

Influence of Negative factors on the Activity of Public Sector Services in Russia

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Abstract: In study, the reasons of emergence and a consequence of corruption in the countries with an emerging economy are opened and on the basis of the analysis of structure of social communications in the course of implementation of corruption activity the main models of corruption behavior are described. Purpose of work to open the reasons of emergence and a consequence of corruption in the countries with an emerging economy and on the basis of the analysis of structure of social communications in the course of implementation of corruption activity to describe the main models of corruption behavior. In the real work, on the basis of comparative and functional approaches the main spheres of corruption manifestations are defined and on the basis of a method of statistical supervision the assessment is given to the applied methods of fight against corruption within neoclassical and institutional approaches. The main signs of corruption actions and their negative consequences. It is proved that the corruption phenomenon in Russia, reflects internal contradictions of social and economic state system, thus existence of close connection between corruption and shadow economy. The main spheres of corruption manifestations are defined and the structure of social communications in the course of implementation of corruption activity is analysed.

Key words: Corruption, public sector, anti-corruption behavior models, corruption level assessment methods, shadow economy

INTRODUCTION

Today corruption exists in different branches of economy of a number of the countries and becomes one of the major factors interfering their development.

Negative influence of corruption on economic growth, accumulation, aid effectiveness for development, distribution of the income and fight against poverty is noted (so and on possibility of modernization of the country) that gives the grounds to claim that the corruption component of economic activity in these countries becomes rather dangerous problem and demands a careful assessment of a number of interactions (especially in public sector) from the point of view of existence of a corruption component (Sohrov and Tatuev, 2012).

MATERIALS AND METHODS

Corruption; basic concepts: It should be noted that in the modern economic literature, devoted to the specifics of corrupt practices, most popular approaches are those in which corruption can be seen as:

- A form of economic behavior which is chosen from an existing (available) set of alternatives
- Any action/or refusal of an individual, a public institution, a private company to act violating the law and undermining the credibility for the purpose of receipt of profit or any other benefit
- Appropriation of corporate opportunities and public funds to improve individual wealth and welfare of their families and close relatives (Tatuev *et al.*, 2015)

Many economic studies devoted to the corruption phenomenon, point out that there is a close relationship between high levels of corruption in the society and a disproportionately high income of small groups of people and simultaneously increasing poverty of the majority of the population of a country.

The view of Klitgaard (1988, 2000), who for several decades has studied the phenomenon of corruption and that describes the tendency to corruption as a formula that includes such components as: low risk, moderate punishment and a great benefit, appears very productive.

Corruption = Monopoly+Liberty of
action – Accountability

From a functional point of view, corruption can be described as:

- The use of state power for personal goals
- The general concept that reflects a large number of different types of behavior, including direct theft (when money from public funds or public property is used by officials for personal enrichment) and personal interest (when a corrupted official receives personal financial gain resulting from the decisions he made within the performance of official duties)

Researchers and practitioners admit that today corruption exists in the various sectors of the economy of a number of countries and is becoming one of the main factors preventing their development. This gives reason to insist that the corruption component of economic activity in these countries is becoming quite dangerous problem and requires a thorough evaluation of a number of interactions (particularly in the public sector) in terms of the presence of corruption component. The following basic signs of corruption action can be emphasized:

- The mutual agreement of participants of the action
- The existence of mutual obligations
- Receipt of particular benefits or advantages for both sides
- The made decision violates the law or contradicts moral standards
- Conscious submission of the public interest to personal benefit
- Both sides are trying to hide the actions

If we say that corruption has a negative impact on economic growth in the first place, it refers to the corruption covering the activities of medium and large businesses as well as the sphere of state investments when there is significant excess of the cost of investment projects because of the fact that the participants of corrupt relationships gain a specific part of the budget funds as a corrupt income. And this is a very negative factor, even if the project was successfully implemented because in this case, the corruptionists' income is provided at the expense of honest taxpayers which are the main and most dangerous by-product of corruption.

For which cause, one has to agree with the experts, who note the following adverse effects of corruption (Barashan *et al.*, 2011):

- Weakening of the role of law
- Decrease of the confidence of economic agents to the state
- Slowdown in economic growth
- Increase of social inequality
- Slowdown in business activity
- Deterioration of the investment climate

Thus, it can therefore be said that that corruption leads to the formation of unproductive behavior models, of both public sector and business structures because the corrupt practices are aimed at restricting competition, reduce the rate and quality of economic growth. At the same time, the observed increase in the demand for corruption services shows that corruption models become the most common forms of behavior of economic agents in a number of countries and especially in the countries with emerging markets. The main reason consists in the fact that the corrupt behavior allows to obtain higher incomes in comparison with the legal forms of business. All this weakens, the incentives to invest in the real economy sector which is very important for the Russian economy in the conditions of a worsening macroeconomic forecast when the number of budget problems is steadily increasing.

Methods of assessing the level of corruption in Russia:

In assessing the level of corruption, the indicator of which is the average size of bribe, there is always a big error. Approximate figures are determined on the basis of data on corruption-related crime or according to the survey findings. However, one has to agree that both in the first and in the second case, it is practically impossible to obtain accurate reasonable data. At the same time, the fact that traditionally >58% of respondents think that it is impossible to fight the corruption down cannot but misgive. At the same time, over 84% of Russian citizens participating in the annual survey, think that the corruption level in the country is high >49% of respondents believe that the level of corruption in the coming years will continue to grow.

The data which were obtained in the course of enquiry of small business representatives in the Central Federal District, conducted by the researchers in 2013 which showed that nearly half (49%) of respondents who paid bribes had been well aware that the solution to their problem assumed the unofficial award to specific official are of interest. Total 32% of respondents said that the bribe size was “almost clear” for them. At the same time for 10 years (from 2003-2013) the proportion of situations where the bribe was given to representatives of the state authorities for the performance of their direct duties was

increased from 24-33%. In other words, according to the opinion of the enquiry participants, the share of extortion in corruption schemes tends to increase. Accordingly, the vast majority (71%) of respondents who had given bribes pointed out that the attitude officials towards them after receiving the fee “greatly improved”.

According to the data of Ministry of Internal Affairs of the Russian Federation, the average size of bribes in 2013 reached 145,000 rubles (in 2010 it was 23 400 rubles), at the same time bribes of large and very large amount became half as much. Such more than six-fold increase in the size of the average bribe makes a very strong impression, especially when compared with inflation which for this period was slightly >25.5%.

Arrow global corruption barometer 2013: According to UN estimates, the annual amount of paid bribes in the world is \$1 trillion and the European Commission in 2013 estimated the annual economic losses from corruption in EU Member States about 120 billion Euros. At the same time, the regular occurring new data on the corrupt dealings around the world leads to the conclusion that the actual level of corruption is much higher.

The study “Global Corruption Barometer 2013” (published by Transparency International, the international non-governmental organization) in which >114,000 people in 107 countries were surveyed looks curiously enough. It was found that more than a quarter (27%) of the respondents admitted that the last year they had to give bribes when contacting with state and public institutions. Moreover, almost two-thirds of the surveyed people believe that personal relations and acquaintances to help solve problems in the interaction with the bodies of government and 54% think that own interests of the government structures of their countries are more important than public interests. The majority of respondents consider the corruption a serious problem and they believe that situation concerning corruption is getting worse from every year. Such pessimistic concerns were expressed not only by residents of Italy, Russia, Ukraine and the respondents from the US, Great Britain, France, Germany, Australia. At the same time, residents of Japan, Denmark, Finland, Latvia, Korea, Kazakhstan, Kyrgyzstan noted that the level of corruption has stated the same and in some countries (namely, Belgium, Georgia, Rwanda, Sudan), respondents noted a reduction in the scope of corruption.

In general, Belgium, Australia, Canada, Denmark, Portugal, Japan where according to the data obtained <5% of the population paid bribes, can be considered quite prosperous. The US and Great Britain were in the group of countries where from 5-9.9% of the respondents took place in corruption schemes.

It is curiously that respondents from different countries agreed that the police (31%) and the courts (24%) are most corrupt institutions. Such sphere as education and health took 5th and 6th places, respectively. As for Russia, public servants (74%), police (66%); the courts (59%), the deputies (54%), political parties (49%) are considered most corrupt.

However not everything is so obscure because despite the lack of visible progress in the situation with corruption in most countries of the world, about 67% of respondents believe that this problem can be solved. At the same time, it should be noted that Russia is also among the countries wherefrom 41-60% of the respondents believe in the positive scenario. Moreover, 92% of Russians (that took place in the survey) are ready to fight with corruption including using social networks. In this regard, it should be noted that the phenomenon of corruption in Russia of course, reflects the internal contradictions of the socio-economic structure of the country. Moreover, we can say that there is corruption in Russia occurs and is reproduced under specific conditions. This is quite obvious that there is a close connection between corruption and the shadow economy: without illegal transactions and tax evasion, a significant portion of the business (especially small) could not pay bribes and “reward”.

It should be noted that according to the Russian legislation to corrupt practices are:

- Abuse of power and official position
- Taking bribes
- Commercial bribery
- Another illegal use of the official position by a person contrary to the legitimate interests of society and the state to get a benefit in the form of money, valuables, other forms of property, etc

As already mentioned, the basic principle of corruption relations is that the actions are profitable for both sides and at the same time, we must remember that this principle works only subject to the absence or asymmetry of information. And according to the opinion of a number of international experts anti-corruption measures aimed at prevention and suppression of corruption taken in recent years in Russia in general comply with to the situation which gives grounds to rely on the possibility to reduce the level of corruption, especially in the public sector.

The main areas of corruption: You must honestly admit that the business structures quite often play the role of the initiators of corruption relations. The situation where the change in legislation leads to the formation of new

areas of corruption is quite common for example in the case where any specific group of companies acquires the right to order, “rare” resources or acquire the right to render certain services. In this case, certain structures, pursuing their own interests may be tempted to share some of the potential or received income. Corruption in business becomes possible due to (Valuiskov *et al.*, 2012):

- Promiscuity of internal guidelines and procedures in the companies
- Weak controls and insufficiently high auditing standards
- Lack of transparency of the top management, making key decisions
- Absence of ethical norms to conduct business

If a company gives bribes, it is natural that its employees do not see anything wrong in participating in corrupt dealings. Furthermore, the business can be very interested in corrupt activities if:

- Legal claims are more expensive than the illegal ways to solve the issue
- The introduction of mandatory requirements threatens the existence of the company or its incomes (suspension of production, high fines, closure, etc.)
- The issue can not be solved by legal means in principle (for example, unlawful taking of assets/property from owners)
- Illegal activities give a higher probability of achieving the goal than the legal ones (for example, to obtain a government contract/order, the possibilities to get to new markets, eliminate competitors by using administrative resources)
- The person in charge has a rare resource that can be used to get out corrupt rents (such as the possibility to conclude a lease agreement on favorable terms or to purchase the property on preferable terms)

However, it should be recognized that corruption within the business sector is a more difficult question in terms of the assessment of its scale. Facts of abuse of their powers by managers, “remuneration” from the suppliers, the demands of money to gain access to restricted goods, works or services, including the conditions of such access, the procedure of conclusion of transactions become known only in certain cases, so it is much less known about corruption within the business community than about classic corruption with the participation of the public sector.

Overview of major corruption models: Corruption as a choice of rational agents is considered within the neoclassical approach which considers corruption as a peculiar shadow tax on the private sector which is collected by politicians and officials as a result of presence of a monopoly on making important business decisions.

At the same time, corruption (as well as any other type of criminal activity) is a highly risky activity because the one who gives or takes bribes has the risk to be captured and convicted.

Researchers consider models based on a comparison of the expected benefits and possible losses from corruption. For example, in accordance with the approach suggested by Becker (1974), the expected benefit (profit) from corrupt practices (EU) can be calculated by the formula:

$$EU = (1 - p) \times U(Y) + p \times U(Y - f) \quad (1)$$

Where:

- p = The probability of punishment
- Y = An income from corrupt practices
- U = Benefit of the participant of corrupt relationship
- f = Punishment, prescribed for such practices

In the case, when the expected benefit is >0 (EU>0), it becomes a stimulus for corruption.

Representatives of the neoclassical approach suggest a variety of sanctions (fines, confiscation of property) as the main way to reduce corruption which may be considered as the real losses from corrupt practices. At the same time, they insist on strengthening the punishment for corruption-related crime, no less important role is given to the support of persons who do not participate in corruption schemes (Borodin *et al.*, 2015).

The approach of Sesnowitz (1972), developing the ideas of Becker, who proposed a formula for the calculation of the corruptionist’s income (R) is also interesting:

$$R = (1 - p)S + p(S - D) = S - pD \quad (2)$$

Where:

- p = The probability of arrest
- S = A size of corrupt income
- D = A size of the corruptionist’s losses as a result of punishment

If the the corruptionist’s income is >0 (R>0), there is a risk of corruption practices. Within the traditional approach it is assumed that rational agents will refuse to

break the law if the possible profit from corruption practices will be negative ($S > pD$). In accordance with this approach, the government in its fight against corruption has traditionally tries to increase p or D . The modern approach is focused on reducing S .

What the effect do authorities bring against corruption? An analysis of the factual data leads to the following conclusions. The dependence of the severity of the punishment depends on the size of bribes, reduces the size of bribes but increases their number. On the contrary, a high probability of being captured reduces the volume of the corruption services but increases the size of bribes. Thus, all the neo-classical models do not take into account the inclusion of an individual in a social environment and do not pay attention to such factors, influencing the potential participants of corrupt deals as morality and public condemnation of corrupt behavior.

In contrast to the neoclassical model within the institutional approach corruption is considered as the interaction of people in the social environment and therefore such factors as ideology; professional ethics; corporate culture; family traditions; religion; social norms are called as major factors suppressing the corruption. The social norms, according to which corrupt behavior can be justified or rejected are of greatest importance. At the same time, social norms are extremely inertial and their change is a very long process while the ruling elite can change the legal standards in favour of itself. It is thought that the absence of public condemnation led to the flourishing of corruption in Russia. Moreover as it turned out during the study, sometimes there are cases of justification of corruption not only among the participants of corrupt relationships but also among academic economists, trying to uncover the positive properties of corrupt practices. A certain part of the population is also alined with them which can not but cause serious concerns.

Therefore, public opinion (along with the inevitability of punishment) should be considered as a very promising way to fight corruption. In this context, one has to agree with the adherents of this point of view that suggest conducting a massive anti-corruption propaganda, starting at school, believing that it will allow forming sustainable behavior model in the youth environment based on the rejection of all corrupt practices.

The causes of corrupt relationships: What causes corruption relationships/connections? As a rule they arise as a reaction to the inefficiency (or weak efficiency) of public institutions. Corrupt relationships are facilitated by the fact that the predominant amount of all types of exchanges (resources, political and even information one) in some countries which Russia fully belongs to is based on informal interpersonal arrangements.

As already noted, the studies demonstrate the negative impact of corruption on economic growth, accumulation, the effectiveness of assistance for the purpose of development, income distribution and fight against poverty (which means also on the possibility of the country modernization). However, the channels and the level of this influence are as diverse as spheres of life of society in which corruption is growing which involves increasing amount of financial resources into the illegal circulation, substantially increasing the shadow economy. The interaction of the shadow economy and the market of corruption services are determined by the fact that the financial resources eliminated from the legal circulation are turned over in the market of corruption services, thus corrupt relationships form the basis of the growth of the shadow sector. The shadow economy and corruption (like Siamese twins) are so closely inter-related and intertwined that to separate cause from effect is almost impossible.

The “paths” of the shadow economy of Russia: The variance of expert opinions in terms of scope of the Russian shadow economy is quite large from 15-26 to 46% of GDP annually. This can be explained by the difference in methods (which is included in the shadow sector is only the “dark part” or all economic processes which are not controlled by society and hidden from taxation). Let’s consider the structure of the shadow economy in Russia (Table 1).

It does not change the essence which sectors should be referred to the shadow sector and which not because in our country almost all people use shadow operations to different extents. Benefit of extralegal transactions is so high that it would be naive to assume that the majority of the Russian population is ready to give them up. According to the experts estimates in the “gray” (shadow) economy employs some 30-40 million people or one third of the working population of Russia. They are teachers,

Table 1: Shadow economy structure in Russia

“White” markets	“Grey” markets	“Black” markets
Economic activity, mainly within the law, for example tax optimization	Violation of the law without the threat of people’s lives, for example evasion of the payment of taxes, corrupt practices, the sale of infringing merchandise, intellectual property infringement	Violations of the law, threatening the lives of people, for example drug trafficking, trafficking in human beings, weapons

doctors having private practice, youth, working pensioners, some public sector workers. However, it is fair to say that a significant part of the shadow sphere comprises not doctors or teachers but large companies that use different and very sophisticated schemes of evasion of the payment of taxes. However, the danger of the shadow sector is not only that the budgets of all levels receive less income.

The fact is that the shadow economy at the same time is an excellent breeding ground for the growth of corruption. All participants of the shadow sector have to pay for officials' illegal services (both at the level of the executive and legislative branches of government). In this respect, any shadow economic activity (not excluding the so-called "white" markets) creates a demand for corruption services. Meanwhile, unfair officials are trying to increase the costs of legal business structures, setting certain conditions in which entrepreneurs are forced to engage in corrupt relationships. Such opportunistic behavior by the public sector leads to the fact that the competitiveness of the law-abiding entrepreneurs is reduced and the transition into the shadow sector is stimulated. Thereby, a positive feedback between corrupt practices and the shadow sector is formed which disturbs the stability of the national economy as a whole and leads to an increase in budget risk, both at the regional and federal level.

The major participants in corrupt transactions: It should be noted that corruption is omnipresent. Experts identify external (when the transaction takes place between persons who do not belong to the same organization for example, official and private individual or representative of the company) and internal (transactions between members of the same organization/structure) corruption. However in fact the latter type is close organized crime (Table 2).

As for the public sector, the spread of corrupt practices leads to the fact that leaders and rank-and-file employees, each of which independently assesses the potential benefits and threats concerning corruption are involved to them. However, bureaucratic structures "thoroughly penetrated with" corrupt deals provide stability of corrupt activity, thereby increasing the attractiveness and visible growth of business corruption. Thus in practice, employees share the corrupt income, not only with the administration but also with their colleagues. As a result, we find the formation of a particular internal market of corruption services and accordingly, there are job positions with a high level of illegal income. The struggle for such posts takes the form of extralegal competition in the extralegal "labor market". With the development of corrupt practices a certain size of "rate for services" is developed (for example for making specific decisions for obtaining "money-making" post). Maintaining the stability of the illegal income in some cases even leads to the fact that certain administrative (and even legal) measures are taken to increase the overall economic benefits of the participants of corrupt transactions and to reduce the risks of their conclusion.

Analysis of corrupt relations between business structures and government authorities gives reason to conclude that if some other (for example, the economically developed) countries, they are unobtrusive and have rather random nature in Russia, they are very stable and popular. Some representatives of the Russian business even use an expression such as "roll away to the four winds". One of the main motives of business participation in corruption deals is that it is easier and faster (i.e., more cost-effective) to pay and get a result than for a long time "haunt thresholds" of officials of different levels with no guarantee of a positive solution of the issue. The presence of a significant number of administrative

Table 2: Figure of social relations in the process of corrupt practices

Parameters	Structure of social relations in the process of corrupt practices
"Frank Pledge" Fenomenon	Reasons of solidarity behavior of corruptionists consist in the unity of their goals, the general economic interest, because corruptionists seek benefits from restrictions set by the state Not only a "material benefit" but also corporate interests are basis of the formation of corrupt systems
Specific Character Ofhorizontal and Vertical Links	In a corrupt system, there is a hierarchy of social relations which are distributed through the levels Horizontal-implemented at each level of the government and business. However, corruption can not be a long time to evolve at the level of horizontal mutually beneficial partnerships which are transformed into vertical systems of domination and control of corruption
Distribution of Financial Flows and Functions	Corruption involves the ability of official to dispose of the financial resources of the state (the basic condition causing corruption). The possibility of uncontrolled disposal of finances allows to transform any financial flows into corruption. Officials have another resource-administrative which can be transformed into financial assets The scheme of localization of financial resources and administrative functions in such a system is converted into a matrix of corrupt subjects relationships. While this scheme exists, any method of controlling corruption will not succeed

barriers encourages the spread of corrupt behavior in the business environment as the level of transaction costs when overcoming these barriers is prohibitively high and increases the risk of new business projects, so much as brings the possibility of their implementation to naught. Moreover in practice, we often come up against a situation where family members of employees of the public sector are engaged in business activities which also produces corrupt deals between government and business (although of a different kind). Strongly pronounced nature of corrupt relations of power and the business sector in our country is accounted for by the fact that in many cases (according to business representatives themselves) the fate of the business directly depends on the existence of a serious “administrative support”. The examples are not far to seek, a significant amount of budget appropriations designed for the implementation of investment projects are allocated at direct administration involvement. And often, this “administration involvement” receives a very substantial reward. It turns out that the sustainability of corrupt relations between the employees of government institutions and businesses is explained by the fact that they are highly dependent on each other, therefore as a result of corrupt deals each participant meets his or her needs.

The shadow economy and the market of corruption services: Thus, we can come to a disappointing conclusion that Russian corruption is not only hidden but the conciliatory nature because all the participants of corrupt relations get the required benefit from illegal activities. Moreover, it is the economic benefit of the parties of corruption deals is a key factor in the development of corrupt relations between power and business.

Naturally in the current circumstances of “soft” budget restrictions “mutual satisfaction of needs” leads to the fact that the administrative choice is made in favor of the high cost investment projects (“administrative support” is included in the cost of the project) in which the official using his administrative resources is interested. Firms competing for government contracts may by means of bribes affect the volume of supply and the price. Getting public contracts as a result of corrupt deals leads to monopolization of the market. The fact that the spread of corrupt practices significantly reduces the amount of resources that could be directed to the modernization and development of existing infrastructure is also sorrowful. Without mentioning the distortion of the structure of budgetary expenditures in favor of such “expensive” infrastructure projects, the decrease in the

efficiency of public investment becomes the expected result and as a consequence the society is watching the slackening in the rate of economic growth.

Corrupt payments are compensated by increasing prices or reducing the quality of products/services. In the end, corrupt payments are paid by end users, who either pay an overprice or have to consume products and/or services of poor quality.

Thus, the main negative consequences of corruption relations between the public sector and business structures are:

- Deterioration of the quality of infrastructure and the cost of services rendered
- Increase in economic uncertainty in terms of the illegal transactions
- Violation of competitive market mechanisms and reducing the efficiency of market mechanisms
- Distortion of the economic and financial environment of conduct of business
- The appearance of budget problems

As already noted, corrupt behavior brings higher revenues as compared to the productive one which weakens the incentives to invest in the real sector. An important consequence of the corruption is the increasing disparity in public expenditure. Under these conditions, business environment unfavorable for private equity is formed, the efficiency of management decisions and state policy as a whole is decreased.

Ultimately, the financial resources used for servicing the corrupt transactions come from the budget of the corresponding level. Naturally, bona conscientious taxpayer whose taxes are entered in the revenue side of the budget are the injured party while in return they get (or not get) a budgetary service of very low quality.

Corrupt deals in some Russian regions have acquired such a scale that experts already say that we are witnessing the creation of sustainable networks of corruption when the participants do not only gain a substantial profit from the results of corrupt activities but also stimulate the development of the market of corruption services, i.e., invest a significant part of the corrupt revenue in the development of corrupt activity.

Corruption leads to the formation of unproductive models of business behavior, affect making the decisions concerning the reforms when decisions are made based on the interests of a narrow circle of people in the country, close to the highest levels of the state power. The corrupt practices aimed at restricting competition and ensuring a dominant position in a particular market, reduce the rate and quality of economic growth because

the investments of those economic operators for whom the corruption market is not available are reduced. In this case, the corruption is accompanied by a deterioration in the protection of property rights and contracts which further increases the demand of Russian business structures for corruption services.

Modeling of demand and supply of corrupt services: Why does the market of corrupt services appear? Under conditions of market economy, when the public sector can get “extra income” only from corrupt deals, incredible as it may seem but politic activity and state management sphere begin to function on the basis of market mechanisms including the laws of supply and demand which just leads to the formation of such a specific market as a market of corrupt services (Although for fairness’ sake it should be noted that the market of corruption services also “flourished” in the Soviet era and being one of the few market “islands” of the communist system). The product of corruption is the economic consequences of changes in the game rules, creating undue market advantages to certain groups of interests both in business and public sector.

Growth in demand for corruption services suggests that corruption models become the most common form of behavior of economic agents, furthermore, under the conditions of objective limitation of supply, it leads to an increase of the equilibrium price for this kind of services.

In the current circumstances, we can confirm that corrupt activities are carried out on a regular and long-term basis and acquire a specific market character. That is evidenced by the following factors:

- The implementation of the some social functions by corruption, for example, such as the construction of administrative relations, acceleration and simplification of procedures for administrative decision-making; the integration of different groups in society (such as business and the public sector); specific regulation conditions of limited resources
- The presence of well-defined subjects of corruption deals (sellers and buyers/consumers of corrupt services)
- The emergence of the system of informal rules and regulations governing the conduct of corrupt deals and regulating the behavior of their members, who must be very strictly in following them
- The formation of tariffs system for corruption services known to all potential participants in the corruption relations

Further spread of corrupt practices leads to the fact that corruption services become standard and each consumer makes the same certain requirements for corrupt services. At some point, the demand for corruption services begins to match the volume of corruption services offered by their buyers. On the well-developed market of corrupt services with a large number of transactions they become quite competitive.

How is the demand for corruption services formed? Representatives of business, paying for corrupt services, receive additional income which is calculated taking into account the alternative costs in the form of a “usual” profits that could be obtained without the administrative support minus the size of its net payment.

In this regard, we can not but agree with the neoclassical approach, within which payment for corruption services is considered as a kind of shadow tax on the private sector which is collected by government agencies in view of existence of a monopoly on making important business decisions (i.e., there “privatization of state” is observed).

Experts determined that the demand for corruption services, i.e., the share of situations when the individual is ready under certain conditions to become a party of corrupt relationships is much higher than the risk of corruption. This reflects the intensity of corruption pressure of bodies of government on consumers of public services (there is extortion). Traditionally, there are three models that explain the willingness of Russians to use the corruption schemes when receiving different kinds of public services (Table 3).

To study the phenomenon the method of corrupt behavior simulation is used in particular modeling of demand and supply of corrupt services. There are three basic models of corruption: behavior (Toshchenko, 2004) (Table 4).

The value orientations formed in Russian society, leading to a sustainable social support of corruption have taken form in these three models. At the same time, relationship between buyers and sellers in the market of corruption services is determined by both the stereotype of their behavior and the cost of these services depending on the degree of risk appropriate to each of the presented models.

However, it should be noted that the volume of demand and the price of corruption services is influenced by a number of other variables, among which may be:

- The number of the corruption services “necessary” for the society, the volume of which (in its turn) is affected by existing limitations and new restrictions

Table 3: Main motivation models of the corruption transactions

Parameters	Main motivation models of parties of corruption of transactions
Corruption as heritage of deficit economy	Involvement in corruption interaction under the pressure of resources scarcity, the transformation of these practices into everyday ones, made the corruption schemes quite acceptable for Russians
Psychology of bribe of the basis of the traditional model of gifting relations	In the modern state a citizen and an official should be connected the relations of services: the official helps the citizens realize the rights promised by the state, i.e., corruption is a reduction of relations of services to another type of social interaction, more comfortable for many Russians - gifting relations when gifts strengthen social relationships between officials and citizens, form stable social structures of mutual obligations
Bribe as a "market tool"	The intention to solve the problems, selecting the most advantageous strategies is the basis of rational market behavior, in connection with which corruption in Russia becomes one of the winning strategies, allowing to solve problems effectively

Table 4: Models of corrupt behavior

Parameters	Discription
A seller and a buyer of corruption services are interested in each other	It characterizes the mutually beneficial relationships between the seller and the buyer of the corruption services, who make an illegal transaction in the hope of escape from punishment and benefit, it differs by high latency because the transaction is mutually beneficial for the parties which are not interested in harming each other
A seller of corruption services is interested in sale and a buyer is not interested in purchase of corruption services	We are talking about extortion by the seller of corruption services, who by direct or indirect threats or deliberate failure tries to make a potential buyer to purchase the corruption services which greatly increases the risks for the seller of corruption services
A seller of corruption services is not interested in a buyer of the corruption services and the buyer is interested in purchase of the corruption services	It is characterized by uncompensated risks and other additional costs for the buyer of corruption services who in order to achieve the result has to either increase the size of the reward proposed to a potential seller or offer alternative "income" such as life and health of the seller, his family, etc.

- The income level of the parties (buyers and sellers) of corrupt transactions
- The rigidity of the legal rules punishing the parties of corrupt transactions
- The probability of punishment for taking part in corrupt transactions
- The level of social support of the corrupt behavior in different social groups
- Activity in promoting their product by the sellers of corruption services
- Activity in the behavior in the market of buyers of the corrupt services

Does this mean that corruption is invincible "in principle"? Obviously, no. However, the transformation of bribes into the "market" tool leads to the situation when that the representatives of business structures (even the youngest ones) become active agents of formation and development of corrupt relationships, since the purchase of a corruption service becomes the shortest way to success. It must be admitted that as long as corruption strategies will be more effective and less costly (compared with legal business practices) the rational choice of entrepreneurs will be made not in favor of the legal market values.

Nevertheless, it is necessary to form the anti-corruption models of behavior in the society and to use all existing mechanisms aimed at counteraction against the development of corrupt practices. At the same time, it is dangerous to dip in the illusion of fighting against corruption, creating new barriers, "designed to"

reduce demonstration of corruption, when nothing changes in practice and sometimes conversely the corruption models of behaviors are quickly adapted to the new challenges. At the same time, law-abiding citizens and business structures suffer from new bans and restrictions which becomes an operative motive to expand the field of corruption in the country.

RESULTS AND DISCUSSION

The main signs of corruption actions and their negative consequences the most serious of which are deterioration of infrastructure and the rendered state services are revealed; growth of economic uncertainty in the conditions of implementation of illegal transactions; destruction and decrease in efficiency of competitive market mechanisms; emergence of the budgetary problems. It is proved that the corruption phenomenon in Russia, reflects internal contradictions of social and economic state system, thus existence of close connection between corruption and shadow economy which interrelation is defined by that the financial resources brought out of a legal turn are traded on the market of corruption services is revealed, thus corruption communications create a basis of growth of shadow sector. The main spheres of corruption manifestations are defined and the structure of social communications in the course of implementation of corruption activity is analysed. The increasing disproportionality of the public expenditures is an important consequence of corruption. In these conditions, the business environment, adverse

for direct investments is formed, efficiency of adoption of administrative decisions and the pursued state policy in general as the financial resources which are used for service of corruption transactions arrive from the budget of an appropriate level decreases.

CONCLUSION

The conclusion that the observed increase in demand for corruption services testifies that corruption models become the most widespread forms of behavior of economic agents in a number of the countries and especially in the countries with an emerging market is drawn. The main reason is that the corruption behavior allows to gain higher income in comparison with legal forms of business. All this weakens incentives to invest in real sector of economy that is very actual for the Russian economy in the conditions of the worsening macroeconomic forecast when the quantity of the budgetary problems steadily grows. All this testifies that it is necessary to form actively anti-corruption behavior models in society and to use all existing mechanisms directed on counteraction to development corruption the practical.

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