

Hiding, Circumvention, Public Procurement and Shaping Laws:

The Role of Networks and Bribery in Bulgaria¹

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Non-Technical Summary

The paper looks at corruption as a means to engage in non-compliant behavior. It argues that bribery is a substitute to being connected and statistically tests various forms of this proposition in the context of Bulgaria. This approach is tested with two unconditional non-compliant goals (hiding and circumvention) of economic behavior and two legitimate goals (influencing laws and public procurement), which might be achieved by non-compliant means. The findings suggest that bribery is used primarily when companies are engaged in hidden economic activities and circumvention of the law, while networks turn out to be the only significant variable when firms attempt to influence new legislation or acquire public procurement contracts.

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