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Corruption:

Identifying opportunities and controls

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- Corrupt Societies
- Corrupt Organisations
- Corrupt Individuals

- Corrupt events

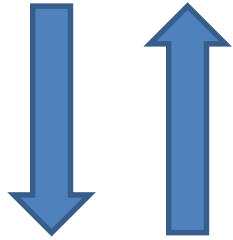
Different controls



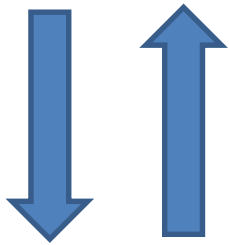
- Doing wrong things
 - Failing to do something one should do
 - Doing something permissible, but purposely doing it in an improper manner
-
- *Breach of trust*
 - *Unauthorized trading of entrusted authority*



Principal
(the state)



Agent



Client

Official exchange: agent gets salary and delegation, and delivers as required

If agent makes discretionary decisions to benefit a client, and if the exchange is hidden, and if the agent receives a payment, it is a corrupt exchange.



- ***TASP (Graycar)***
- **T**ype
- **A**ctivities
- **S**ectors
- **P**laces



Types

- Bribery
 - Extortion
 - Misappropriation
 - Self-dealing
 - Patronage
 - Abuse of discretion
 - Creating or exploiting conflict of interest
 - Nepotism, clientelism and favoritism
- etc etc*



Activities

- Appointing personnel
- Buying things (Procurement)
- Delivering programs or services
- Managing disasters
- Making things (Construction / manufacturing)
- Controlling activities (Licensing / regulation/ issuing of permits)
- Administering (justice for example)

etc



Sectors

- Construction
- Health
- Tax administration
- Energy
- Environment & water
- Customs & Immigration
- Legal system

Places

- Countries
- Regions
- Localities
- Corporations
- Work places

etc



Crane inspector

Cleaners

Type	<ul style="list-style-type: none">• Bribery• Extortion• Abuse of discretion	<ul style="list-style-type: none">• Self dealing• Conflict of interest• nepotism
Activity	<ul style="list-style-type: none">• Controlling things• Issuing licences	<ul style="list-style-type: none">• Service delivery• procurement
Sector	<ul style="list-style-type: none">• Construction• Safety	<ul style="list-style-type: none">• Education
Place	<ul style="list-style-type: none">• City	<ul style="list-style-type: none">• Workplace (Uni)



Railcorp

Crooked judges

Type	<ul style="list-style-type: none">• The lot (full house!)	<ul style="list-style-type: none">• Bribery• Abuse of discretion
Activity	<ul style="list-style-type: none">• Making things• Appointing people• procurement	<ul style="list-style-type: none">• Administration of justice
Sector	<ul style="list-style-type: none">• Infrastructure	<ul style="list-style-type: none">• legal
Place	<ul style="list-style-type: none">• Multiple workplaces	<ul style="list-style-type: none">• Court jurisdiction (county)



Municipal corruption New York City

(Graycar & Villa 2011)

Initiating offender	N	%
Private person	38	52.8
Public servant	34	47.2
total	72	100



Municipal corruption New York City

(Graycar & Villa 2011)

Acting alone or as a team	N	%
Alone	57	79.2
Team	15	20.8
total	72	100



Municipal corruption New York City

(Graycar & Villa 2011)

Kind of public servant involved		
	N	%
Inspector	36	50
Low-level worker	16	22.2
Supervisor	14	19.4
Politician	5	6.9
N/A	1	1.4
total	72	100



Context

- **Structural**
(embedded and/ or tolerated)
- **Situational**
(opportunistic)

Participants

- **Willing**
(collusion)
- **Unwilling**
(extortion)



What is being corrupted?

- process
- culture
- event



Will the behaviour:

- **Benefit an individual or organisation**
 - Need/ Greed
- **Exhibit patronage**
 - Nepotism / Cronyism / Love / Friendship
- **Promote ideology, change values, re-allocate resources**



Boundary Issues

- Fraud and embezzlement
- Poor service/ “sleeping on the job”
- Inexcusable behaviour/ bullying, harassment
- Poor governance



- Misconduct
- Maladministration
- Criminality
- Corruption



Combating Corruption

- Understand the opportunity structure
- Identify and implement controls



Opportunities

- motivated offender,
- a target
- absence of a capable guardian.



Opportunities (1)

Systemic Opportunities

- lack of integrity among leaders (in both the public and private sectors),
- lack of culture of integrity
- ethical codes do not exist, or are not enforced,
- patronage and nepotism are accepted
- complexity of regulations/
complexity of systems

Localized Opportunities

- supervision and oversight is not taken seriously
- specialized knowledge/
high discretion
- decisions affect costs and benefits of activities
- activity remote from supervision
- no capable guardian



Opportunities (2)

Systemic Opportunities

- where factionalism, regionalism or ethnic differences matter
- weak legal regimes
- weak financial controls
- weak institutions of governance
- very weak state (or very strong state)

Localized Opportunities

- low decision monitoring
- silencing of whistleblowers
- low salaries
- low risk of being caught
- conflict of interest disregarded
- demand exceeds supply



Corruption control may include, but is more than

- Ethics training
- Performance management
- Process re-engineering
- Criminalisation



Responses

Tangible Controls

- Criminalization, investigation, prosecution, sanctions
- Anti-corruption agencies
- Structural reform
- Education, integrity building mobilization of the public
- situational countermeasures



Controls (1)

Systemic Controls

- Increasing the moral cost of corruption
- Creating a culture of integrity
- Vigilant media
- Civil society oversight
- Criminalization and penalties

Localised Controls

- Appropriate oversight of discretionary decision making
- Establishing effective internal and external reporting procedures
- Whistleblower protection
- Setting and enforcement of procurement guidelines
- Penalties for procurement breaches



Controls (2)

Systemic Controls

- Modification of conflicts of interest guidelines
- External auditing for party finances and campaigns
- Changing the burden of proof for demonstrating the legality of officials' wealth
- Simplifying regulatory framework

Localised Controls

- Decision making process transparent + regular and random audits
- Random integrity testing
- Rotating agents
- Creating a code of ethics
- Workplace performance indicators
- CCTV surveillance where appropriate



Situational Measures

- Increase the effort to behave corruptly
- Increase the risks of corrupt behavior
- Reduce the rewards of corrupt behavior
- Remove excuses for corrupt behavior



Inspections

Situational measures

- Increase the effort
- Increase the risks
- Remove excuses

Controls

Systemic

- Creating a culture of integrity
- Criminalization and penalties

Localised

- Appropriate oversight of discretionary decision making
- Establishing effective internal and external reporting procedures
- Decision making process transparent and available for regular and random audits
- Random integrity testing
- Rotating agents



Cleaning Services

Situational measures

- Increase the effort
- Increase the risks
- Reduce the rewards
- Remove excuses

Controls

Systemic

- Enforce a culture of integrity
- Modification of conflicts of interest guidelines

Localised

- Appropriate oversight of discretionary decision making
- Setting and enforcement of procurement guidelines
- Penalties for procurement breaches
- Workplace performance indicators



Railcorp

Situational measures

- Increase the effort
- Increase the risks
- Remove excuses

Controls

Systemic

- Increasing the moral cost of corruption
- Creating a culture of integrity
- Modification of conflicts of interest guidelines
- Change burden of proof on employee wealth

Localised

- Appropriate oversight of discretionary decision making
- Setting and enforcement of procurement guidelines
- Whistleblower protection
- Penalties for procurement breaches
- Rotating agents
- Workplace performance indicators



Jailing kids for cash

Situational measures

- Increase the risks
- Reduce the rewards
- Remove excuses

Controls

Systemic

- Increasing the moral cost of corruption
- Creating a culture of integrity
- Vigilant media
- Civil society oversight
- Changing the burden of proof for demonstrating the legality of officials' wealth

Localised

- Appropriate oversight of discretionary decision making
- Whistleblower protection
- Rotating agents



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Thank you

Any questions?

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