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FEATURE

**Facilitating Payments--Bribes or “Tips”?:
Suggestions for International Organizations
Regarding Facilitating Payment Customs**

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***Abstract:** In many parts of the world, facilitating payments are expected before legitimate official services will be supplied in a timely manner. To avoid an obstacle course of dubious regulations and prevent troublesome delays, most individuals and organizations succumb to the pressure and offer “grease” payments to officials in order to bypass these barriers. Several categories of “off-the-record” payments are illustrated with real-life examples, and explanations are offered regarding the reasons why such customs persist. The article also suggests a strategy that international organizations may use in unfamiliar locations in an effort to avoid the slippery ethical slope linked to such payments, while attempting to maintain harmonious relations with local officials.*

This article identifies several categories of facilitating payments, examining a few of the historical and cultural factors related to the development of off-the-books payment customs. Since it focuses on facilitating payments, which simplify or expedite the processing of legitimate requests, other types of payments are only briefly noted. The article suggests an approach that may be used in dealings with government agencies and bureaucrats, recommends which types of payment requests should be ignored or declined, and discusses the kinds of payments which may be appropriate in some situations. It concludes by proposing criteria that an organization might use in decision-making when confronted by payment demands or requests.

A Description of the Problem

In many countries around the world, special payments must be made to government officials before various services will be provided. Such fees are not listed in official payment schedules; receipts are not usually given for them, and most of the time they end up in officials' pockets rather than in government coffers. Whether these payments are explicitly requested or indirectly alluded to, mandatory or optional, and amounts are fixed or negotiable varies widely with local customs, the nature of the service required, and the personas of the parties involved. Such "under-the-table" or "grease" payments are not only associated with processing routine or legitimate requests; they may also be used to facilitate transactions of a quasi-legal or illegal nature. A clearer picture of these payments and some purposes and uses emerges from observing the events that frequently transpire when a driver's license application is submitted at a local transportation office (a legitimate request), and when our newly-licensed friend subsequently tries to avoid a traffic fine for a moving violation (an illegal petition). Both of these simple illustrations are based on actual events that took place in a country where payment customs are prevalent.

Obtaining a Driver's License

When an applicant enters the land transport office, he/she is routinely asked whether the driver's license is to be secured by "purchasing" it or by "passing the examinations." Either way, the applicant must supply citizen identification documents, photographs, and the specified fee of about US \$5 in the local currency.¹ With a straight face, the on-duty officer explains that a "purchased" automobile license can be obtained that same afternoon for an "additional fee" of US \$15 (or US \$10 for a motorcycle license.) If the applicant wishes to take the examinations, the \$15 need not be paid, but the applicant must pass a written traffic regulations exam and a driving skills test. Typically these tests are scheduled on different days, with each exam requiring a separate trip to the transport office. After an applicant successfully passes both exams, the minimum time before the license will be ready is about one week, and since all licenses must be picked up in person, the prospective driver would have to make another trip to the transport office.

Since the daily minimum wage in this country is about US \$5, most applicants quickly ascertain that taking 3 days off from work for the exams and paying the \$15 "fee" have an opportunity cost that is roughly equivalent. In addition, it is far from certain that an applicant will pass the exams on the first attempt. To obtain a set of traffic rules for study purposes, applicants must often

¹ All figures cited in this section were the approximate "prices" in the place where these 2 stories took place.

laboriously copy several pages of small print by hand from a single copy posted in the lobby. Add to this the transportation costs to and from the provincial capital where the office is located, and the fact that the applicant must provide a vehicle for the driving test. This usually means that a friend with a driver's license must also take time off from work to drive this vehicle to and from the transport office. With this imposing array of conditions, it is not hard to understand why most prospective drivers take the path of least resistance and readily agree to pay the \$15 "fee."

The prescribed and routine nature of driver's license applications means that the "service charge" is fixed, with no bargaining permitted. Those who can not afford to pay it are free to take their chances with the exams. The officials in some transport offices split the proceeds of the "special fees" based on position and rank, with each employee receiving a predetermined share of the daily take. Routine transfers of title or the province of registry are handled in a similar fashion, while non-routine requests are negotiated on an ad hoc basis.

Avoiding a Traffic Ticket

Waved over by a traffic policeman for making an illegal turn, the newly-licensed motorist pulls over to the edge of the road. Because he "bought" his license, he did not bother to read the boring list of traffic do's and don'ts. He guesses, however, that the fine for an illegal turn is probably about US \$20-25, and the mandatory trip to the police station and "red tape" would probably take about half a day. The violation is a relatively minor infraction, and so he estimates that about US \$5 should be enough to spare him this inconvenience.

Quickly reaching into his wallet, he removes an appropriate currency note and puts it into his shirt pocket. Opening the car door, he walks over to the traffic officer and is greeted with a crisp salute. The motorist responds with the respectful greeting expected by local custom, and politely inquires "What's the matter, officer?" while feigning surprise that he was pulled over. "You made an illegal turn at the last intersection, sir," the officer replies. "I'm afraid I'll have to write you a ticket."

Several minutes of friendly banter follow, with the motorist asserting that in the past, a turn at that particular intersection was allowed and that this regulation must have only recently been changed. Thanking the officer for warning him, he places an arm on the policeman's shoulder in a manner practiced by close friends. Glancing at his watch, he asks, "Do you suppose that I could get by with just a warning this time, officer?"

The policeman smiles and replies, "Well, I guess you know now that entering this street from the intersection is prohibited. Can I be sure that you won't make any more illegal turns here?"

The motorist grins and lets his hand drop, brushing past the officer's shirt pocket. "I'll be sure not to turn there again. And thank you for your kindness, officer. Have a nice day." The motorist respectfully nods to the officer again before walking back to his car.

A few moments later, the policeman is "surprised" to discover a folded currency note in his shirt pocket. After all, he never asked the motorist for any money, did he? Placing the bill in his wallet, the traffic officer returns to his job of minding the intersection and prepares to wave down the next motorist who makes an illegal turn.

A Statement of the Problem

In the age of globalization, an ever-increasing number of international organizations, both for and not-for-profit, regularly interact with foreign government officials in the course of their daily operations. How should these organizations and their employees—some of whom are probably expatriates—respond when government officials request or imply that facilitating payments or "special fees" must be paid before essential services will be provided? What ethical and practical considerations are appropriate? Should organizations simply follow prevailing social customs in such matters? And finally, what questions should be asked and guidelines adopted to guide decision-making processes in these matters? Since most international organizations are based in developed countries but conduct some of their work in developing countries, this article assumes that home country personnel are usually sent to work in developing countries, where, in general, facilitating payments are more prevalent.

Categories of Payments

"Off-the-record" payments serve a variety of purposes and take a number of different forms. Such payments span a wide spectrum ranging from extortion and blackmail to simple gratuities or "tips." They include payments made in cash or in kind, in advance of service or after service is rendered, and payments made on a regular or an ad hoc basis. This brief article ignores a number of categories of payments (for example, donations made to political parties, "kickbacks" or *purchase bribes* to win bids or obtain contracts, etc.), choosing instead to focus on less dubious types of payment questions likely to confront organizations with an international presence on a recurring basis. One also needs to remember that the various categories of payments are not always distinct "bounded sets," but are sometimes blurred, "fuzzy sets" that overlap each other along a spectrum or continuum (Pitman and Sanford, 1994). In practice, there may appear to be little outward difference between a payment to facilitate an

illegal activity and one given to protect the payer from an unreasonable or extortionate demand.

Extortion and Threats

The first payment category involves the use or threatened use of brute force or lawful authority to inflict bodily harm or institutional damage; this payment type is at one extreme of the facilitating payments continuum. Demands for “protection money” may come from local crime syndicates or corrupt authorities; in fact, hoodlums are generally more likely to rely on naked threats of aggression to secure their goals than are legitimate authorities.

Though extortion demands are relatively uncommon in most locations, international organizations may still face occasional attempts by hoodlums or officials to extract payments in return for the safety of employees, customers, or property. One such example personally known to the author involved a anonymous written threat to burn down the wooden classroom building at a rural school with international links unless a large sum of money was dropped off at a specified time and place. In another incident, a drunken policeman threatened to arrest foreign employees of a non-governmental organization who were visiting a remote border town. The officer tried to intimidate the visitors with false and unwarranted accusations, hoping to elicit a payoff in return for an end to his harassment. A final example occurred after a series of armed robberies in a lawless district, when the gunmen threatened a foreign victim that he would be killed if the most recent robbery was reported to the local police.

Payments to Facilitate Illegal Activities

A second category of payments consists of those offered to officials so that the giver can circumvent applicable laws or regulations. Our motorist friend who avoided a traffic fine by paying off a policeman falls into this category. Reputable organizations should not smuggle weapons, sell narcotics, or engage in other blatantly illegal activities. But the temptation to avoid complying with local regulations that are viewed as excessive or unjust is common in unfamiliar locations. For example, empirical data (Piriyarangsun & Wanathepsakoon, 2000) suggests that many businesses attempt to exchange favors with customs officials in order to reduce legitimate duty charges on imported shipments. Others retain retired officials from supervising regulatory agencies as well-paid “consultants” to advise them how to illegally—but successfully—evade unpleasant licensing or regulatory requirements.

Payments to Facilitate Legal Activities

A third category of payments and the type that will be most closely examined in this article consists of payoffs made to expedite or simplify the processing of legitimate requests. The payment to speed up the issuance of a driver's license or a land deed usually falls under this category; so would payments to obtain electrical or water service, letters of guarantee, and a multitude of other documents and services. Government policies have endeavored to keep the fees levied for many essential services at a reasonable level; this way—theoretically at least—the fee structure will not discriminate against the poor who least can afford to pay. The most unfortunate side effect of the facilitating payment system is that it raises the effective minimum price of many fundamental government services by the amount of the special payment. When the real price of an electrical hookup or a land deed or a driver's license consists of the legislated fee plus a gratuity ("tip") for the official performing the function, the benevolent intent of the fee structure is obviously thwarted.

The fact that large international organizations can afford to make additional payments is beside the point, as is the fact that many officials feel their salaries are insufficient for their families' needs. The point here is that people who are already at the margin of society, those who are arguably most in need of government assistance, are denied the legitimate help they deserve by such practices. For this reason, if for no other, organizations should think hard before they "buy in" to practices that frequently perpetuate injustice and oppression.

Another concern is that the line between legal and illegal activities can be exceedingly indistinct and hazy at times—e.g., do certain imported goods qualify or not qualify for exemption from customs duty? Herein lies a fundamental problem with facilitating payments of any kind; the danger is that a government official or firm employee may lose sight of the sometimes subtle distinctions between what the law allows and what the law prohibits. The official may come to focus his attention more closely on the payment he receives than on the intent of the laws he has been commissioned to apply and enforce.

Personal Relationships: Keys to Getting Things Done

The residents of many Western nations are proud of a tradition of democratically elected governments "of the people, by the people, and for the people" (Lincoln, 1863). They view elected or appointed government officials as servants of the citizenry, obligated to politely and promptly attend to their legitimate needs. Though a total stranger, an official is expected to willingly and efficiently deal with petitioners' requests; if not, most citizen-electors would feel offended and wrongly treated. Officials should do all of this without expecting any special expressions of gratitude or rewards; after all, the assistance of public servants is a privilege enjoyed by the inhabitants of a democratic country. By

helping their constituents, officials are merely performing their civic duty to serve the populace, and voters would not hesitate to replace them if they did otherwise.

An Alternative View of the Role of Government Officials

Unlike Western countries, many nations are largely without a democratic heritage or institutions and thus have a very different tradition of civil service. Political power has largely been the province of noblemen, military leaders, or their appointees, and the populace has had little—if any—voice in governance processes. Since the public has generally accepted the prevailing top-down distribution of power, the common villager has come to realize that it is in his own self-interest to remain on good terms with the authority figures with whom he must deal.

Since political power has remained in the hands of the rulers rather than the ruled, government officials play a role vastly different from the “servants of the people” capacity familiar to most Westerners. Not only do average citizens usually lack the ability to oust officials who treat them unfairly, but many dignitaries have a wider range of discretionary power to interpret and apply regulations than is common in Western countries. For these reasons, most citizens and organizations instinctively feel the need to establish and maintain harmonious relationships with these agents of local and national governments.

Personal Friendships and Gift Giving

In countries with payment customs like those described above, a local businessman may occasionally invite the officials he deals with to dine together; he may also present them with small gifts on holidays or when he has an errand at their offices. The businessman takes time to get acquainted with a number of officers in the departments that he must contact regularly, especially trying to cultivate friendships with senior, higher-ranking officials. Like a friendly neighbor, he may try to find out how many children they have, and whether they share common interests or mutual friends.

The businessman takes the initiative in establishing such relationships, realizing that he stands to receive substantial benefits in the form of services provided by various government agencies and officials. Later on, when he has a problem or needs help, these officials will no longer be nameless strangers, but his acquaintances and friends. Then because he has already established a warm personal relationship with them, he can turn to his civil servant friends for counsel and help.

The worldview of most Westerners embraces a linear view of time (Linear & Cyclical Time, 2011); as a result, they are prone to rush about trying to “get ahead” during their lifetimes. Because they tend to measure success by the

things they have accomplished, they often try to squeeze too many activities into too little time. This mind-set makes it easy to value efficiency more highly than people or relationships with them. The end result is that Westerners may feel irritated that so much precious time is required to socialize and make small talk with foreign officials before getting down to business.

On the other hand, Buddhists view time as a circular wheel which merely leads from one incarnation to the next (Komin, 1990). Hence, any rushing to “get ahead” or to hurry up the transition from one existence to the next is pointless. They believe it is more important to savor and enjoy the present, whatever it brings. This results in a predisposition to emphasize quality over quantity, in a penchant to pay close attention to details in matters as dissimilar as the preparation of food and official protocol.

The very idea of strangers transacting important business together without first taking some time to get acquainted seems alien, even uncouth, when viewed from the perspective of many cultural norms. Certainly, globalization and increasing contact with foreigners seem to have begun altering some of these notions, speeding up the pace of life considerably in large cities around the world. However, beneath these mostly cosmetic changes often lies a worldview that is still mostly intact, which holds that refined individuals still prefer to spend a little time learning about each other initially, allowing each party a chance to “size up” the other side. That way an opportunity is provided to develop the relationship of mutual respect and trust that is deemed a necessary prerequisite for most business relationships. It may also reflect the weaker contractual protection available in societies where strong institutional frameworks are still being developed (North, 1990).

As Mauss (1925) pointed out, gift giving in many societies is quite different from market exchange in that it establishes a relationship between giver and recipient. Commodity exchange, by contrast, establishes a relationship between the objects exchanged, rather than between the exchangers. We must also remember that rulers and the ruled are not considered equals in traditional thought in many places. So when a citizen brings a small gift to an official on a holiday, he is implicitly acknowledging the ruler’s higher social standing, pledging his loyalty and support to him. By receiving the gift, the official is accepting a less-specific obligation to rule over his subject fairly and justly.

It should be emphasized that gift giving is not viewed as a valid substitute for taking time to develop personal friendships with government officials; rather, the presentation of a gift reinforces and solidifies a growing relationship. In fact, offering a large gift in lieu of personal contact may sabotage the entire relationship-building process by sending a signal that the giver does not wish to take the time and trouble to get acquainted. For this reason, such a gift is more

likely to be viewed by onlookers as a bribe, as a less-than-honorable attempt to purchase a favorable decision from an official.

A Strategy for International Organizations

In an ever-shrinking world, expatriate employees in international organizations must realize that government services are not something that can be taken for granted. In many locations, petitioners cannot just “breeze in” with requests and expect cheerful and efficient service from the appropriate official. Instead, they must remember that they are guests in a foreign environment in which personal relationships are an essential—indeed a vital—component of a successful organization’s operations.

Since many government officers do not see themselves as public servants (or for that matter as any other type of servant), they feel that the services they dispense are favors to be granted to the deserving, not rights to be given to just anyone. Whether this view is correct or erroneous is a moot point. These officials are proud of their positions and roles as respected leaders in their communities. And so organizational leaders must take time to get personally acquainted with the officials with whom they deal on a regular basis.

While developing friendships with officials, the leaders of international organizations will often have opportunities to more fully explain the nature of their work. Whether they are non-profit, humanitarian entities or for-profit businesses, they probably provide valuable resources—foreign investment, technology, or know-how—that will assist national development plans and create local jobs. A better understanding of their work, combined with a respectful attitude toward the host country and its representatives, will do much to develop a sympathetic attitude toward their work in the hearts of many officials.

Policy Guidelines for Payment/Non-Payment

The true story is told of an American-based multi-national construction company that decided to put an end to all forms of facilitating payments in its operations around the globe. A team of top executives set out to visit each construction site and explain the new policy to local management and staff members. After visiting one isolated site in Southeast Asia, the executives climbed back into the small plane they had chartered to fly them to that desolate location. The plane’s pilot then informed them that his daughter was getting married the next month, and he “needed” a wedding gift of US \$1,200 before he could fly them back to their hotel. The corporate executives were already sweating and uncomfortable in the steamy tropical weather, and an unexpected delay would wreak havoc with their tightly-planned itinerary. It took only about 15 minutes before they agreed to pay the pilot, at which point he promptly took

off and returned them to the large city where they were staying. After a bit of reflection, however, they cancelled the remainder of their trip, unwilling to impose a standard upon their subordinates that they had been unable to abide by themselves (Jacoby, Nehemkis, & Eells, 1977).

The point of this story is that moralizing about what is good and proper is usually much easier than actually confronting the inconveniences, annoyances, and even physical danger that is sometimes posed by requests for facilitating payments. There are many possible predicaments of a more serious nature than the one described in this story. One cannot hope to accurately anticipate every type of situation that may arise and provide detailed policies to follow step by step. But leaders of international organizations can develop appropriate policies and guidelines, and use them as a basis for specific decisions.

Extortion and Threats

The problem with paying kidnappers, potential arsonists, or extortionists of any type is that these individuals are being rewarded for threatening lives or property. The mere act of negotiating often demonstrates that they may be able to get part or all of what they want through the threat or use of force. The first demand is thus rarely the last one, particularly if responses to threats confirm that intimidation is an effective means by which the extortionists can achieve their purposes.

The Scriptures remind Christians that while threats need not terrify them, they must learn to trust in the Almighty to protect them (see Ps 27, 91) instead of relying upon their own cunning or strength. When faithful king Hezekiah and his people were threatened by the Assyrian armies of Sennacherib, the king encouraged his people with these words: "With him (Sennacherib) is only the arm of flesh, but with us is the Lord our God to help us and to fight our battles" (2 Chron 32:8). While the Lord may sometimes use political authorities as the means of His deliverance, He wants His people to place their trust in Him rather than in the instruments He uses.

What course of action is appropriate if extortionists demand payments from an international organization? If the police and local officials charged with keeping the peace have been befriended, they should usually be notified. In some situations, police protection or the use of private security guards may be helpful. In other cases, however, gangsters may have already "bought off" local authorities, and so relying upon them is a two-edged sword. If corrupt politicians, policemen, or private guards are actively allied with mobsters, they may supply inside information so that potential victims can be more effectively pressured.

If a foreign-based organization has truly been a good neighbor and provided the local community with tangible benefits, assistance may be forthcoming

when it is threatened; of course, even a supportive local community will not always rally around an organization in time of danger. However, anecdotal evidence suggests that if good work has indeed been done, a positive response from the community in time of trouble can often be expected. The author knows of specific situations when sympathetic villagers have warned foreign organizations of impending danger, helped identify and catch thieves, and assisted with the prosecution of armed robbers—even when this course of action involved considerable personal risk.

In some extreme circumstances, an organization may find it necessary to withdraw from a difficult area and focus its energies on more promising locations. The need to ask the Lord for wisdom so that affairs are conducted in a manner that is as “wise as serpents and as harmless as doves” (Matt. 10:16) is even more evident when international organizations face dangerous circumstances. Ultimately, however, safety in times of danger depends not upon shrewdness, connections, or policies, but upon divine Providence.

Payments to Facilitate the Circumvention of Local Laws

Scriptural counsel regarding civic responsibilities is clear; Christians are to follow the civil laws unless these statutes contradict the laws of God (see Rom. 13:1-7; Acts 5:29). Slipping money to customs agents or traffic policemen to avoid legitimate duties or penalties is an obvious violation of this principle. Is the Lord pleased when individuals or institutions disregard these clear instructions in order to protect their own pocketbooks or “save funds for His treasury?” Permission to use the devil’s methods in order to do the Lord’s work will not be granted. International organizations should be willing to pay legitimately assessed customs duty, property taxes, and traffic fines. They should not seek to evade their civic responsibilities unless these conflict with the law of God, and they should cheerfully support local governments and obey their laws. No payments should be made in an attempt to circumvent or lessen their legitimate civic obligations.

Payments to Facilitate Performance of Legitimate Activities

The third category of payments—to facilitate performance of legitimate activities—is the one most commonly encountered in dealings with government officials; perhaps this is the reason that it is the most difficult category to tackle. For this reason, this type of payments will be examined in more detail than the others. While facilitating payments are merely “requested” to speed up the processing of a driver’s license application, they are “required” by other government agencies before routine paperwork will be handled. Bearing in mind the earlier premise that friendly personal relationships are essential to successful dealings with government officials in many settings, what specific guidelines

can be established to guide facilitating payment decisions? Six such guidelines are identified and discussed in this section.

1. *Analyze the significance of each relationship.* International organizations will find that pleasant working relationships with some government agencies are more vital than with others for smooth operations. For example, a university will need to spend more time getting acquainted with Ministry of Education (MOE) officials than with those at the Highway Department. Since leaders have only a limited amount of time, they will need to make a special effort to become well-acquainted with dignitaries from critical departments. Other staff members can be encouraged to develop friendships with officials from other less pivotal government departments.

For instance, a university president and vice-presidents need to become acquainted with senior officials in the MOE and the Chief Officer or Governor of the district/province. But probably another staff member (maybe the maintenance director) should be asked to get to know local electrical authority officials who handle power blackouts. The process of building relationships may include some entertaining and/or the presentation of small gifts, perhaps on New Year's Day or other important local holidays.

2. *Recognize the importance of precedent.* Organizations must remember that in cultural settings where tradition is important, facilitating payment patterns, once begun, are extremely difficult to stop. After officials begin to receive "tips" for services rendered, it soon becomes well-nigh impossible to alter the arrangement. Therefore, the initial contacts that are made with a government department are especially crucial. Leaders should give special time and attention to these first meetings, seeking not only to establish good rapport with the officials, but also to set in motion trends that will guide the future relationship.

Laws and regulations are intended to form a hedge protecting the general public; at times, however, they may be used as a club in the hands of enforcing agencies. Experience has shown that when senior dignitaries are convinced that an international organization is a bona fide entity that benefits the surrounding community, they will often use their considerable discretionary powers to help rather than to hinder an organization. If they are favorably impressed, they may also instruct their subordinates render assistance without requiring the customary "special fees."

3. *Appraise the government's stance regarding facilitating payments.* What is the national government's current posture regarding facilitating payments? Is parliament mounting campaigns to curtail and suppress them? Are authorities turning a blind eye to such practices, in effect allowing local officials to carry

on “business as usual”? Much can be learned regarding the prevailing social and political climate by listening to local news broadcasts or perusing respected newspapers. This information will help foreigners know better what to expect in dealings with government agencies; in light of present policies, are officials likely to be aggressive or subdued in their pursuit of facilitating payments?

Assuming that an organization prefers to abstain from such payments when possible, this information will help it gauge how easy or difficult it will be to follow a path of abstaining from them. Especially when the government is attempting to curb facilitating payments, an international organization should cooperate by redoubling its efforts to avoid them, and find alternative ways to conduct official business. Though not charged with principal responsibility for ending such long-standing practices, it should cooperate with good governance initiatives and endeavor to be “part of the solution, rather than part of the problem.”

4. *Avoid “optional” payments whenever possible.* Does an international organization really have any alternatives when a government official hints or declares that “a little grease helps the wheels turn faster?” What are some possible creative solutions available in situations like these?

Many government services can be procured without making facilitating payments, as already noted in the example describing the driver’s license application process. Whenever feasible, organizations should seek to obtain documents and services in this fashion. This approach may entail delays and difficulties that are avoided when “special payments” are offered. For example, if an organization wants its drivers to obtain their licenses by passing examinations rather than purchasing them, it should be ready to grant more employee leave requests than would otherwise be required. Requests for help from government agencies may need to be submitted well in advance of the time that services are actually required. So this approach often requires organizations to lengthen their planning horizons, and for some requests, they may need to brace themselves for a long wait!

An organization where the author was employed used this approach when asking for assistance from a state enterprise to develop local infrastructure. No “special fees” were paid, and so the organization took its place at the end of a long waiting list. Although official regulations specified that installation must be completed in three months or less, the task was repeatedly delayed, and finally completed one year and eleven months after submission of the initial request. The original dates on official forms were covered with white ink and a recent date substituted in a clumsy attempt to protect the agency from being accused of breaching its regulations! A precedent was set,

however, and the international organization has not been asked for facilitating payments in subsequent dealings with this department.

Another less direct approach involves going the “extra mile” to help with community projects. Sometimes organizations can make contributions in kind by allowing the use of their conference facilities, vehicles, land, or other resources to help with legitimate projects. By generously advancing the common good of the community, organizations build goodwill that makes it more difficult for government representatives to take advantage of them when official assistance is needed.

5. *Consider the use of intermediaries.* An international organization may determine that good relationships with some local agencies are peripheral, rather than central, to its mission. For example, service businesses may only need to deal with the customs authorities on an infrequent basis.

In cases like this, executives may wish to consider the use of go-between firms that specialize in working with a particular government agency. Some transportation companies routinely clear shipments from the port authority or airport, and know the regulations and procedures governing import/export activities. Some travel agencies will secure passports or visas for a reasonable fee. An organization may find it better to distance itself from the facilitating payment problem at times by working through a duly-authorized intermediary.

Of course, many intermediaries make facilitating payments to officials on a regular basis to ensure they can provide efficient service to their customers. If this is the case, has an international organization “washed its hands” of moral responsibilities simply because it no longer makes direct payments to officials? Certainly not! If unethical conduct takes place, an organization is no less guilty of wrongdoing just because another entity has done its “dirty work.” However, foreign-based organizations must realize that they cannot hope to single-handedly change the actions of all government officials throughout a country. An organization must make many decisions of a pragmatic nature about where it will fight its battles, where it makes the most sense to deploy its limited resources. Sometimes it may be necessary to concentrate its time and effort on departments and officials critical to its mission, leaving less consequential contacts to others.

Another common use of intermediaries occurs when an individual or organization requests a high-ranking relative or friend in the civil service to intervene on his or her behalf. This friend is asked to exert pressure, directly or through connections, to expedite some legitimate petition that has been stalled for some reason. This method may be used with a great deal of success if the high-ranking friend is in a ministry or department which handles the request; it also is effective across departmental lines if the friend

is particularly influential or well-known. This technique works well because it is consistent with the principle of personal contact, merely adapting it by relying on a proxy to personalize the request.

6. *Recognize that some government agencies may require “tips.”* Although some departments merely request payments to speed up service, others require them before they will undertake even the most routine business. In developing countries, official wages are often low and it is generally assumed that civil servants will live by manipulating their public power. For example, the Land Department is a prime example in some countries of a bureau that routinely demands “off-the-books” payments before many legitimate services will be performed.

This author takes the position that the payment of “tips” to government officials to induce them to carry out their lawful duties is sometimes an unpleasant necessity. Whether an official receives all of his wages directly from his employer (in this case, the government) or some from his employer and some from his “customers” (like waiters and waitresses do) is essentially a cultural, rather than an ethical issue. Gratuities themselves are not inherently evil; however, the problem of facilitating payments is more complicated than the simple question of whether or not to “tip.”

The principal ethical concern is that the poor may be effectively cut off from essential government services because of higher real prices (alluded to earlier in this article), and the problem of guilt by association. Reputable international organizations should endeavor to distance themselves from customs that effectively restrict government services to the poor. They also need to remember that both “tips” (payments to expedite legal activities) and “bribes” (payments to enable illicit conduct) are “under-the-table” payments that are lumped together in the perception of most observers. Therefore, they should choose to avoid paying even “tips” whenever possible because of the unhealthy associations with illegitimate activities and because of their potential for abuse.

A Summary of Recommendations

Leaders of international organizations should seek to establish warm, personal relationships with government officials in departments related to their core operations. These personal contacts bring a human dimension to many otherwise tedious tasks, and are essential to successful interaction with officials in many parts of the world. This process may include some entertaining and the giving of small gifts in accordance with local customs.

Reputable organizations should not make payments in an attempt to circumvent local laws, and will generally find it prudent to avoid bowing to

threats and extortion attempts. If they wish to avoid making payments to facilitate legal requests, their planning horizons will need to be lengthened to adjust for the attendant delays that will sometimes occur. Organizations are also well-advised to develop a proactive plan of community service, identifying ways that they can contribute to the betterment of the quality of life in their local communities. They may also need to cultivate friendly ties with friends who are government insiders, who may be able to help or protect their interests in time of need.

A long-term strategy of befriending officials will reduce but not eliminate the need to make tough decisions about whether or not to make special payments to accomplish legitimate tasks. Specific situations will demand that leaders carefully consider the probable outcomes of decisions on each relevant stakeholder group. When special payments are alluded to or directly requested, they must carefully sort through the alternatives. Is it possible for operations to continue without a particular service? Is an alternative service available somewhere else, in a different location or through another department? How would long delays affect operations, and how likely is it that the service will eventually be provided? Could well-placed friends in civil service help persuade the reluctant department or official to expedite the request?

Whenever possible, organizations should attempt to avoid making special “off-the-books” payments to facilitate legitimate activities because of their adverse impact on the poor, their unhealthy associations, and their potential for abuse. In some cases, however, leaders may have to reluctantly acknowledge that it is not possible to avoid facilitating payments altogether. In such situations, payments should be documented in accounting systems, even if no receipts are issued by officials (usually the case); the dates and amounts of payments can be verified with signatures on disbursement documents.

The subject of facilitating payments is a difficult and controversial one. Leaders face a most formidable task of trying to apply ethical principles to complex situations, subject to cultural, personal and financial constraints. It is impossible to anticipate and solve in advance every possible situation and dilemma that may arise. This article merely provides a starting point for the thought and discussion of these issues, with the hope that a better understanding of their complexity will lead to better relationships between international organizations and government officials.

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