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Corruption governance in the Chinese context: a logical approach investigation based on a top-tier tertiary hospital case

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Abstract. Corruption governance in the Chinese context bears both political and social attributes. As a pivotal carrier in the realm of public services, public hospitals see their corruption issues not only erode public interests but also undermine the ecosystem of the medical industry and the government's credibility. Taking a corruption case from a tertiary Grade A hospital in China as the research subject, this study systematically examines the manifestations and generative mechanisms of corrupt practices within the case and further analyzes the institutional environment and practical dilemmas of corruption governance in China's healthcare sector. The research finds that the core cruxes lie in the absence of supervision caused by power concentration, institutional circumvention triggered by the solidification of interest chains, and insufficient coordination among governance mechanisms. On this basis, the paper constructs a corruption governance framework from three dimensions: political logic, institutional logic, and technical logic, and puts forward a systematic approach that includes strengthening the leadership of Party building, improving the internal control system, advancing digital empowerment, and establishing a collaborative supervision network. It is expected to provide practical references for corruption governance in the field of public services.

Keywords: corruption governance, healthcare anti-corruption, three-pronged anti-corruption mechanism, corruption punishment mechanism

1. Introduction

Corruption is widely recognized as a major threat to public governance, as it undermines political and administrative institutions, impedes economic development, erodes public trust, and contributes to social instability. Consequently, anti-corruption governance has become a central concern for governments worldwide. In recent years, China has intensified its anti-corruption efforts through institutional reforms and strengthened regulatory mechanisms, emphasizing the importance of preventing corruption, restricting opportunities for corrupt behavior, and fostering integrity-oriented governance. Since the 18th National

Congress of the Communist Party of China, substantial progress has been achieved in combating corruption. However, as economic and social systems become increasingly complex, corruption has evolved into more sophisticated and concealed forms. The healthcare sector, characterized by high financial flows, concentrated decision-making power, and extensive stakeholder networks, remains particularly vulnerable to corrupt practices. Healthcare corruption has become a significant governance challenge in China. Despite ongoing healthcare reforms and targeted anti-corruption campaigns in the pharmaceutical and medical sectors, problems such as informal payments to medical personnel, kickbacks associated with pharmaceuticals and medical consumables, and power-based rent-seeking continue to occur. These practices increase healthcare expenditures, undermine the efficient use of public medical insurance funds, compromise equity in healthcare service delivery, and negatively affect public trust in healthcare institutions.

Existing studies have primarily examined the manifestations, causes, and regulatory responses to healthcare corruption. However, limited attention has been paid to emerging forms of corruption that are increasingly organized, concealed, and embedded within complex operational processes, particularly in large tertiary hospitals. Moreover, the integration of contemporary anti-corruption strategies with digital and intelligent supervisory technologies remains underexplored. Challenges such as fragmented oversight mechanisms, inadequate institutional coordination, and excessive concentration of authority in key positions continue to constrain governance effectiveness. To address these gaps, this study develops a healthcare-specific governance framework based on China's integrated anti-corruption approach, commonly referred to as the Three-Pronged Anti-Corruption Mechanism, which emphasizes deterrence, institutional constraints, and integrity cultivation. By examining its application within the healthcare sector, this study aims to identify more systematic and sustainable pathways for corruption prevention and control, thereby contributing to the improvement of healthcare governance and the promotion of high-quality healthcare development.

2. Theoretical foundations and related research

2.1. Theoretical foundations

2.1.1. Rent-seeking theory

Rent-seeking theory emerged during the development of Western market economies in the 1960s and originated from scholarly reflections on the failures of government intervention. In his seminal 1967 work *The Welfare Costs of Tariffs, Monopolies, and Theft*, Tullock systematically examined the hidden costs associated with rent-seeking activities, laying the foundation for the subsequent development of rent-seeking theory. In 1974, Krueger formally introduced the concept of "rent-seeking," defining it as a non-productive activity through which individuals or organizations exploit administrative authority and regulatory processes to create artificial market barriers, distort fair competition, and secure excess economic returns or preserve vested interests.

Rent-seeking behavior exhibits three fundamental characteristics: non-productivity, dependence on political or administrative power, and social harmfulness. At its core, rent-seeking represents the redistribution and appropriation of existing wealth rather than the creation of new value. As such, it is generally regarded as a zero-sum or even negative-sum activity that generates social costs without contributing to economic productivity. Furthermore, rent-seeking is highly dependent on the concentration and exercise of administrative authority; the greater the concentration of power, the larger the opportunities for rent extraction. In addition, widespread rent-seeking behavior can undermine governmental credibility, distort resource allocation, inhibit innovation, exacerbate social inequalities, and ultimately disrupt social and economic order.

Within the healthcare sector, rent-seeking behavior often manifests in more concealed and complex forms. Healthcare professionals and administrators may exploit their authority in areas such as pharmaceutical and medical consumable procurement, medical insurance reimbursement reviews, and healthcare pricing decisions to obtain private benefits through kickbacks, excessive medical treatment, and unauthorized charges. Such practices increase the financial burden on patients and undermine the healthy and sustainable development of healthcare systems. Rent-seeking theory provides a valuable analytical framework for understanding governance failures arising from the blurred boundaries between public authority and market mechanisms. Consequently, it offers important theoretical support for anti-corruption governance and the regulation of public power. Applying rent-seeking theory to the study of power supervision and corruption governance in public hospitals can therefore provide a scientific basis for the development of a transparent, accountable, and integrity-oriented healthcare system (as illustrated in Figure 1).

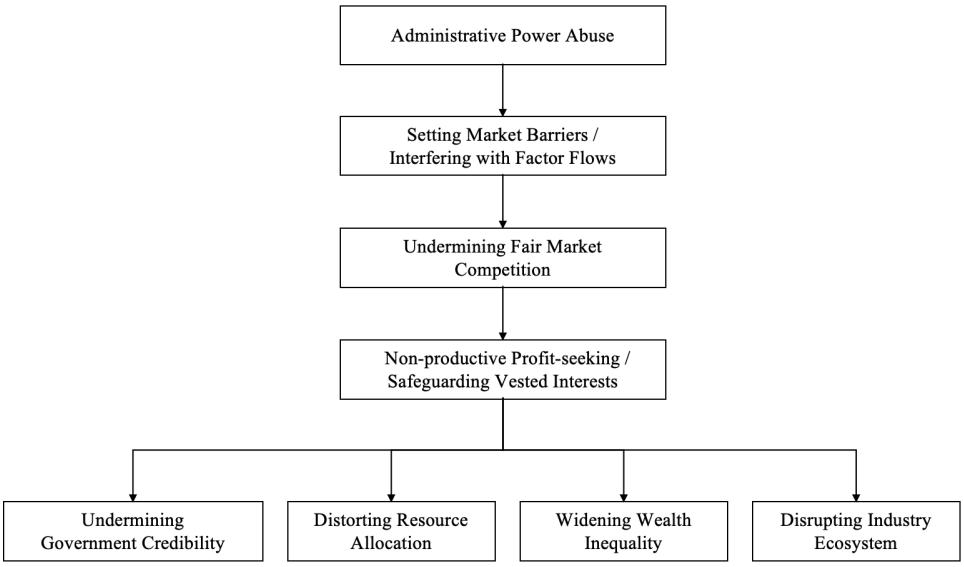

Figure 1. Transmission logic of administrative power abuse

2.1.2 Principal-agent model

The concept of principal–agent relationships originated from the legal institution of agency and was subsequently extended to the field of economics. In 1973, Ross first defined the principal–agent relationship within an economic context, arguing that a contractual principal–agent relationship is established when a principal delegates decision-making authority and entrusts an agent with the execution of specific tasks [1]. Jensen and Meckling later further developed the theory, emphasizing that the essence of the principal–agent relationship lies in a contractual arrangement that links authority, responsibility, and accountability. The central challenge of principal–agent theory stems from information asymmetry and the divergence of interests between principals and agents. Because agents are directly involved in operational activities, they possess superior information regarding task execution, making it difficult for principals to conduct comprehensive and effective monitoring. At the same time, agents pursue their own interests and objectives. In the absence of adequate constraints and governance mechanisms, moral hazard may arise, enabling agents to exploit their informational advantages for personal gain at the expense of the principal's interests.

To address these challenges, the literature has identified two fundamental governance approaches: incentive mechanisms and monitoring mechanisms. Incentive mechanisms, such as compensation and

promotion systems, seek to align the interests of principals and agents and encourage agents to fulfill their responsibilities effectively. Monitoring mechanisms, including institutional constraints, accountability systems, and continuous oversight, are designed to regulate agent behavior and mitigate moral hazard risks.

In the healthcare sector, public hospitals are characterized by a multi-level and long-chain principal–agent structure. This governance framework forms a hierarchical chain of authority and responsibility extending from the public, represented as the ultimate principal, to the government, hospital management, and frontline healthcare professionals. The resulting structure can be conceptualized as a principal–agent chain of "citizens → government → hospital administrators → healthcare personnel". However, the existence of multiple layers of delegation also increases governance complexity and monitoring costs, thereby creating conditions under which power may be abused and corruption may emerge. Consequently, the multi-tiered principal–agent structure has become an important institutional factor contributing to governance failures and corruption risks within the healthcare sector. Within the healthcare sector, the principal–agent relationships in public hospitals are characterized by a multi-level and extended structure, giving rise to a multi-tier principal–agent chain, as shown in Figure 2: the general public (ultimate principal) → the government (primary agent/secondary principal) → hospital management (secondary agent/tertiary principal) → medical workers (terminal agent).

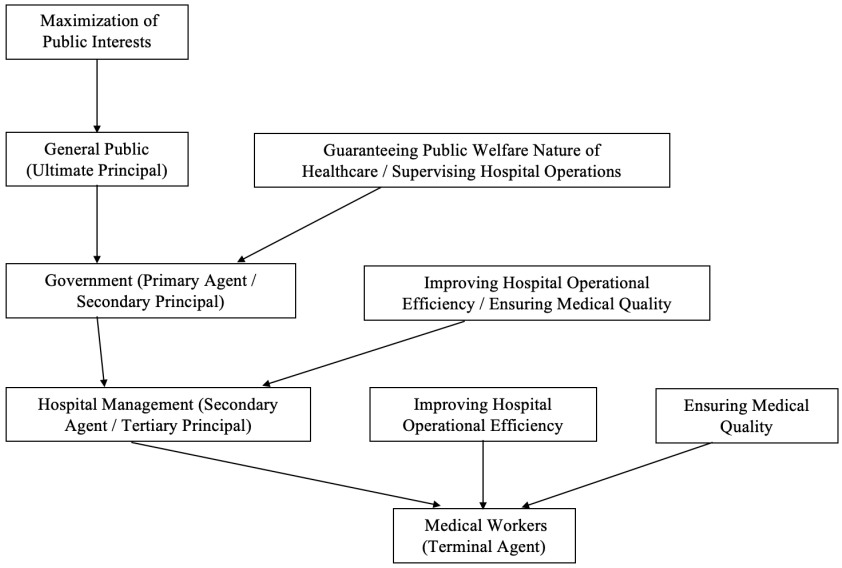

Figure 2. Multi-level principal-agent relationship in public hospitals

2.2 Research on the internal logic of corruption governance

Since the 18th National Congress, the Party Central Committee with Comrade Xi Jinping at its core has attached great importance to the phenomenon of corruption within the Party, putting forward the "Three Remains" thesis to illustrate the severe, complex, and grim nature of corruption issues—especially the frequent occurrence of passive corruption in certain fields [2]. In recent years, China has implemented an intensive anti-corruption campaign characterized by a zero-tolerance stance, led by the central leadership. Sustained high-pressure enforcement has played a significant role in restraining overt and passive forms of corruption, contributing to notable progress in corruption control and governance outcomes. Since the 18th National Congress, anti-corruption punishment measures have been gradually improved, and a set of anti-corruption mechanisms with Chinese characteristics has been established, centered on the "Three-Pronged Anti-Corruption Mechanism" mechanism (ensuring that officials do not dare, are not able, and have no desire

to be corrupt). Anti-corruption governance has gradually evolved from deterring corrupt behavior through high-pressure enforcement ("not daring to corrupt") to restricting corruption through institutional constraints ("not being able to corrupt") and further toward fostering internalized norms that reduce incentives for corruption ("having no desire to corrupt"). This phased approach reflects an effort to address both immediate manifestations and underlying causes of corruption. Building on this framework, the present study examines domestic and international anti-corruption governance strategies—particularly in the healthcare sector—through the analytical lens of the three-pronged no-corruption mechanism.

2.2.1. Research on the internal mechanisms of the "three-pronged anti-corruption mechanism"

Regarding the psychological motivation of "having no desire to corrupt", domestic scholars have focused on two core research directions, with relevant viewpoints summarized as follows: The first direction is the ideological roots of corruption. It is pointed out that "spiritual inadequacy" is the fundamental cause of corrupt behaviors, and "spiritual enrichment" should be adopted to improve the effectiveness of prevention and punishment, proposing three fundamental strategies: strengthening Party spirit education, intensifying supervision, and eradicating the "corruption subculture" [3]. Another perspective explores the roots of corruption from the dual dimensions of personal values and social values, suggesting that fostering correct value education, cultivating a clean government culture, and improving legal and regulatory systems are crucial to building a value-based defense line against "having no desire to corrupt" [4].

The second line of research focuses on the psychological factors underlying corrupt behavior. Drawing on empirical studies, this strand of the literature emphasizes the importance of examining the administrative psychology of officials and tracing the psychological dynamics associated with corruption across different stages, including the pre-corruption phase, the initial engagement in corrupt practices, the continuation of such behavior, and the period following investigation and accountability. It is proposed that anti-corruption efforts should focus on administrative psychology (including the psychology of individual administrators, administrative groups, and administrative organizations), with countermeasures including balancing social supervision and punishment intensity for corruption, developing psychological assessment scales, and addressing the relationships between individual administrators, administrative groups, and organizations [5]. Some studies further argue that cultivating an anti-corruption mindset among public officials should be grounded in differentiated interventions corresponding to three psychological states: deterrence-based fear of corruption, constraint-induced inability to corrupt, and norm-driven reluctance to engage in corruption. From this perspective, an integrated governance approach is emphasized, combining the deterrent effect of legal sanctions, the design of rational and effective institutional arrangements, and the promotion of psychological well-being, to reduce the propensity for corrupt behavior [6]. Additionally, it is emphasized that inhibiting corrupt psychology requires actively nurturing psychological motivation, cognitive structure, and self-control capabilities to curb corruption at its source [7].

From the perspective of institutional design, China has promulgated a wide range of intra-Party regulations and implementation guidelines, gradually forming a relatively integrated anti-corruption regulatory framework that is closely connected with judicial practice. Nevertheless, some domestic scholars contend that deficiencies persist within the existing corruption governance system. At the macro level, the literature points to structural shortcomings in China's anti-corruption institutional framework and advances corresponding strategies to address systemic corruption, focusing primarily on institutional design, institutional change, and the problem of weak institutional constraints [8]. Public power corruption is analyzed based on three factors—public power, corrupt motivation, and corrupt opportunity—with countermeasures including reducing and restricting public power, conducting integrity education, and strengthening institutional construction [9]. The causes of corruption during the economic transition period are theoretically analyzed from the perspectives of corrupt

motivation, corrupt opportunity, and institutional constraints, and strategies for preventing and punishing corruption are proposed, such as promoting integrity education, eliminating corruption-prone opportunities in high-risk areas, and improving the institutional framework [10]. It is also emphasized that the priority of anti-corruption institutional construction lies in preventive institutional design, with specific measures including improving government information disclosure systems, establishing power restriction and pre-supervision mechanisms, and enhancing public interest expression systems [11].

At the micro level, a substantial body of research has examined specific institutional arrangements and proposed corresponding governance approaches, which can be broadly classified into three main strands: First, the impact of public officials' salary systems on corruption. It is argued that increasing civil servants' salaries can reduce the probability of corruption [12]. Under the condition of controlling government size and expenditure structure, fiscal decentralization can curb local corruption levels, and measures such as improving official supervision mechanisms, restricting government power to intervene in the private economy, and expanding opening-up are proposed [13]. Second, existing studies emphasize the role of supervision mechanisms in corruption governance. Some scholars argue that orderly, law-based, and institutionalized public participation constitutes a crucial foundation for promoting clean governance [14]. Others highlight that the establishment of integrity risk early-warning indicator systems, together with hierarchical management mechanisms, can effectively reduce and prevent integrity-related risks by enhancing ex ante supervision and control [15]. Third, the legislative system for corruption prevention. It is proposed that China's current anti-corruption legislative framework still has deficiencies, and efforts should be made to clarify the role of power, define basic requirements for constructing a corruption prevention legislative system, and promote the integrated development of the "Three-Pronged Anti-Corruption Mechanism" mechanism [16].

Research on corruption governance in the healthcare sector has primarily concentrated on three dimensions: institutional improvement, ethical construction, and targeted supervision. Existing studies suggest that enhancing the operational efficiency of the medical system depends on strengthening governmental and community oversight of medical institutions, clarifying regulatory rules, and adopting electronic transaction systems to reduce information asymmetry. Regarding the issue of informal payments, often referred to as "red envelopes, " scholars propose a range of structural reforms, including adjustments to medical staff remuneration systems, expansion of medical insurance coverage, and the development of private medical institutions, as complementary measures to mitigate incentives for corrupt behavior [17]. The profit-oriented nature of the medical market economy is identified as a major cause of healthcare corruption, which gives rise to ethical issues in hospital management, and it is advocated that addressing healthcare corruption should start with strengthening hospital management ethics, rectifying medical practices, and promoting ethical medical services [18]. Countermeasures are proposed from the perspective of prevention, supervision, and governance mechanisms, including enhancing education for the public, medical institution personnel, and policymakers, improving medical transparency, and formulating accountability and punishment guidelines [19]. From an ethical and moral perspective, it is pointed out that capital monopoly in medicine leads to moral degradation, technological dominance in healthcare results in ethical deficits, and profit-driven behavior erodes human nature—making it difficult for even perfect mechanisms to fully regulate doctors' medical practices; medical ethics construction is the root of resolving healthcare corruption, and specific measures ininclude guiding the moral development of capital through medical public welfare orientation, promoting the humanization of technology, and encouraging doctors to uphold medical ethics and integrity [20].

The causes of healthcare corruption are analyzed from the perspective of hospital internal management structures, and it is pointed out that internal management systems and preventive measures are inadequate [21]. Through empirical research, differences in corruption types among public hospitals are identified:

grassroots hospitals are more prone to embezzlement, primarily in the pharmaceutical sector, while public hospitals at or above Level 2 face corruption concentrated in medical device procurement; corresponding countermeasures include improving the legal system for healthcare corruption, standardizing supervision and review systems, and establishing systematic internal hospital regulations [22]. Drawing on empirical analyses of criminal judicial precedents, existing research examines corruption in China's pharmaceutical procurement and distribution sector and proposes a set of governance-oriented reforms. These include strengthening the hospital president's responsibility system, modernizing hospital governance structures, advancing law-based hospital administration, establishing more rational compensation systems, enhancing supervisory mechanisms, and refining medical expense reimbursement arrangements [23]. From a social network perspective, quantitative methods are used to analyze the relationships among stakeholders in healthcare corruption networks, and it is found that these networks have low density and primarily rely on core personnel in key positions, such as "top leaders," to form interest transfer chains; to prevent the formation of corrupt networks, it is necessary to strengthen the restriction and supervision of power operations among core personnel [24].

2.2.2. Research on corruption governance strategies

In the realm of corruption governance, a review of foreign academic literature reveals that current research primarily focuses on the following two dimensions. From the perspective of governance mechanisms, Mann and Palumbo analyzed corruption data across 31 Western European countries and concluded that the rule of law is a critical factor underpinning successful corruption control [25]. By comparing anti-corruption practices in Hong Kong, Melanie Manion put forward four policy recommendations: establishing an independent and robust anti-corruption agency; consolidating the agency's credibility through extensive publicity; preventing corruption via public education initiatives; and curbing rent-seeking opportunities through institutional design, so as to reduce and prevent the incidence of corruption [26].

From the perspective of targeted anti-corruption strategies, Halai highlights the role of information technology in reshaping anti-corruption governance [27]. Their analysis suggests that advances in digital technologies—such as the development of e-government platforms, e-courts, and the digitalization of public services—have expanded the toolkit for corruption prevention by enhancing transparency, traceability, and procedural standardization.

In the domain of healthcare corruption governance, scholars across different countries have conducted context-specific analyses reflecting their respective institutional settings. For example, Saskia observes that Japan adopts a separate drug dispensing system, under which physicians are responsible for prescribing medications, while pharmacists dispense drugs strictly in accordance with those prescriptions [28]. By decoupling prescription-writing from drug sales, this system effectively severs the interest chain that enables medical personnel to receive drug rebates, thereby reducing the likelihood of corruption. Japanese scholar Masamoto emphasized that healthcare corruption must be severely punished, with strengthened oversight over the capital flows of medical institutions. Nikaido proposed that healthcare corruption governance could include encouraging enterprises to fund and subsidize doctors' surgical expenses [29].

The UK government has focused on addressing information asymmetry in healthcare corruption by establishing the Pharmaceutical Transparency Alliance. Through the public disclosure of drug information, the public can access timely data on drug prices, which mitigates corruption risks in the procurement of pharmaceuticals and medical devices stemming from information gaps. In addition, Lewis argues that linking medical staff remuneration to performance outcomes can serve as an institutional mechanism to mitigate corruption risks in the healthcare sector [30]. From a governance perspective, Vian examines the institutional arrangements employed by the Vietnamese government to address healthcare corruption, highlighting the role of administrative oversight and public participation as key intervention measures [31].

3. Logical deduction of the "three-pronged anti-corruption mechanism" mechanism

The Party Central Committee must unwaveringly advance the Party's self-revolution, refine political supervision to be concrete, targeted, and regular, and persist in promoting the integrated development of the "Three-Pronged Anti-Corruption Mechanism" (ensuring that officials do not dare, are not able, and have no desire to be corrupt). Contemporary anti-corruption governance in China emphasizes addressing both immediate manifestations and underlying causes through a systematic approach. This involves expanding the scope and depth of governance interventions, adopting more targeted and context-sensitive measures, and advancing the institutionalization and long-term sustainability of corruption prevention and control. Within this framework, the establishment of the three-pronged no-corruption mechanism constitutes a central component of China's overall corruption governance strategy.

The "three-pronged no-corruption" mechanism constitutes a core institutional framework for integrity-building in China and represents an approach to corruption governance shaped by the country's contemporary governance context. Its intellectual origins can be traced to ideas articulated in *Zhijiang-Xinyu*, which emphasized the coordinated advancement of institutional arrangements that constrain opportunities for corruption, disciplinary enforcement mechanisms that deter corrupt behavior, and value-oriented education aimed at reducing officials' intrinsic incentives to engage in corrupt practices [32]. At the Fourth Plenary Session of the 18th Central Commission for Discipline Inspection in 2014, General Secretary Xi formally proposed the "Triad of No—corruption" anti-corruption mechanism, marking a breakthrough in China's anti-corruption and integrity efforts and the beginning of a systematic and institutionalized approach to corruption governance. General Secretary Xi Jinping emphasized that advancing the Party's clean government and anti-corruption campaign requires addressing both symptoms and root causes. "Daring not to act corruptly" functions primarily as a deterrence mechanism, realized through legal sanctions and a sustained high-pressure anti-corruption campaign that targets corrupt behavior ex post and generates a demonstrative effect to discourage potential offenders. In contrast, "inability to act corruptly" and "no desire to act corruptly" correspond to two dimensions of root-cause governance, focusing respectively on institutional constraint and value internalization. Taken together, the "Three-Pronged Anti-Corruption Mechanism" constitutes three interlocking barriers within the anti-corruption governance framework that are mutually reinforcing and jointly indispensable, thereby forming an integrated system for corruption prevention and control in the new era.

Promoting the integrated Triad of No—corruption" mechanism in hospitals aligns with the anti-corruption strategic arrangements since the 18th National Congress of the Communist Party of China and establishes a long-term anti-corruption system tailored to the characteristics of the medical field. Specifically, "daring not to act corruptly" aims to create a psychological deterrent among medical staff by increasing punishment intensity, thereby reducing corrupt practices. "Inability to act corruptly" involves improving the clean government system in hospitals, strengthening supervision and reporting mechanisms, minimizing opportunities for corruption, confining power within an institutional framework, and cutting off corruption at its source. Both mechanisms are essentially passive forms of external constraint. By contrast, "no desire to act corruptly" emphasizes the internalization of integrity norms among medical staff, manifested in firm ideals and beliefs, strong professional ethics, and stable moral self-regulation. Under this condition, individuals voluntarily renounce corrupt behavior at the ideological and psychological levels, thereby subjectively resisting corruption. As the ultimate objective and highest stage of anti-corruption governance, "no desire to act corruptly" eliminates corruption at its source: once corrupt motivations are internally negated, corrupt behavior loses its basis for emergence. The three elements of the mechanism are not isolated but interact and

progress in a hierarchical manner: "daring not to act corruptly" lays the foundation for "inability to act corruptly" and "no desire to act corruptly"; "inability to act corruptly" provides institutional guarantees for the other two; and "no desire to act corruptly" is the highest objective of the first two.

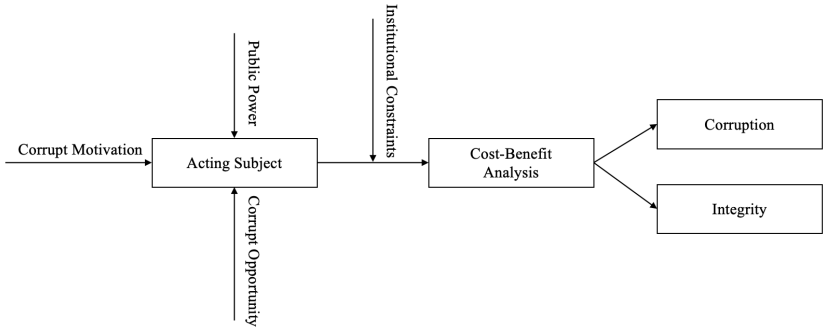

Figure 3. Mechanism diagram of corrupt behavior

The "Triad of No-corruption" mechanism is formulated based on the psychological motives behind public officials' corruption. The psychology of "daring not to act corruptly" arises when individuals, aware that the severe consequences of violating laws and disciplines far outweigh the benefits of corruption, develop a sense of fear and subjectively abandon the intent to engage in corruption. The psychology underlying "inability to act corruptly" arises from individuals' rational cognition of the external governance environment. When institutional constraints are stringent, information is highly transparent, and external supervision is comprehensive and continuous, the structural space for corrupt behavior is effectively eliminated. Under such conditions, potential actors anticipate high risks and low feasibility of corruption and therefore voluntarily abandon corrupt intentions at the subjective level. The psychology of "no desire to act corruptly" refers to individuals actively rejecting corruption out of loyalty to the Party and the country and ideological aversion to corruption [6]. These three psychological states interweave and interact to drive corrupt behaviors, though their relative influence and dominance vary among individuals in different contexts. "Daring" and "ability" provide objective conditions for corrupt motives, while a weak personal sense of responsibility leads to the active choice of corruption.

Corruption psychology effectively explains the motives behind corrupt actors' behaviors. When an actor holds public power and harbors corrupt motives, the presence of channels to exploit that power for personal gain creates opportunities for corruption. With both motives and opportunities, medical personnel, acting as "rational economic men," will weigh the benefits and risks of corruption before making a final decision (see Figure 3). An examination of the behavioral mechanisms of corrupt actors indicates that corrupt motivation constitutes the internal driving force, corruption opportunities provide the necessary external conditions, and institutional constraints function as the fundamental guarantee. These three elements interact with and reinforce one another, jointly shaping the occurrence of corrupt behavior. Within the "Triad of No-corruption" framework, "no desire to act corruptly" primarily targets the internal psychological motivations for corruption, whereas "inability to act corruptly" and "daring not to act corruptly" focus on compressing corruption opportunities and strengthening institutional constraints, respectively. By advancing step-by-step governance across different stages of corruption, the mechanism ultimately achieves the goal of anti-corruption and clean government.

4. Healthcare corruption cases

4.1. Case description

4.1.1. Case source and selection basis

To ensure the authenticity and credibility of case data, this paper collects healthcare corruption-related cases primarily from official platforms, including the China Judgments Online, China Procuratorate Network, and the Central Commission for Discipline Inspection and State Supervision Commission of the CPC Website. The retrieval is conducted using keywords such as "healthcare corruption," "hospital corruption," and "healthcare anti-corruption."

In the process of case selection, a comprehensive assessment is conducted by considering multiple criteria, including the timing of case disclosure, the number of individuals involved, the scale of illicit gains, the extent of social impact, and the specific domain in which the case occurred. This approach aims to identify representative cases of corruption within the healthcare sector. The selected cases cover details such as the positions of the involved parties, the amount of money involved, specific details of corrupt acts, and case occurrence time, thus possessing significant research value. After collection and collation, the corruption case of Ma (pseudonym), former president of Hospital A in Yunnan Province, was selected as the research object. This case is sourced from official information released by the Central Commission for Discipline Inspection and the State Supervision Commission of the CPC, ensuring the authenticity and reliability of its content.

4.1.2. Case background

With the advancement of medical technology, a variety of new medical devices have been widely applied in clinical diagnosis and treatment, which has improved the therapeutic efficiency and quality of hospitals, as well as the patient cure rate. Medical equipment constitutes a critical component in the future development of public health undertakings and accounts for a large proportion of hospital expenditure. Given the high price and sophisticated technology of medical devices, there exists an enormous profit margin in the bidding and procurement process. However, the inadequacy of relevant management systems has made medical staff highly vulnerable to financial temptations, leading to corrupt practices.

The flaws in management systems related to medical equipment procurement include unsound bidding management mechanisms, inconsistent evaluation criteria, suboptimal cost control, and unfair competition among bidding companies, all of which expose the process to various problems and challenges. Corruption risks in hospital procurement are primarily concentrated in three key stages. First, during medical device bidding, internal hospital personnel may leak critical bidding information in exchange for illicit benefits. Second, in the device evaluation process, unscrupulous suppliers may bribe evaluation experts to ensure that their products pass professional assessments. Third, at the stage of device acceptance, suppliers may offer bribes to inspection personnel to secure formal approval during quality inspections.

Moreover, given the high acquisition costs of medical equipment, some hospitals seek to raise utilization rates to recoup the substantial expenditures associated with such purchases. As a result, the financial burdens generated by unethical business practices and corrupt conduct are ultimately transferred to patients.

This case primarily involves irregularities in the procurement of pharmaceuticals and medical devices, drug distribution, supply of medical consumables, construction projects, and organizational personnel matters, with the total amount of money involved exceeding 30 million yuan.

4.1.3. Case process and outcome

Ma, former Deputy Secretary of the Party Committee and President of Hospital A in Yunnan Province, abused his official powers to seek personal gains in the procurement of medical devices and consumables. In

December 2020, he was placed under disciplinary review and investigation.

Shortly after assuming the position of hospital president in 2011, Ma began to monetize his authority as the "top leader." To conceal his misconduct, he established a multi-layered interest network incorporating two levels of "firewalls" by enlisting two intermediaries, through whom he colluded to extract illicit gains from medical device procurement. Ma's role mainly consisted of two parts: first, prior to equipment bidding, he leaked confidential tender information—including technical parameters, price ranges, product models, and brand specifications—to medical device supplier Jiang Mou via intermediaries Yang Mou and Wu Mou; second, he leveraged his position to coordinate internal hospital relations, ensuring Jiang Mou won the bids smoothly.

Between 2012 and 2017, with Ma's assistance, Jiang Mou's company secured 13 procurement contracts with Hospital A. Following each successful bid, Jiang Mou transferred substantial kickbacks to the intermediary Wu Mou, who subsequently distributed the proceeds in equal shares to Yang Mou and Ma in accordance with their prior arrangement. The entire interest chain relied heavily on Ma's authority as hospital president.

Having amassed substantial profits from the medical device procurement sector, Ma became increasingly greedy and attempted to bypass the intermediaries to deal directly with suppliers for higher returns. He accepted substantial bribes from suppliers in connection with the procurement of dozens of large-scale medical devices by the Second Affiliated Hospital of Kunming Medical University, including ventilators, CT scanners, MRI systems, and laparoscopic equipment. For example, a digital subtraction angiography system cost the equipment agent 5.79 million yuan, but the hospital's procurement price was nearly double that amount, reaching 11.7 million yuan.

Investigations revealed that Ma abused his official position to provide favors to others in matters such as medical device procurement, drug distribution, medical consumables supply, construction projects, and organizational personnel arrangements, in exchange for huge amounts of property, thus allegedly committing the crime of bribery. By the time the case was exposed, Ma had accepted bribes in the form of cash and in-kind benefits from more than 30 merchants, with the total amount exceeding 30 million yuan.

In July 2021, the Commission for Discipline Inspection and Supervision of Yunnan Province announced that Ma had been expelled from the Communist Party of China and dismissed from public office, and his case had been transferred to judicial authorities for examination and prosecution. This case involved many actors and substantial illicit sums, generating severe negative social consequences. It gravely eroded medical ethics and professional standards, undermined the credibility of public healthcare institutions, and infringed upon both public interests and state interests.

4.2. Case analysis

In accordance with the "Triad of No-corruption" corruption governance mechanism in the New Era, this paper analyzes Ma's corrupt acts from three perspectives: the psychological motivation for "no desire to corrupt," the institutional design for "inability to corrupt," and the legal punishment for "daring not to corrupt."

4.2.1. Psychological motivation perspective

Based on public choice theory, medical staff's corrupt behaviors are mainly determined by three core elements: corruption motivation, corruption opportunities, and institutional constraints. Among them, corruption motivation serves as the internal psychological root inducing corrupt conduct. After being promoted from a frontline physician to the top leader of the hospital, Ma developed a distorted cognition of power monetization and actively established connections with cooperative merchants, which fostered the gradual emergence of corrupt intentions. The current medical system still contains prominent rent-seeking space. Links such as

medical equipment and pharmaceutical procurement are capital-intensive and accompanied by high discretionary authority, providing feasible opportunities for corrupt behaviors. As the core decision-maker of the hospital, Ma stood at the top of the medical corruption chain, where the benefits of corruption far outweighed the risks of disciplinary and legal sanctions. Driven by interests, his corrupt motivation was continuously consolidated, and he sought improper gains through bid rigging and collusion with suppliers, ultimately damaging the collective interests of the hospital and the legitimate rights and interests of patients. Corrupt psychology constitutes the internal driving force of corrupt behaviors, which consists of three core components: cognitive structure, dynamic structure, and self-control structure [7].

In terms of cognitive structure, Ma exhibited severely distorted values and power perceptions, accompanied by the loss of medical ethics and weak legal awareness. Abandoning the professional tenet of prioritizing patients and the benevolent nature of medical practitioners, he excessively pursued material gains and placed personal interests above public welfare and patient rights. From the perspective of dynamic structure, the huge profits involved in medical equipment procurement fueled the continuous expansion of his greed. Faced with deliberate commercial hunting by merchants, Ma failed to resist temptation but took the initiative to cover up his disciplinary violations. Based on cost-benefit analysis, the substantial corrupt gains significantly exceeded the risk of investigation and punishment, prompting him to repeatedly take illegal risks. In terms of self-control structure, influenced by undesirable industry practices and negative professional environments, Ma completely lost self-discipline and failed to resist interest-induced temptations.

4.2.2. Perspective of institutional design

When corrupt intentions emerge in conjunction with weak oversight, institutional loopholes, and opportunities for rent-seeking, authority becomes insufficiently constrained, creating favorable conditions for the occurrence of corruption. The likelihood of corrupt behavior increases substantially when individuals possess both the motivation and the opportunity to engage in misconduct. The present case demonstrates that rent-seeking remains a prominent challenge within the healthcare sector. Highly centralized governance structures centered on senior hospital executives can facilitate collective corruption, collusive misconduct, and corruption networks involving multiple actors, making such issues especially difficult to prevent and control. Institutional deficiencies and inadequate procurement oversight mechanisms represent key factors contributing to the emergence and persistence of corruption in healthcare organizations.

From the perspective of institutional weaknesses, significant deficiencies exist in hospital administrative and procurement management systems. Procurement and tendering procedures often lack standardized operational guidelines, while implementation and enforcement remain inconsistent, creating opportunities for discretionary decision-making and rent-seeking behavior. Taking advantage of these governance vulnerabilities, Ma exploited informational asymmetries associated with his position to disclose confidential bidding information and manipulate procurement processes, thereby undermining the fairness and competitiveness of the tendering system. At the same time, deficiencies in the hospital's internal supervisory framework prevented the establishment of an effective integrity risk management system. The absence of comprehensive monitoring and reporting mechanisms weakened constraints on senior management authority and reduced the capacity of the organization to detect and prevent abuses of power. Furthermore, inadequate routine management and the persistence of informal industry practices, such as kickbacks associated with the procurement of medical consumables, created extensive opportunities for rent-seeking and ultimately contributed to large-scale collective corruption involving multiple individuals.

From the perspective of institutional anti-corruption design, existing preventive and control mechanisms exhibit several notable shortcomings. Limited transparency in medical equipment procurement processes increases the risk of non-transparent decision-making and irregular transactions. In addition, the absence of

unified industry standards for equipment evaluation leaves substantial room for subjective discretion, creating opportunities for commercial bribery and irregular contract awards. In this case, Ma was able to influence internal evaluation procedures and facilitate the approval of products supplied by cooperating vendors that would otherwise have failed to satisfy procurement requirements. Moreover, weaknesses in internal control and auditing systems reduced the organization's ability to identify and address violations in a timely manner. The high concentration of authority within hospital governance structures further exacerbated these risks. Key stages of the procurement process—including purchasing decisions, acceptance inspections, and evaluation procedures—were largely controlled by senior executives, while effective checks and balances through multi-level review and approval mechanisms were absent. As a result, the costs and risks associated with corrupt behavior were substantially reduced, enabling individuals to intervene throughout the procurement process and pursue private interests with limited institutional constraints.

4.2.3. Perspective of legal punishment

The goal of *not daring to corrupt* provides a solid guarantee for achieving *no desire to corrupt* and an inability *to corrupt*. When corrupt behaviors have already taken root, robust punitive measures remain the most direct and effective anti-corruption approach. A high-pressure, comprehensive approach to combating corruption can serve as an effective deterrent to potential offenders. Weak oversight, institutional loopholes, and insufficient constraints on authority create an external environment conducive to corruption. When individual corrupt motivations coincide with opportunities for rent-seeking, corrupt behavior is more likely to occur. In the healthcare sector, governance structures characterized by a high concentration of decision-making authority in senior executives are particularly vulnerable to collective corruption and collusive misconduct involving multiple actors. Institutional deficiencies within organizational governance systems constitute a major contributing factor to such corruption risks. In this case, deficiencies in the hospital's medical equipment procurement system, coupled with the lack of standardized oversight procedures in the tendering and bidding process, created significant governance vulnerabilities. By exploiting the informational advantages associated with his position, Ma improperly intervened in procurement and tendering activities. At the same time, weaknesses in internal supervision and auditing mechanisms, the absence of effective checks and balances, and inadequate integrity risk management systems enabled excessive concentration of discretionary authority. Ambiguous procurement evaluation criteria further reduced the costs and risks associated with corrupt conduct, thereby creating favorable conditions for long-term rent-seeking behavior.

Effective legal sanctions constitute a fundamental component of the deterrence-based dimension of anti-corruption governance and provide an essential foundation for broader efforts aimed at strengthening institutional constraints and fostering integrity-oriented behavior. Strong enforcement mechanisms can effectively deter corruption at its early stages and increase the expected costs of misconduct. However, corruption cases continue to emerge within the healthcare sector, revealing limitations in the existing legal and regulatory framework. Although current legislation, including the Drug Administration Law and the Anti-Monopoly Law of the People's Republic of China, provides legal grounds for addressing offenses such as bribery and abuse of authority, it lacks more targeted regulatory instruments, including supplier blacklisting mechanisms and industry-specific market access restrictions.

Moreover, corruption within the healthcare sector often develops through complex networks of interconnected interests. As illustrated in Figure 4, Ma collaborated with internal personnel and relied on intermediaries to conceal illicit transactions, thereby constructing a covert network of mutual benefit. Existing accountability mechanisms tend to focus primarily on principal decision-makers, while the responsibilities of secondary participants and intermediaries involved in corruption networks remain insufficiently defined. This ambiguity weakens the effectiveness of enforcement efforts and may inadvertently facilitate the persistence

and expansion of collective corruption. Furthermore, disparities in punitive intensity across different categories of offenders, together with deficiencies in sector-specific legal oversight, limit the deterrent effect of existing sanctions and hinder the disruption of hidden corruption networks.

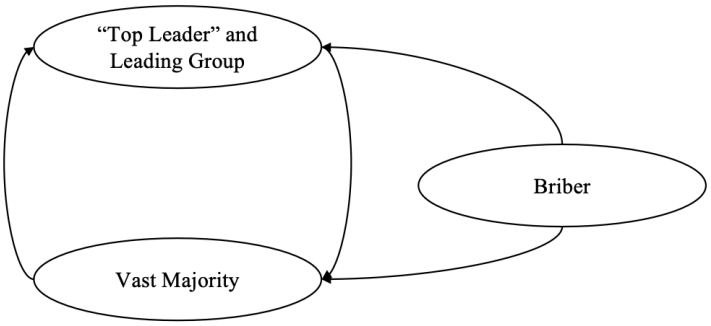

Figure 4. Interest exchange diagram of healthcare corruption

In addition, inadequate transparency and limited public oversight in healthcare procurement processes further exacerbate governance challenges. Insufficient disclosure of information regarding non-compliant suppliers and implicated individuals reduces external accountability and weakens market discipline. As a result, various forms of concealed corruption—including collusion between internal and external actors and corruption motivated by future reciprocal benefits—continue to occur. These practices not only distort fair market competition within the healthcare sector but also undermine the public-service orientation of healthcare institutions and adversely affect public welfare.

5. Conclusion

This study systematically examines the corruption case involving Ma, the president of Hospital A in Yunnan Province. Drawing upon rent-seeking theory and principal–agent theory, it analyzes the underlying mechanisms of corruption among senior executives in public hospitals from three interrelated dimensions: psychological motivations, institutional design, and legal deterrence. The findings suggest that healthcare corruption is not the result of a single factor but rather emerges from the interaction between individual moral deterioration, institutional governance failures, and insufficient legal deterrence.

From a psychological perspective, distorted perceptions of power, excessive pursuit of personal gain, and weakened self-regulation constitute important internal drivers of corrupt behavior. These factors may lead healthcare professionals and administrators to deviate from professional and ethical standards. Furthermore, the persistence of undesirable industry norms can erode integrity awareness and reduce the effectiveness of self-disciplinary mechanisms, thereby increasing the likelihood of corruption when individuals face conflicts between personal interests and professional responsibilities.

From an institutional perspective, deficiencies in medical equipment procurement systems—including non-standardized procurement procedures, inconsistent evaluation criteria, and limited transparency in procurement information—create significant governance vulnerabilities. These institutional weaknesses are further exacerbated by excessive concentration of authority, inadequate internal supervision, and ineffective internal control and auditing systems. Governance structures characterized by centralized decision-making and the absence of multi-level checks and balances substantially reduce the costs and risks associated with corrupt conduct. As a result, practices such as non-transparent decision-making, favoritism, and improper benefit

transfers become more likely to occur, ultimately contributing to collective and network-based forms of corruption.

From a legal and regulatory perspective, existing anti-corruption frameworks in the healthcare sector remain subject to several limitations. Sector-specific regulatory mechanisms are insufficiently developed, accountability measures often focus on core decision-makers, and sanctions imposed on peripheral participants within corruption networks are frequently inadequate. In addition, deficiencies in information disclosure and public oversight mechanisms constrain the effectiveness of external monitoring. These shortcomings make it difficult to identify, deter, and eliminate increasingly concealed forms of corruption, including corruption based on long-term reciprocal arrangements and hidden networks of vested interests (as illustrated in Figure 4).

Overall, the findings indicate that effective governance of healthcare corruption requires a comprehensive and integrated approach. Consistent with China's "Three-Pronged Anti-Corruption Mechanism, " anti-corruption efforts should simultaneously strengthen integrity education, improve institutional constraints, and enhance legal enforcement. Through the coordinated implementation of these measures, it is possible to address the root causes of corruption and establish a sustainable governance framework for promoting transparency, accountability, and integrity within the healthcare sector.

6. Suggestions for addressing corruption in the healthcare sector

Based on the findings of this study, an effective anti-corruption strategy in the healthcare sector should integrate measures targeting psychological motivations, institutional vulnerabilities, and legal deterrence. Consistent with the "Three-Pronged Anti-Corruption Mechanism, " corruption governance requires a comprehensive approach that combines integrity cultivation, institutional constraints, and accountability enforcement.

6.1. Psychological motivation level

First, healthcare institutions should strengthen professional ethics education and integrity training. The case analysis demonstrates that distorted perceptions of power, weakened self-discipline, and excessive pursuit of personal gain are important drivers of corruption. Therefore, hospitals should promote patient-centered values, reinforce professional responsibility, and enhance legal and ethical awareness among healthcare personnel. Regular integrity education programs can help cultivate ethical decision-making and strengthen resistance to corrupt behavior.

Second, efforts should be made to foster an organizational culture of integrity. Corrupt behavior is often influenced by informal norms and organizational environments. Hospitals should actively discourage tolerance toward unethical conduct and promote transparency, accountability, and professional integrity. Through continuous ethics education and anti-corruption awareness campaigns, healthcare institutions can create a culture that discourages rent-seeking behavior and reinforces integrity-based values.

6.2. Institutional design level

Institutional reform is essential for reducing opportunities for corruption. Hospitals should standardize procurement procedures for medical devices and equipment by establishing transparent bidding processes, unified evaluation criteria, and clear disclosure requirements. Greater transparency can reduce discretionary decision-making and limit opportunities for rent-seeking.

At the same time, hospitals should strengthen risk management and internal control systems. Dedicated risk assessment mechanisms should be established to identify vulnerabilities in procurement activities and evaluate corruption risks. Internal audit systems, compliance reviews, and routine supervision should be enhanced to ensure that procurement decisions comply with relevant regulations and governance standards.

Furthermore, hospitals should improve internal communication and accountability mechanisms. Effective collaboration among procurement, finance, auditing, and administrative departments can facilitate information sharing and early detection of irregularities. A clear accountability framework should be established to define responsibilities, strengthen oversight of decision-making processes, and ensure that violations are identified and addressed in a timely manner.

6.3. Legal and regulatory level

A stronger legal and regulatory framework is required to enhance the deterrent effect of anti-corruption governance. Attention should be paid to the supervision of senior executives and key decision-makers, whose concentration of authority may create significant corruption risks. Continuous monitoring of high-risk areas, including medical equipment procurement, construction projects, and public contracting activities, should be strengthened.

In addition, governments and healthcare institutions should establish specialized anti-corruption oversight mechanisms and improve regulatory coordination. Regular inspections, auditing procedures, and compliance assessments should be conducted to identify and address potential misconduct at an early stage.

Finally, transparency and public participation should be further enhanced. Procurement information, contract details, and relevant decision-making processes should be disclosed to the greatest extent permitted by law. Public reporting channels, media oversight, and stakeholder participation can strengthen external accountability and complement formal supervisory mechanisms. At the legislative level, healthcare-specific anti-corruption regulations should be refined to clarify legal responsibilities, strengthen sanctions for corruption-related offenses, and expand accountability across corruption networks. Through the coordinated implementation of these measures, healthcare institutions can improve governance effectiveness, strengthen institutional integrity, and promote the sustainable development of a transparent and accountable healthcare system.

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