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*)

• **Type**

• **Activities**

• **Sectors**

• **Places**

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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

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Sectors

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

Places

• Countries
• Regions
• Localities
• Corporations
• Work places

etc

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<table>
<thead>
<tr>
<th>Crane inspector</th>
<th>Cleaners</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type</strong></td>
<td></td>
</tr>
<tr>
<td>• Bribery</td>
<td>• Self dealing</td>
</tr>
<tr>
<td>• Extortion</td>
<td>• Conflict of interest</td>
</tr>
<tr>
<td>• Abuse of discretion</td>
<td>• nepotism</td>
</tr>
<tr>
<td><strong>Activity</strong></td>
<td></td>
</tr>
<tr>
<td>• Controlling things</td>
<td>• Service delivery</td>
</tr>
<tr>
<td>• Issuing licences</td>
<td>• procurement</td>
</tr>
<tr>
<td><strong>Sector</strong></td>
<td></td>
</tr>
<tr>
<td>• Construction</td>
<td>• Education</td>
</tr>
<tr>
<td>• Safety</td>
<td></td>
</tr>
<tr>
<td><strong>Place</strong></td>
<td></td>
</tr>
<tr>
<td>• City</td>
<td>• Workplace (Uni)</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Railcorp</th>
<th>Crooked judges</th>
</tr>
</thead>
</table>
| **Type** | • The lot (full house!)  
          | • Bribery  
          | • Abuse of discretion |
| **Activity** | • Making things  
                • Appointing people  
                • procurement  
          | • Administration of justice |
| **Sector** | • Infrastructure  
          | • legal |
| **Place** | • Multiple workplaces  
          | • Court jurisdiction (county) |

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Municipal corruption New York City
(Graycar & Villa 2011)

<table>
<thead>
<tr>
<th>Initiating offender</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private person</td>
<td>38</td>
<td>52.8</td>
</tr>
<tr>
<td>Public servant</td>
<td>34</td>
<td>47.2</td>
</tr>
<tr>
<td>total</td>
<td>72</td>
<td>100</td>
</tr>
</tbody>
</table>

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## Municipal corruption New York City

*(Graycar & Villa 2011)*

<table>
<thead>
<tr>
<th>Acting alone or as a team</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alone</td>
<td>57</td>
<td>79.2</td>
</tr>
<tr>
<td>Team</td>
<td>15</td>
<td>20.8</td>
</tr>
<tr>
<td>total</td>
<td>72</td>
<td>100</td>
</tr>
</tbody>
</table>

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Municipal corruption New York City
(Graycar & Villa 2011)

<table>
<thead>
<tr>
<th>Kind of public servant involved</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inspector</td>
<td>36</td>
<td>50</td>
</tr>
<tr>
<td>Low-level worker</td>
<td>16</td>
<td>22.2</td>
</tr>
<tr>
<td>Supervisor</td>
<td>14</td>
<td>19.4</td>
</tr>
<tr>
<td>Politician</td>
<td>5</td>
<td>6.9</td>
</tr>
<tr>
<td>N/A</td>
<td>1</td>
<td>1.4</td>
</tr>
<tr>
<td>total</td>
<td>72</td>
<td>100</td>
</tr>
</tbody>
</table>
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.

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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

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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

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**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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