

Regarding the Problem of the Corruption in the Tourism Business

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В даній статті автор визначає місце туристичного бізнесу як об'єкта здійснення корупційних дій. Автор зазначає, що корупція є одним з основних інститутів тіньової економіки в туристичному бізнесі, поряд з тіньовим виробництвом деяких видів продукції, тіньовим наданням туристичних послуг; тіньовим збутом продукції у сфері туризму; нецільовим використанням бюджетних коштів; тіньовими доходами туристичних підприємств (у тому числі тіньовою зарплатою); тіньовою зайнятістю. Автор аналізує способи вчинення корупційних дій, методи і превентивні заходи боротьби з цим явищем.

Ключові слова: тіньова економіка, корупція, корупційні схеми, методи та превентивні заходи боротьби з ними.

In the article the author determines the place of tourism business as an object of perpetration acts of corruption. The author notes that corruption is one of the main institutions of the shadow economy in the tourism business, along with the shadow production of particular products, the shadow providing of tourism services; shadow sale of production in the field of tourism; misappropriation of budget funds; shadow incomes of tourism enterprises (including the shadow wage); shadow employment. The author analyses ways of committing corruption acts, methods and preventive measures for the struggle with the phenomenon.

Keywords: shadow economy, corruption, corruption schemes, methods and preventive measures for the struggle with them.

Formulation of problem. The economy of Ukraine, the vector of which is aimed on the active integration into the world economy, tourism becomes increasingly significant budget filling branch of the national economy. However, the profitability of tourism in Ukraine is still far from its level in the countries with developed tourism industry. This is largely due to the fact that real profits are in the shadow.

The shadow economy is unambiguously negative phenomenon because it competes with the legal economy and is necessarily linked to the corruption. The actuality of the research of the shadow economy is caused also by the necessity to remove obstacles for the achievement of steady state of the society socio-economic efficiency [1]. The research of the shadow economy is especially actual also in modern Ukraine, including in the field of tourism activity as a society in transition stage is characterized by fragile institutions, so that the state of institutions is subsoil for the growth of shadow relations. Ukraine as a state has a task – to strengthen economic and national security up to the level of modern specifications. A large size of the shadow economy in Ukraine significantly interfere the fulfilment of this task. The estimation of the shadow economy level in Ukraine with different techniques indicate that the overall size of the shadow sector of the Ukrainian economy exceeds critical (25-30% of the GDP) and ‘normal’ level (10-15 %) [2].

In conditions of the transitive economy the shadow economy became a large-scale problem related to economic and social security of the state. Along with public and private sectors, there is a specific shadow sector that is highly competitive with first two and has negative impact on the socio-economic processes in society.

Actuality of the research theme. Among domestic scientists who studied this process and made a significant contribution to the understanding of the formation and development of the shadow economy in Ukraine we should mention R. Bazyliuk, O. Baranovskyi, Z. Varnalii, Y. Zhalilo, S. Kovalenko, V. Mandybura, V. Popovych, O. Paskhaver, O. Turchynov and others. They developed important aspects of this complicated problem: determination of causes and scopes of the shadow economy spread, peculiarities of its development and forms of manifestations, characteristic of the nature and structuring of abuse types, possibilities of their implementation in conditions of the existing normative and legal framework. It should be noted that the problem of shadow

manifestations in the sphere of tourism business of Ukraine (including corruption) is not sufficiently developed and studied. Therefore **the aim of the research** is to determine the tourism business as an object of corruption practices perpetration, to fix methods and techniques for the struggle with this shameful phenomenon.

The main material. To main institutions of the shadow economy in the field of tourism activity we can include: shadow capital turnover, shadow income of tourism enterprises, including the shadow wage; financial operations in order to evade taxation (activity without obtaining licenses, informal providing of apartments to tourists, other services); false travel agencies of Ukrainian residents abroad; false bankruptcy; illegal benefits; shadow employment, *corruption*.

Under corruption we understand the use by person granted him official authorities and related opportunities to obtain undue advantage or the acceptance of a promise / offer of such benefit for himself or others, or correspondingly promise / offer or giving of an undue benefit to the person or in her request to other natural or legal person to induce that person to unlawful use of granted him official authorities and related opportunities [3].

In fact, corruption hinders economic development of countries and reduces the quality of life of their citizens. Every day millions of people around the world are faced with administrative corruption as when interacting with bodies of public service, as in the private sector. Especially acute this problem is in developing countries. In many states the administrative corruption is a big problem for citizens and business, vainly wastes their time and resources, causes dissatisfaction of public services, undermines confidence in public institutions and inhibits the growth of business activities and investment. Often the poorest and most vulnerable strata of the society suffer from it above all.

According to the research of international organization 'Transparency International' in 2012 Ukraine in an annual ranking of countries by level of corruption occupied 144 among 176 countries in the world. According to the Edict of the President of Ukraine on October 21, 2011 № 1001/2011 there was approved the National Anti-Corruption Strategy for 2011-2015 which aims to reduce the level of corruption in Ukraine by addressing the conditions of its emergence through the implementation of preventive measures, strengthening the regime of legality etc.

The sharp rise in tax evasion and rapid spread of shadow relations and economic crime in all areas in recent years due to the economic crisis and generated by it political instability, have led to the impoverishment of not only the population but also to the inability of the state to ensure a decent standard of living for the bulk of the public or municipal employees who are not likely to participate in *corruption* abuses. It encourages population and public authorities to violations and this situation lead to massive *corruption* not only in the sphere of tourism activity, but also in the whole system of government of vital functioning of Ukraine. Political instability creates a sense of uncertainty among officials of different levels. Without no guarantees to preserve place of work in these conditions, due to changes of the political situation and the coming into power the new team, officials are more easily tempted accumulation through corruption [9]. As a result, the state apparatus sharply increases and diversifies the control of corruption as a new source of income. Exemptions, credits, licenses, quotas, privatizations, the right to be an authorized bank, the right to realize large social projects and other ‘administrative services’ associated with a huge turnover of budget, and then private capitals – there is an ability to get or do not get by the ‘good will’ of a relevant official. And the newly introduced tax system has created not only the felony of ‘tax evasion’, but has become a major factor in the large scale of the shadow economy, and therefore in the corruptioning of the wide range of economic relations, including the field of tourism services. The introduction of unproductive tax, credit, and several other models of economic relations is the main feature of the transition period and at the same time serve the most favorable ground for various abuses and corruption.

Corruption is able to survive any kind of revolution and political regimes. It should be noted that in the process of reforms it wasn’t going to the second place, but became more open and bigger [8,470]. There facts of obtaining undue advantage by officials in the field of tourism. Thus, an official of the State Service of Tourism planned to earn on licensing. Five thousand hryvnias he demanded to receive from entrepreneur who began work in the field of tourism business. But to pay money in that way the man did not want and he appealed to the law enforcement agencies. The staff the Kyiv Department of Struggle the Organising Crime detained the head of one of the departments of the State

Service of Tourism when he was receiving money in exchange for a license. By the way, while preparing for the detention there were found four cases of receiving bribe by the official [13]. And this is not the only example.

The *corruption* in the tourism business is also directly associated with such type of crime as human trafficking (especially women). The situation regarding the prevalence of human trafficking in our country is compounded not only by the economic crisis but also by the fact that migration process is criminalizing. After all, cheap labour force of Ukrainian women and illegal exploitation them in the sex business are the basis of profits for intermediaries, both in Ukraine and abroad. Human trafficking is a profitable business. With the difficult economic situation, unemployment and inadequacy of legal protection of citizens, light-fingered entrepreneurs are beginning to organize criminal business – they offer a job abroad where citizens suffer severe exploitation, earn meagre money for themselves, but bring huge profits to organizers of this ‘business’. A component of the crime is women trafficking (mostly for sexual exploitation). Under recreational and tourist signboards now hide representatives of the criminal sphere, engaged in supply cheap labour force in brothels and other illegal places [10]. A big amount of travel agencies is a powerful and organized mechanism for immigration and human trafficking. A number of Ukrainian travel agencies engaged in the illegal export of tourists, mostly women, abroad. There is even the stereotype that the larger and well-known firms are, the more they have corrupt ties in embassies, in customs and directly with dealers who are engaged in employment.

Thus, in November 2009 the Department of Struggle the Organising Crime of the MIA of Ukraine jointly with the FBI and special agents of USA Secret Diplomatic Service managed to expose the criminal scheme of emigration of Ukrainian citizens to the United States on official visas that were obtained by fraud [4,8]. The structure of the transnational group included more than 30 US citizens and five Ukrainians. The main ‘manager’ became the director of the Kiev travel company. By using corruption ties with the US consulate, she provided to hired embassy officials bogus certificates of applicants to move (on jobs, wages, availability of real estate, etc.). From simple Ukrainian she sculpted "bodies" of science, which allegedly travelled to various symposia, conferences, workshops, held in the

US; engaged in the formation of groups "participants" so these symposia. From simple Ukrainians she sculpted 'people' of science which allegedly travelled to various symposia, conferences, workshops, held in the US; engaged in the formation of groups of 'participants' of so-called symposia. The destiny of emigrated 'false-symposia participants' is unenviable. They fell into the clutches of the so-called 'American side', most likely waiting for their deportation.

A woman trafficking is a problem that is not confined with the sex industry. In addition to the sexual exploitation women are selling to take part in debt bondage, involvement in criminal activities, begging, and adoption for commercial purposes, use in armed conflicts or as biological raw materials. Nowadays there are a lot of cases of use of female and male slave labour force in different sectors of the economy. But there is no official data on the spread of the phenomenon [9,469].

From the perspective of legal responsibility it is important to examine the range of people who trade with people. Typically, this type of crime is dominated by criminal gangs who commit other crimes, including drug-related and weapon-related, gambling, money laundering, document fraud, gang violence, it is not difficult for them to women move to another country, depending on demand. The activities of criminals are built on the advanced practice of bribing officials. The most important condition for the expansion of the modern slave traders is corruption. Officials in leadership positions and on many levels use their powers to protect criminal activity. The assistance of corrupt officials promoted the appearance of numerous companies, including tourism, which were only a cover for criminal activities. Under the influence of criminal organizations, corruption gives the appearance of blocking legislation; law enforcement and government officials are more corrupt; boundaries between state and criminal organizations are going to wear off. In these circumstances it is very difficult to interfere with the prosperity of corruption and the obtaining illegal profits. These cases established during the investigation of criminal cases initiated on the facts of human trafficking in Ukraine. Similar tendencies are observed in other countries [7].

It should be noted that the legislative framework in Ukraine is insufficient to solve all the problems related to the human trafficking. Laws do not provide adequate mechanisms

to punish traffickers, intermediaries (travel, marriage agencies) for the protection and rehabilitation of victims. Although some normative acts exist, they are mostly ineffective because they are rarely performed. There is a law against the human trafficking in Ukraine, but there are virtually no comments to assist in its interpretation. In addition, only with few exceptions, the police use acts against the human trafficking. This passivity is caused by many factors, including, above all, by the lack of funds. Also, law enforcement efforts are complicated by the lack of clear mechanisms for enforcing existing legislation, and in some cases by *the corruption* among police officers and their cooperation with traders [9, 492]. Therefore it is necessary to enhance the search for effective methods of the struggle of this social evil. Since this is an international problem, it cannot be solved at the level of only Ukraine. This issue needs the international cooperation and collaboration.

Exploring causes, conditions and mechanisms of corruption practices in general and in the field of tourism in particular, it should be noted that the corruption, to a greater or lesser extent, existed, exists and will exist in all states until the officials will be able to manage the financial, information and other tangible and intangible resources. The ability to adopt or not to adopt the needed for a particular subject of public relations solutions is in certain circumstances the basis for the commission of acts of corruption [11, 45].

In the field of tourism business to the number of desired resources may be included budget funds, state or municipal property, the provision of public benefits and licenses for tourism activities, permits, etc. By collecting taxes, imposing fines, providing incentives, subsidies or other payments required by law, the employee actually administrates state or other public resources. To eliminate this type of organizational or regulatory control activity is impossible, because it is the socially necessary function of any state. The output of this rather extraordinary situation lies, in our opinion, in two directions.

The first is the replacement of the subjective and distribution function of the state on the regulatory and legal, securing it in the detailed procedural and legal mechanisms, as reflected in corresponding objective evidence that avoid subjective decisions of an official,

making him the registrar of the fact of realization of legally enforceable rights of socio-economic relations participants.

The second is the optimization of the state intervention in socio-economic or other social processes through:

- the abolition of VAT (one of the means of embezzlement of budget funds and the factors of corruption) as the one that creates unproductive turnover of funds, because after paying taxes, they are to be returned from the state budget. Another threat of the VAT – it imposes previously accrued taxes and other costs of production cycle that push business into the shadow for forming excessive tax burden and bankruptcy;

- the reorientation of redundant workers of appropriate agencies to perform socially useful functions;

- the decentralization of functions, the transfer of production functions to the local level, leaving to the central executive authorities only the detection of the development policy, organizational and legal mechanisms for its implementation, coordination and control over activities of departmental regional bodies.

Conclusion. On the basis of the investigated theoretical and practical material we can make a conclusion that a significant reduction of corruption needs first of all:

- the consistent determination of the organizational and legal shortcomings in the sphere of tourism industry government;

- the development of appropriate organizational, economic and legal measures to address factors that cause corruption in the field of tourism business;

- the optimization of the scope and mechanisms of intervention of public authorities in matters of economic government in order to minimize the economic and motivational component of corrupt public relations;

- creation of such organizational and legal mechanisms that would be able to increase the role of collective government of tourism activity subjects in economically oriented struggle against the shadow corruption activities.

- in order of the implementation the National Anti-Corruption Strategy the concerted actions of state bodies and local authorities are required, in particular the improvement of the institution of liability for corruption offenses in the tourism field is

needed, as well as the intensification of the international cooperation in the sphere of preventing and struggle of the corruption in the tourism business is important, including bringing the anti-corruption policy of Ukraine in line with international standards in the field of preventing and struggle of the corruption.

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