aware and participating in corruption (Rostiashvili , 2004, p. 23). The system was also not considered giving incentives for professors to give high quality teaching (ibid, p. 25). Universities had entrance examinations where the same people responsible for admission and grading entrance exams were also "tutors", who students could pay for private preparation before the exams. Cheating and bribes among these tutors were well known. A tutor who was

on the admissions committee and could influence other professors to give certain students better grades during the education received more money per student than a professor who had no actual control of administration and admission. At State Technical University a chemistry exam preparation could cost \$600-\$700. For example the dean of the faculty, involved in the admissions committee and with a great influence on the personnel of the faculty, was able to charge higher rates (ibid, p. 27). Regular bribes for admission also existed, they were more expensive than “tutoring fees”, up to \$30 000 for studying at the faculty of law at Tbilisi State University. At the entrance exams students that had paid were doing their exams separated from the non-paying students, often receiving an exam already filled in. Rostiashvili mentions a Georgian saying during entrance exams; “budgets of the families compete, not the students” (ibid, p. 28).

For mid-term exams bribes were smaller and for a student wanting to officially pass, without actually passing exams, \$2-47 could be paid, depending on faculty and type of exam (Rostiasvili 2004, p. 30). A former student of Technical University explained how the professor once told the class he wanted a power tool. He told the students where it could be bought and for how much. When a group of students realized none of them would be able to pass an upcoming exam they gathered the money and bought the tool for the professor, resulting in all of them passing the exam.

New institutions of higher education were opened regularly, with no quality control, for example 209 licenses for private universities were granted in 2002 (World Bank, 2012, p. 75-76). Some institutions were known as “diploma mills”, run from a private home and with only one professor and little or no teaching (Rostiashvili, 2004, p. 76).

“One of the most distinct problems in higher education is that ignorant pupils, with few academic skills, can be admitted to the most prestigious faculties and, once there, continue to perform badly without any threat of reprimand or expulsion.” (Rostiashvili, 2004, p. 24) (HÄR?)

The responsible ministry, The Ministry of Education, was also considered corrupt. A lack of insight and surveying groups gave corruption within the education sector possibilities to flourish (Rostiashvili, 2004, p. 38). The higher education system was all together summarized;

- Low standards of moral values and norms of conduct;
- Extremely low quality of teaching and learning;
- Poverty among a majority of teachers and professors;
- Lack of technical equipment and facilities (including libraries);
- Insufficient professional skills among trained specialists;
- Disjunction between the higher educational system and labor market;
- High level of unemployment among young professionals;
- Proliferation of corruption in all structural levels of the system;
- Drawbacks in existing legislation on Education; and
- Overwhelmed corruption inside the institutions.

(Rostiashvili, 2004, p. 39)

## 2.2 Reforms in Georgia

Shevardnadze stayed in power until 2003, when former justice minister Mikheil Saakashvili led the peaceful Rose Revolution that made Shevardnadze resign. Saakashvili had quit his job as justice minister for Shevardnadze, claiming it was "immoral to remain a part of the corrupt government" (Eurasianet, 2004). The following year Saakashvili was elected president (Encyclopedia Britannica, Georgia, p. 8). Saakashvili, who got more than 90 % of the votes, was sworn into power in January 2004 (World Bank, 2012, p. 5). As Mikheil Saakashvili's new government came to power it contained several members with experience from the former government. The motto of the new government was "Georgia without corruption" (World Bank 2012, p. 6).

During Saakashvili's first period as president he assured the fight on corruption was the main focus, in his first period and his January 2004 inauguration speech he said: "We need to introduce in the parliament very drastic anti-corruption legislation that would give vast powers to a new elite, small, honest investigative unit that would really tackle high-level corruption" as well as; "We must root out corruption. As far as I am concerned, every corrupt official is a traitor who betrays the national interest." (Eurasianet, 2004).

State treasury was close to empty, arrears had been piling up while public positions were held by corrupt officials (World Bank 2012, p. 6). Tax collectors were set to an ultimatum, tax had to be collected and there would be zero tolerance for corruption. Tax offices had cameras installed; surveillance was used to make sure there would be no room for bribes. As tax revenues increased, so did the possibilities of spending (ibid. p, 28). Heavily armed police teams arrested corrupt business people, crime bosses and corrupt officials at high levels to assure everyone corruption would no longer be tolerated (ibid, p. 6). Arrests were filmed and broadcasted. The state arrested and convicted criminals while confiscating their assets. Criminals able to escape the country did so when learning corruption was no longer an overlooked crime (ibid, p. 15).

In one single day all the 16,000 members of the infamously corrupted traffic police were fired and exchanged by a new force. Within the new force undercover officers scanned for corrupt

officers, a 24 hours anti-corruption hotline to which citizens could report incidents of corruption and misbehaving officials was installed. Whenever corruption was detected the official was fired and punished. Fines were no longer to be paid to police officers in the streets, but at commercial banks. Within the police force salaries increased almost tenfold, new technology was introduced; for example traffic cameras were used instead of patrolling officers. Continuous education and training was put to practice (World Bank (2012), p. 23). As Georgian expertise was low, foreign experts helped shaping the new forces. Experts from German Border Police helped rebuilding the Border Police while US experts helped training the Coast Guard (The new police force got new cars, police stations and clothes to not remind of the former force (Kukhianidze (2009) p. 229). A nationwide public relations campaign was made to remind the citizen Georgia not only was undergoing anti-corruption campaigns, but also had a new, non-corrupt, police force (World Bank (2012), p. 23).

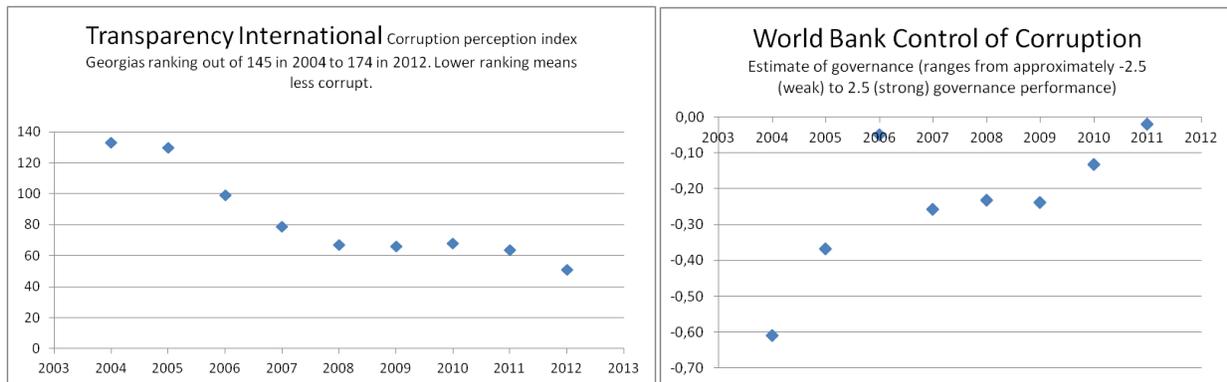
The new government demanded resignations from several persons known to be involved in corruption within the education system. Some influential, for example the rector of the Tbilisi State University, as well as about 10% of all instructors at public institutions of higher education were removed.

A reformed admission exam system, in development since the former government, was finished and installed. The new exams were inspired by systems used in the Baltic countries, Israel, Sweden, the United Kingdom and the United States. A new institution, the National Examination Center was formed to create and administer exams for all institutions of higher education within the country. The exams were printed at Cambridge University printing house in England, sealed and sent to Georgia where police cars escorted them to the vault of the national bank. On the test day the examination were monitored by international organizations, police, Georgian and foreign observers as well as cameras connected to televisions in waiting rooms outside where parents could watch the process. The autonomous organization The National Examination Center officials were made unable to influence results. Scanned exams are made accessible for the public and a dispute resolution center has been founded. All higher education institutions were inspected; in 2005 the number of institutions was reduced from 237 to 43. A competition among universities (public and private) were introduced as students got the possibility to apply

for several different universities (contrary to before) in the same year (World Bank, 2012, p. 77-80).

Transparency International defines their CPI “THE 2012 CORRUPTION PERCEPTIONS INDEX MEASURES THE PERCEIVED LEVELS OF PUBLIC SECTOR CORRUPTION IN 176[sic] COUNTRIES AND TERRITORIES AROUND THE WORLD” (2013-02-06 Transparency International, <http://cpi.transparency.org/cpi2012/> )

World Bank defines their index “Reflects perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.” (2013-04-14 USAID, <http://www.countrycompass.com/data/postconflict/glossary.php?iid=22P1&s=t> )



The new government started fighting corruption in every way possible. In February 2004 the new government received a warning from the Visiting Council of Europe Secretary-General ,Walter Schwimmer, that the fight against corruption should not abuse the law. Criticism of the hard methods used by the government continued while foreign investment started growing and Georgia started receiving financial help for its reforms, for example one billion dollars from E.U.’s New Neighborhood Initiative. Under US-educated Saakashvili relations with the US improved, Georgian soldiers have been on missions in both Afghanistan and Iraq and the Georgian army has received financial help from the US government to modernize its army (Eurasianet, 2004).

OECD Anti-Corruption Network for Eastern Europe and Central Asia (2010, p.3) confirms the strong political will in Georgia to fight corruption in their Second Round of Monitoring Georgia report. Especially the fight on administrative corruption, a form that affects everyday life of citizens, is believed to be significantly reduced. Georgia has criminalized corruption in accordance with relevant international standards, making it a crime to offer or promise a bribe,

bribery through an intermediary etc. Criminalization of solicitation of a bribe is believed to be a step forward. The hard punishment of such a crime – minimum 6 years of imprisonment for crimes such as passive bribery or money laundry – is believed to be too harsh and should be reduced in cases where the damage is not significant.

Except the critique of the realization of the brutal methods of the Georgian anti-corruption reforms, other parts of the Georgian fight on corruption has been criticized. There are cases where crimes have been hard to actually prove, where punishment have been strict. There are quite a few people (for example businessmen) believed by the public to be innocent that have been jailed during the last ten years. Elite corruption is not believed to have been fought enough (OECD (2010), p. 8). Confiscation of bribes as well as the proceeds of a criminal act creates revenues for the state budget (ibid, p. 22). According to Transparency (2013) there have been significant donations to the state during the Saakashvili regime. Whether these donations were made by free will, confiscated or coerced by the state is questioned.

In the fall of 2012 Saakashvili and his party, United National Movement, lost the elections. The opposition led by Bidzina Ivanishvili got to form a new government. As Georgia is about to shift from a presidential to a parliamentary system, Saakashvili will stay as president until October 2013 while Ivanishvili will serve as prime minister. The two have publicly showed distrust to each other, their abilities to co-exist in Georgian politics have been questioned (The Guardian).

### 3. Method

The purpose of this thesis is to do a follow-up on the ten year old report by Rostiashvili.

Methods are therefore chosen to match the methods used in the previous research.

The report “Corruption in the Higher Education System of Georgia” was made in 2004 by Ketevan Rostiashvili, the director of the American University’s Transnational Crime and Corruption Center and Senior Fellow at the Political Science Center of Tbilisi State University. Rostiashvili’s interview-based report examines corruption in public and private universities as well as the Ministry of Education. The interviews for the study were made in 2003. In total 60 interviews were made. 30 interviews with experts (professors and teachers), 15 interviews were made with parents of students in various public institutions and 15 interviews with students (Rostiashvili, 2004, p. 9).

To allow results to be compared between this and the ten year old study, this study is made as equivalent to Rostiashvili’s study as possible. Students, parents of students and experts in the higher education sector have been interviewed. The interviews are made in the same way to measure how the respondents perceive corruption within the higher education. Interviews are held with individuals within the same universities as in the last study. That is three of the leading universities in Georgia, Tbilisi State University, Technical University, Medical University, all located in Tbilisi. Included in the appendix of Rostiashvili’s report are the “Interview Issues”; the topics discussed during the interviews ten years ago. The same topics are discussed with interviewees in this study. Some topics are added while some are omitted, depending on relevance in today’s situation and for this study (when a respondent states he is unaware of any bribes the question “how much?” is of course omitted). Further implementation, as well as the results, of the interviews are described in the next section.

As measuring actual corruption is not possible, some errors of measurement and comparison difficulties are inevitable. This study will clarify how corrupt the higher education is perceived to be today and compared to how it was perceived ten years ago. To measure and explain precisely how much the rate of corruption has changed is not the task of this study, and it would probably not make much sense for the reader (what does for example a “30% decrease in

corruption” mean?). This study based on interviews is not to be considered being representative for the entire population, stakeholders of higher education in Georgia. This quantitative study based on in-depth interviews is exploratory; the outcome was unknown when starting the study. It might therefore help defining the problem. Thereafter the possible problem might be quantified using quantitative research, for example through research based on surveys.

When investigating how corrupt a country is one can choose from several indexes made by different organizations. Some indexes are available and free for the public to use, two of the most famous being the “Corruption Perception Index” by Transparency International and the “Control of Corruption” by the World Bank.

According to two of the most famous and used indexes one can see Georgia has improved dramatically. These existing indexes are not focused on corruption within education only, and they are based on quantitative research. Treissmann (2007, p. 215) states gathered data might be biased because of the political opinions of the respondents, recent anti-corruption campaigns along with other factors that might affect the results. The construction of the indexes change, and the citizens’ opinions about corruption most certainly have after ten years of campaigns. Some of the possible biases might be avoidable when doing a replica of the last study, while some of them might be ineluctable. In-depth interviews focused only on the topic are believed to give a better view of the situation in higher education than existing wider indexes are able to. This qualitative research does not generate the possibility of quantifying the existence of corruption and therefore makes rankings such as above impossible. A quantitative research, for example the survey-based researches presented above by Transparency International and World Bank, gives the possibility of quantifying. It is not exploratory and cannot find or describe any new tendencies if they are not asked for in the survey.

The higher education concerns a big range of individuals, from students and families of students to principals to politicians within the ministry of education. Due to the wide variation of individuals concerned, a wide range of perspectives and approaches should be available. One can presume a strong positive correlation between corruption in society and corruption within the system of higher education and reforms might have effects on both. Major reforms made

outside of the education sector are therefore believed to be relevant for this study and therefore described. The importance of education is not highlighted in this thesis.

According to North, a decrease of corruption in an organization could be explained by removing the incentives for being corrupt: Either smaller rewards from being corrupt, increased risks of getting caught, more severe punishments for individuals getting caught, or a combination of the three. North (2007, p. 4) also expresses another option; codes of conduct can sometimes make players stay away from violating the rules, even if they would get away with it.

Treissmann (2000, p. 439) makes reforms seem almost unnecessary in a case such as Georgia – it would take a very long time for getting rid of the corruption for a country with only a short history of democracy and former high levels of corruption.

### 3.1 Interviews

In total 41 interviews were made. 27 were made by the team of interviewers and 16 made by the author supported by a translator. The team of interviewers responsible for implementing the majority of the collected data for this thesis is the same team responsible for the interviews in the study made by Rostiashvili 10 years ago. The team consists of four individuals who were all participating in the research for Rostiashvili's report as well as a range of quantitative and qualitative researches before. Interviews were made at different locations in Tbilisi, from homes of the interviewers to school yards or parks around the capital. They were all made in the last two weeks of May 2013. The interviewees were selected using a combination of random and snowball sampling. Student respondents are typically selected random, the main requirement is that different respondents do not know each other, or about each other. Snowball sampling is used in sociology and statistics, respondents are chosen from recommendations from former respondents and acquaintances. This allowed the team to get in contact with experts involved in anti-corruption work or individuals especially connected to the issue in some ways, but there are possible biases caused by this. As already mentioned this research is not representative for the full population. A change of methods between the first research and this follow-up research is not desired and snowball sampling was utilized in both interview projects.

10 interviews were made with experts (lecturers and professors) working at Medical University, Technical University, the Tbilisi State University and Ilia State University. 10 interviews were made with parents of students at the same universities. The team interviewed 7 students distributed within the same universities. I, the author of this thesis, did a total of 16 interviews with students from Medical University, Tbilisi State University and Technical University with help from a translator. During the interviews certain issues were discussed in a free-flowing, in-depth conversational manner. All respondents are treated anonymously, therefore only named after one of the three categories used (expert, parent or student). The interview issues (appendix 1) are not questions but different issues to be covered during the interviews.

The interviews were held in May 2013. According to several respondents there was a political uncertainty in Georgia after 2012 October parliament elections, making it complicated for respondents to make predictions about the future of higher education or Georgia.

## 4. Results from interviews – respondents’ opinions

### 4.1 Current situation of corruption

All respondents identified corruption as a negative phenomenon. Some respondents had difficulties to define corruption. Several respondents identified corruption very wide and vague as any illegal action, or theft in particular. In every interviewed group, except the sub-group experts on the topic of corruption, at least some respondents failed to define, or specify, corruption similarly to how it is usually defined by experts and organizations specialized on corruption. One student thought the high tuition fees could be considered corruption. A student of the Technical University thinks that the obligatory fees for redoing failed courses in university can also be seen as corruption. A third student argued the government and the country were corrupt because of the high taxes.

“Corruption is a distinctive form of social relationship which is based on institutional weakness and immobility”

“Corruption is an anti-social act which is aimed at improving a person’s financial condition and raising the level of this person’s well-being”.

Definition of corruption according to two responding experts

“Corruption has its own hierarchy. If you are accepted in a certain society, you have to follow the same rules as the rest of the people, if you are required to take a bribe you should do so, unless you will lose your place in the society and at work. Most of people are so poor that they take this step involuntarily, in order to keep their family from poverty.” - A parent of a student

Not one single respondent knew of any bribes being paid within higher education today. Corruption in the past in higher education and society in general is well known and several individuals, especially among the more aged groups of experts and parents, knew several

examples of corruption. One student mentioned bribes, and how much you were supposed to pay for “preparation” for certain exams in different subjects, with prices and examples dated as late as two years ago. No such information about the presence or prices today was given during the interviews.

When respondents compare the situation ten years ago with the situation today all agree; the corruption normal citizens has to deal with and suffer from, the petty corruption, used to be a huge problem in society - today it is not. It used to be close to impossible to for example drive a car without police frequently stopping you for bribes. When applying for a driver’s license you had to pay extra, unofficial, fees. Today these kinds of services are clean and bribes are said to be eliminated. There does not seem to be any major differences in opinions about the existence of corruption depending on if the respondent is an expert, parent or student. Neither are there any major differences in responses depending on which of the universities a respondent is related to. All together the respondents are quite homogenous in their opinions about corruption.

After the reform of the national exams, cheating is made difficult and the possibility of paying for better marks seems to be eradicated. A student is only linked to his exam by a number distributed to the student, no names or dates of births are written on exams. Teachers and lecturers have no contact with the actual exams and do not have the possibility of giving grades for them. This method was thereafter used on other exams too. Committees of staff with no contact with students are giving marks on exams. All respondents believe this has been a major improvement.

Private tutoring for both national exam and other exams is common. Students have to pay for tutoring themselves. Today students pay for learning and actual tutoring, while ten years ago they paid the tutor for giving them higher marks no matter their knowledge of the subject. The cost of tutoring was the actual cost of the bribe. Parents agree it is being better to pay for tutoring for their children to learn instead of paying for bribes called “tutoring fees”.

Finances of universities are believed to be mismanaged by higher management and several respondents believe education needs to be more independent from politicians.

## 4.2 Nepotism

Bribes between students and lecturers or professors are unknown of and corruption is said to be low. Corruption is believed to be more present at the administrative parts of higher education especially, but also in the ministry of education. The problem mentioned by a majority of the respondents is corruption in the socioeconomic elite of the society, especially observable through nepotism. Administration in higher education is believed to often consist of plentiful of relatives and acquaintances of individuals within higher administration such as the rectors and his closest co-workers. Jobs are not believed to be equally available to all; professionalism, experience or knowledge is not believed to be of main importance when hiring. Some students believe this elite corruption is also present in classrooms; students from elite families are considered targets for special treatment by professors. System makes it hard for professors to help specific students pass exams and no bribes are believed to be paid but the preferential students are treated with more respect and are often believed to get more attention from professors compared to other students. Even more important than being from an “important family”; relatives and friends of professors are often known to be treated better and get more support. One student of Technical University says the status and relations of his father, working within the same university, has helped him during his years as a student.

Nepotism is believed to be present all over Georgia and not only in education. Employment is often said to mostly depend on connections. Two students agreed this is a big problem in Georgia holding the economy and society back, being extremely unfair as the labor market seem to be unavailable for people without connections no matter of education or how well they could do a job. Eventually they ended up saying they would do the same thing if they were in the situation to hire people and said it was a very important part of Georgian culture; it might lead to a lack of productivity, but if a cousin of yours need a job and you have a vacancy at your company you are supposed to hire him no matter of his capabilities compared to other potential employees.

Almost all respondents agree on corruption being a problem in higher social classes while the problem is no more present among the middle and low classes. Juridical system, the city hall and ministries are believed to be among the more corrupt functions in Georgia. In ministries

employment officially happens through an open vacancy, though in reality it is decided beforehand through friends and acquaintances. Several respondents believe nepotism is a growing problem.

### 4.3 Quality of education

Quality of education is believed to range from poor to normal. A problem is said to be a lack of motivation among students. In Georgia having a diploma is a symbol of high status, social pressure by family and society is common. There is a saying in Tbilisi: “Even all taxi drivers here have at least one university degree”. Respondents agree on the importance of diplomas. Especially students in Medical University say a big part of the students will probably never work as doctors and probably only study because the status of having a diploma from Medical University. This is believed to generate a high rate of students with low motivation. Several responding students explained: “if you want to learn you can, if you don’t want you can still pass”. Some believe that they, by paying for studying, are obliged to receive a diploma no matter their own efforts or performance. Students of Technical University say the university wants as many paying students as possible and do therefore rather let them continuing studying than to see them fail and drop out. One expert working in one of the universities says he does not think it should be necessary to keep bad students in the university. He thinks the final exams of the semester should be much stricter. This is a concept several students seem to favor as a way of increasing the rate of motivated students and to get rid of students not fit for the education. A student expresses “University entrance exams should be stricter and the passing grades should be higher than it is now so that only exceptional ones can become students, not everybody who graduates from high school.”

All students included in this study mention the lack, or mismanagement, of funds a big problem. Buildings and classrooms are mostly of a low standard. The lack of equipment, such as computers and laboratories, limit the quality of education. A majority of students believe education is much better abroad and talented students and professionals leave Georgia. In addition to this, quality of life, salaries and possibilities of a successful future are all reasons for students to be willing to leave for other countries. Especially Europe and North America are preferred.

Students further criticize the quality of education in following ways; the faculty staff is not believed to be qualified for their jobs. Several students lack a good academic plan. Practical work in laboratories is demanded. There are not enough devices necessary for studying, so called “elite” specializations are prioritized, and there is only enough funding for them. Level of study on the faculty of technical and natural sciences is purely based on the professors enthusiasm, not the lecturer nor the student is encouraged in any way. This is, according to one expert, caused by the flow of specialists in these fields moving abroad.

For experts neither extra knowledge nor expertise is believed to improve salaries or possibilities in Georgia. For a professional wanting to develop; to do extra research or educate at higher levels, moving abroad seems to be the most common solution.

One professor says; “They (students) feel like since education is not free anymore they are buying their knowledge. They don’t attend lectures because they are paying and therefore they deserve ETC credits. It also depends on a faculty. For some faculties demand is low, there are so few students there that you can’t really expect anything from them.”

#### **4.4 Reason of corruption/Georgian nature of corruption**

Several students agree on the importance of strict rules and laws on corruption. Most responding students believe people will be corrupt if they can get away with it. Some say codes of conduct will change, and to some point it already has, but in present day rules and control is of importance to keep corruption under control. Professors are believed to have enough salaries and pride of their professions to not return to bribes today, while for example police officers are not trusted – they are, by many, believed to be willing to return to demanding bribes under other circumstances with less control. Hard punishment for individuals involved in corruption is believed to be important to set example and show people the risks of being corrupt.

In a situation where a person can take a bribe but decide not to do so this person was favored among the experts and the majority of the parents, although such person was called “an idiot” by a big part of the students. Most of the students would happily take a bribe and also pay a bribe if it would ease a situation at a particular time, but they are scared of the law and do not want to end up in jail.

#### **4.5 Effects from corruption on life**

Respondents say that the level of corruption nowadays is not significant enough to affect one's decision to apply for this or that faculty, passing of certain exams, or choices of future profession. However, corruption has a negative effect on the process of preparing future specialists. In this case the entire educational system needs to be changed, because some parts of educational process are of a strictly bureaucratic nature. Personnel best fit to work in higher education is usually not believed to be hired, personal relations to higher administration seem more important. Possibilities of a student to find a job after graduation is believed to depend more on personal contacts than on education, experience and knowledge. This is, according to a number of respondents, believed to be harmful for the quality of education, the motivation of students as well as the Georgian economy in general.

#### **4.6 Ways of fighting corruption**

Respondents had a wide range of ideas about how to fight corruption and to raise the quality of education.

Respondents think that good financial support and goal-orientation can effectively fight corruption in educational system. Educational system needs change; for example there should be a special scientific board that should evaluate candidates for employment, instead of 2-3 people being entrusted with this job. Professors should get more academic freedom, political reasons should be gotten rid off. Faculty boards should become broader and more available for public. This will supposedly prevent nepotism as well. More honest people, with strong moral values, whose aim will be preventing corruption and creating a strong educational system, should be employed in the sphere of higher education.

Also economic solutions are mentioned, for example by raising salaries. Some solutions are quite undefined; "solve the economical problems". Besides changes within the education system, raising the level of education and understanding among people is also believed to be important. The last solutions mentioned are monitoring or control and imposing rules more strictly.

The transformation of Georgia is by many believed to take too long. Several respondents believe it will take a long time before Georgia can be compared to “better” countries and are therefore willing to leave Georgia, if given the possibility. The election of Ivanishvili in late 2012 has given hope, some respondents say they are positive about the future due to the election. Respondents hope Ivanishvili will mean less elite corruption, nepotism and a less autocratic Georgia.

## 5. Discussion

In 10 years time higher education in Georgia has changed a lot. The former corrupt system where wealth could make one pass any subject or achieve any grade and diploma is no more. Bribes are no longer needed to get admitted to universities and faculties or to pass exams. Connections to personnel in universities can still give students help through their education.

The status of having a diploma in Georgia is motivating people to study. All respondents in this research agree there are students studying only for receiving a diploma; knowledge and future career goals are of second interest. Several respondents also agree it is too easy to pass exams and classes. This is believed to lead to a high rate of students with little motivation, a problem in higher education. On one hand having a diploma is a status thing, on the other hand so many citizens get it and it undermines the meaning of having one. Just because someone is formally a doctor does not mean he or she is fit to work as one as there is a risk he only got the diploma with no expertise needed to work in a hospital. This somehow justifies the widespread nepotism even further: If the education of an individual is not enough to say whether he or she is fit for a job or not, an employer might prefer to employ already known people. If education and past experience are not reliable reasons for hiring staff because of inflation of formally well educated people, loyalty and personality might be of more importance. Personnel with the right personal qualities, such as loyalty and personality, might be easier to find in close acquaintances than among unknown people. Employing unqualified acquaintances instead of the candidate best suited for a vacancy is not efficient. In Georgia this seems to be the norm. It is likely to have a strong negative effect on economy and competitiveness.

When it comes to stopping bribery Georgia has no doubt been successful. Still bribes seem easier to discourage and prevent than nepotism. By controlling money transfers and commodities versus income it is possible to trace potential bribery (a person with a low salary and no known wealth probably cannot buy several houses and cars – if a person does it anyway that might be reason for taking a closer look). How to prevent nepotism? Making it illegal for close friends or family members to work within the same work space would not be a possible solution due to several reasons (Finding out who knows who is complicated. Two individuals at top positions could trade with each other by helping each other's close ones. Georgia is a small

country with a population of 4,5 millions; two relatives or acquaintances might actually be qualified for two different jobs within the same work space). Preferential treatment of individuals from special (famous, rich, powerful etc) families is probably not a phenomenon only existing in Georgia. People from most countries of the world would probably say that being from such a family will be of great help to a person. Georgians are happy and proud to be able to help close ones; it is in the culture and traditions. To gain efficiency and reduce discrimination (that comes with preferential treatment), culture and traditions would have to play a less important role. This would mean a tradeoff between keeping traditions and culture or extra economic growth.

Some respondents are claiming nepotism has become worse. This raises another question; does nepotism actually affect life more today than ten years ago or is it considered a bigger problem today because some of the problems that used to affect life severely ten years ago are not such big problems today?

Paying for private tutoring is still common in Georgia. If a student needs extra help before an exam or in a full semester, he can hire the professor responsible for the class. For a professor wanting to maximize income, incentives are low to teach in a way to make all students understand and learn in class. If not enough students can understand the subject, the professor will get more work and a greater income. Private tutoring is not available to all – a student without money cannot pay for it. Private tutoring is therefore not desired to be a self-evident part of education, students should rather be taught professionally in classes covered by the tuition fees.

When comparing the reforms in Georgia to theories about how corruption should be fought and prevented, for example by Klitgaard (1996, p. 36), there are some similarities. Mikhael Saakashvili and his party seem to have battled corruption just like Klitgaard suggests. Some changes might take a long time to see and understand, but in the short run a lot has happened. Not any Georgians I have spoken to said anything positive about the situation Georgia was in after the Soviet Union. Not too many are pleased with the present situation, but things have turned to the better. Corruption seems to be rooted out at lower levels, but most people are still unsatisfied with higher politicians and officials, that often are believed to be corrupt. This is

also what Transparency and OECD states. Since the Rose Revolution a small elite around the president has been powerful, by many considered “being above the law”.

Increased control and hard punishment combined with a higher standard of living are some of the factors making a transformation away from everyday corruption possible. The fight on corruption in Georgia has been straightforward, by some criticized for the brutality in it. The fight seems to have had significant effects as corruption, especially in terms of bribes, seems to be almost eradicated. When it comes to other forms of corruption, such as nepotism, Georgia still has a long way to go. Political will to fight it does not seem as strong as it did when battling bribery and petty corruption. Further than this it is reasonable to expect a fight on nepotism to be much harder.

The nature of the researches, based on in-depth interviews in a free flowing manner, make the results somewhat hard to compare. In research no 1, made ten years ago, bribes and prices of bribes were being discussed. In the interviews made for research no 2, no bribes were known of and quality of education, state of Georgia and elite corruption were the popular topics.

## 6. Conclusions

*What effects have post-Rose Revolution reforms had on the corruption in the higher education in Georgia?*

From 41 interviews made with respondents from three different universities of Tbilisi no respondent claimed to be aware of bribery today. This is a big difference from the situation ten years ago when all respondents were well aware of bribery. Changes seemed to have been made possible by strong political will, criminalization of bribery, hard punishment and a reformed system. Through reforms decision making has often been moved away from individuals or groups in positions where bribery is possible.

A remaining problem is corruption among the elite, often observable in nepotism. The Georgian anti-corruption programs do not seem to have been as hard on this kind of corruption, and it is also believed to be harder to fight than everyday petty corruption.

## 7. References

Batory, Agnes (2012), "Why do anti-corruption laws fail in Central Eastern Europe? A target compliance perspective", *Regulation & Governance*, vol 6.

Britannica Online Encyclopedia, "Georgia"

<http://www.britannica.com/EBchecked/topic/230186/Georgia> (2013-02-11)

Britannica Online Encyclopedia, "Ireland"

<http://www.britannica.com/EBchecked/topic/293754/Ireland> (2013-02-11)

Ease of Doing Business Index, June 2012, The World Bank Group,

<http://www.doingbusiness.org/rankings> (2013-08-06)

Global Finance "Georgia Country Report"

<http://www.gfmag.com/gdp-data-country-reports/269-georgia-gdp-country-report.html#axzz2KbO11QZi> (2013-04-15)

Golden, Miriam A., Lucio Picci (2005), "Proposal for a New Measure of Corruption: Illustrated with Italian Data". *Economics and Politics* 17(1): 37-75.

Klitgaard, Robert (1984), "Managing the fight against corruption: a case study", *Public Administration and Development*, vol. 4.

Klitgaard, Robert (1996), "What can be done?" , *The UNESCO Courier: A window Open on the World*, vol. 49, June 1996.

Kukhianidze, Alexandre (2009), "Corruption and organized crime in Georgia before and after the 'Rose Revolution'", *Central Asian Survey*, Vol. 28, No. 2, June 2009, 215–234

North, Douglass C. (1994), "Economic Performance Through Time", *The American Economic Review*, vol. 84, nr 3.

North, Douglass, C. (2007), "Institutions, Institutional change and economic performance", Cambridge University Press.

Molly Corso (2004), "Georgian President Saakashvili's Campaign Against Corruption" Eurasianet, <http://www.eurasianet.org/print/53439> ,2013-08-06.

OECD Anti-Corruption Network for Eastern Europe and Central Asia, Istanbul Anti-Corruption Action Plan (2010) "Second Round of Monitoring", Georgia Monitoring report <http://www.oecd.org/corruption/acn/istanbulactionplan/44997416.pdf>

Rose-Ackerman, Susan (2008), "Corruption and government", International Peacekeeping, vol. 15, nr. 3, June 2008.

Rostiashvili, Ketevan (2004), "Corruption in the Higher Education System of Georgia", American University's Transnational Crime and Corruption Center (TraCCC) Georgia Office, Starr Foundation and IREX.

Shelley, Louise, Scott Erik R., Latta, Anthony (2007) "Organized Crime and Corruption in Georgia", Routledge Transnational Crime and Corruption Series.

The Economist, (7<sup>th</sup> February 2012), <http://www.economist.com/blogs/easternapproaches/2012/02/tbilisi%E2%80%99s-corruption-busters>

The Guardian, (2012-10-2), "Georgia's president Saakashvili concedes election defeat" <http://www.theguardian.com/world/2012/oct/02/georgia-president-saakashvili-election-defeat> (2013-08-09)

Transparency International (2013), "Voluntary gifts or state robbery? The years 2008-2012" <http://transparency.ge/en/blog/voluntary-gifts-or-state-robbery-years-2008-2012> (2013-08-06)

Treisman, Daniel (2000), "The Causes of Corruption: A cross-national Study", *Journal of Public Economics*, nr 76, p 399-457.

Treisman, Daniel (2007), "What have we learnt about the causes of corruption from ten years of cross-national empirical research?", *The Annual Review of Political Science*, 2007.10:211-244.

World Bank (2012), "Fighting Corruption in Public Services: Chronicling Georgias Reforms" ISBN 978-0-8213-9475-5.

## **8. Appendix**

### **Appendix #1: Interview Topics**

1. Definition of corruption;
2. The scale of corruption in society;
3. Most corrupt organizations, define the place of the system of higher education among these;
4. Corruption is the integral part of the way of living in Georgia;
5. Corrupt people are separate selfish individuals, or they are typical representatives of the society;
6. Corruption is engrained in the culture, but it is possible to eradicate;
7. Estimate the present level of corruption in Georgia; compare it with the past period of Socialism;
8. Reasons for corruption, the role of the public in this process;
9. Define the line between corruption as an “inevitable evil” (poverty creates it) and “it is an evil without any justification”;

10. Estimate the behavior of the person who is an official who can take bribes, but is not corrupt. Describe the reaction of other people;

11. Corruption is a factor defining the social status of the individual in society, belonging to the certain social group; describe the level of corruption in the different social groups;

12. Describe the social institutions, public organization, and social groups most efficient in fighting corruption;

13. Name the organizations which specialize in the fight against corruption, describe their activity, its effectiveness your participation in it, ways of improvement its function;

14. Discuss the awareness of the respondent about special anti corruption programs, its activity;

15. Discuss the awareness of the respondent about the instances of corruption in the higher education system. Name the source of the information;

16. The scale of corruption in a) the Ministry of Education, b) top administration of the universities/institutes) middle level administration (faculties, departments), d) among teachers and professors;

17. Name examples of corruption within the administration, teachers/professors, define its scale: many, few, other;

18. The leadership of universities/institutes do not know about the corruption, or they just ignore it, or stimulate it;

19. Indicate the forms of corruption in the system of higher education, which forms the respondent experienced personally or was witness to;

20. The initiator of corruption (the respondent, lecturer, representatives of the administration of the faculty, department, higher level. Corrupt practice was initiated by the respondent or under pressure, advice, and direct suggestion of others, there was a trade off in the price; describe the rates of the bribes, its stability (of rates);

21. Respondent rejected the suggested price or the corrupt practice, describe the consequences;

22. Possibility for the respondent to be the initiator of corruption. Rejection of the corrupt practice is based on moral reasons, amount of the bribe, impossibility to establish corrupt ties, or the scale of its consequence;

23. The respondent acted deliberately, or it was a spontaneous decision. The respondent knew whom to address to achieve the goal of establishing corrupt ties. The mediator in corruption, representative of the faculty, relative of the respondent, other person;

24. Personally the respondent felt embarrassed to participate in the deal (for the lack of experience, moral discomfort, other). Subsidizing the corruption influenced by the financial situation of the respondent, describe the reaction of his/her family, or in the group, where the off spring of the respondent studied;

25. Using corruption influenced on the relations of the student with the other side of the deal;

26. Usually facts of corruption becoming known for others, incidentally, or these facts are well known;

27. The reaction of people nearest environment of the respondent on the facts of (understanding, tolerance, disgusting), the reaction of the respondent to it;

28. Describe the reaction of the respondent when someone complains about corrupt ties;

29. Influence of corruption on the choice of the student to enter a certain university/institute, passing entrance exams, choice of the specialty, future plans (i.e. study abroad), how much these plans were changed due to corruption? As an example give the short story of entrance exam;

30. Describe the average rate of the preparation of the youngster to enter the higher education system, were they teachers who prepared for the entrance exams members of the exam commission of the university/institute? Describe the participation of the respondent in the corrupt deals with these members, or the leadership of the university/institutes;

31. Usually corruption influences access to receive or to continue study for the youngsters abroad (please give illustrations, forms of corruption, rates);

32. Respondent's estimation of the level of fight against corruption at universities/institutes; Due to corruption the principles of competition during the entrance

exams and estimation knowledge in the process of studying at the university/institute are undermined;

33. Corruption decreases the incentives of good students; as a result there is a negative influence on the quality of future specialists. Corruption does not have a scale, which can negatively influence the quality of teaching in the higher education system.

Corruption partly damages the teaching process, maybe it is useful for the studies as it helps to save energy for only the useful subjects;

34. Describe the fight against corruption in university/institute where the off spring of the respondent studies, who is the initiator and the participant of it. Estimate the efficacy of this fight, how well it is organized and how honest it is.