Corruption Studies for the Twenty-First Century: Paradigm Shifts and Innovative Approaches

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The key question currently driving innovations in corruption studies is why anti-corruption reforms do not work. The explanatory factors for the disappointing outcomes of anti-corruption interventions over the last twenty-five years include those associated with (1) understanding and modelling of corrupt practices, (2) measurement and monitoring, and (3) policy design and implementation.

This special issue emerges from the international seminar series on innovations in corruption studies in Europe and beyond held by the School of Slavonic and East European Studies (SSEES), University College London (UCL), between October 2015 and March 2016, as part of the European funded project 'Anticorruption policies revisited: Global trends and European responses to the challenges of corruption' (ANTICORRP). The purpose of the series, which brought together ANTICORRP researchers from ten project partners, was to highlight innovations in the field of corruption studies regarding theory, methodology, analysis and policy. The articles in this issue represent a sample of the wider academic debates but focus on integrating expertise relating to Central and Eastern Europe – the domain of <u>Slavonic and East European Review</u> (<u>SEER</u>) – into a comparative and case-study framework. The outcome reflects the openness of the authors to work across area and discipline and to ensure cross-fertilization between area studies and the social sciences in general. Such network-based research has been enabled by funding from the European Commission.[2]

Wider ANTICORRP findings include a historical analysis of corrupt practices,[3] how they are reflected in the media,[4] how they are integrated into measurement,[5] how they relate both to

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[3] Mette Frisk Jensen and James Kennedy (eds), 'Two literature reviews on the pre-modern and modern categories of cases respectively'. ANTICORRP Deliverable D2.1. August 2013. <http://anticorrp.eu/publications/fighting-corruption-in-modernity-a-literature-review/> [accessed 24 October 2016].

[4] Paolo Mancini (ed.), 'A comparative research on the print press coverage of corruption'. ANTICORRP Deliverable D6.1. June 2016. <http://anticorrp.eu/publications/a-comparative-research-on-the-print-press-coverage-of-corruption/> [accessed 24 October 2016].

[5] Alina Mungiu-Pippidi (ed.), 'A comparative assessment of regional trends and aspects related to control of Corruption'. ANTICORRP Deliverable D3.2.1. February 2014. <http://anticorrp.eu/publications/a-comparative-

good governance and to organized crime,[6] and how they differ locally, regionally and globally.[7] In this special issue, we interpret 'corruption studies' narrowly, meaning academic discourse, separate from government policy, media or activist discourses. Rather, we focus on the challenges in corruption studies and the emergence of cross-discipline and cross-area analyses in order to accommodate the complexity and context-bound nature of corruption.

1.1 The challenges of defining and modelling corruption

One of the earliest definitions postulates that corruption is 'the intentional misperformance or neglect of a recognized duty, or the unwarranted exercise of power, with the motive of gaining some advantage more or less personal'[8]. Subsequent definitions have echoed this understanding, defining corruption as 'behavior which deviates from the formal duties of a public role because of private [...] pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence'[9], or simply the 'the abuse of public office for private gain'[10]. Irrespective of length, the majority of conceptualizations of corruption are typically based on three constituents: a public official (A), acting for personal gain, violates the norms of public office and harms the interests of the public (P) in order to benefit a third party (C) who rewards A for access to goods or services that C would not otherwise have.[11] The formulations may vary (see Table 1), but the principle remains.[12] For most purposes, the definition of corruption employed by the ANTICORRP project is also based on the 'particular (non-universal) allocation of public goods due to abuse of influence',[13] underlining the emphasis on public-sector activity.

assessment-of-regional-trends-and-aspects-related-to-control-of-corruption/> [accessed 24 October 2016]; Jana Warkotsch (ed.). 'Case study reports on control of corruption and EU funds.' ANTICORRP Deliverable D8.2. February 2016. <http://anticorrp.eu/publications/eight-case-study-reports-on-control-of-corruption-and-eu-funds/> [accessed 24 October 2016].

[6] Salvatore Sberna and Alberto Vannucci (eds), 'Integrated report on the link between political corruption and organized crime'. ANTICORRP Deliverable D9.1. February 2015. <http://anticorrp.eu/publications/integrated-report/> [accessed 24 October 2016].

[7] Davide Torsello (ed.), 'Comparative country reports on institutional performance'. ANTICORRP Deliverable D4.1. June 2014. <http://anticorrp.eu/publications/d4-1-report-on-institutional-performance-and-corruption/> [accessed 24 October 2016]; Lena Wängnerud, 'Case studies on gender and corruption: The link between gender and corruption in Europe'. ANTICORRP Deliverable D5.3. October 2015 <http://anticorrp.eu/publications/case-studies-on-gender-and-corruption/> [accessed 24 October 2016].

[8] Robert, C. Brooks, 'The Nature of Political Corruption', in Arnold, J. Heidenheimer (ed.) Political Corruption: Readings in Comparative Analysis, London, 1970, pp. 56-64.

[9] Joseph S. Nye, 'Corruption and Political Development: A Cost-Benefit Analysis', American Political Science Review, 61, 1967, pp. 417–27.

[10] Daniel Kaufmann, 'Corruption: the facts', Foreign Policy, 107, (Summer) 1997, pp. 114–31. Transparency International uses an essentially similar definition of corruption as 'the abuse of entrusted power for private gain'; this, in contrast to other definitions, is also applicable to private-sector corruption (Transparency International Annual Report, 2011, available at: http://www.transparency.org/whatwedo/publication/annual_report_2011).

[11] Mark Philp, 'Corruption Definition and Measurement' in Charles Sampford, Arthur Shacklock, Carmel Connors and Fredrik Galtung, Measuring Corruption, Farnham, 2006, pp. 45-79.

[12] Alena Ledeneva, 'Corruption in Postcommunist Societies: A Re-examination', Perspectives on European Politics and Society, 10, 2009, 1, pp. 69–86.

[13] Alina Mungiu-Pippidi, The Quest for Good Governance, Cambridge, 2015.

	OF		**FOR**
Betrayal	Public Gain	Office/duty	Private
Diversion	Common Profit	Good/trust	Personal
Ab(mis)use	Communal Benefit	Funds/Resources	Individual
Manipulation	Unauthorised	Administrative Advantage	Influence
Exploitation	Institutional Interests/Goals	Power	Group
Bending	Formal Network	Rules	Informal

Table 1: Definitions of corruption

The problem however with multi-facetted and context-bound practices of corruption is that they cannot be captured in a universal definition or formula. Thus, corruption tends to be used as an umbrella term for a wide range of complex phenomena. The more abstract a definition of corruption we achieve – such as 'abuse of public office for private gain' – the further we are from understanding the complex, context-bound and fluid nature of corrupt practices. However, contextual complexity has to be downplayed to enable research and measurement, often based on the 'you know it when you see it' principle. The variation in forms of corruption is often grasped through the perception of experts or participants, as in Transparency International's Corruption Perception Index (TI CPI), and through the construction of aggregated indices. Thus, the measure used by the Political Risk Services' International Country Risk Guide (ICRG) – the third largest source of data within the TI CPI – is 'more concerned with actual or potential corruption in the form of excessive patronage, nepotism, job reservations, "favor-for-favors", secret party funding, and suspiciously close ties between politics and business.'[14] Integrating

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[14] Political Risk Services Group, 'International Country Risk Guide Methodology'. November 2012, <http://www.prsgroup.com/wp-content/uploads/2012/11/icrgmethodology.pdf> [accessed 24 October 2016].

context into defining, modelling and comparing data on corruption constitutes an important dimension of innovation in this special issue.

1.2 The challenge of measurement and monitoring

Whereas the history of corruption is centuries old, the endeavour to measure corruption is fairly contemporary. Largely following from the growing abstraction of the conceptualization of corruption, much of current comparative research follows the assumption that corruption and its various aspects can be quantified and measured. It is presumed that such measurement can be performed not only within specific settings but also across contexts. Current attempts to measure corruption or corruption-perception can generally be divided into three main groups: (1) surveys of households/individuals and organizations concerning their experience of corruption; (2) expert surveys regarding the perceived level of corruption in a specific country; and (3) composite indices that combine surveys of experts, civil servants and/or politicians.[15]

The challenge of measurement relates to validity and reliability. Most scholars agree that it is neither possible nor practical to measure the actual volume of corruption as such. Quantifiable indicators that seek to measure the perceptions of corruption by a specific group of people and the policies implemented in order to curb corruption are considered as approximations at best. Even if the social construction of 'perception' is left out of the discussion, the mere assumption that a complex and multi-faceted phenomenon could be assessed in one figure by averaging people's perceptions of different types of corruption must be questioned. In particular, the corrupt practices included in the most prominent indices are far from unrelated. Qualitative research into corrupt practices has in fact shown that a number of practices are not only justified but even legitimized by the fact that others are engaged in substantially similar exchanges.

A further and potentially even greater challenge to using composite indices in corruption research lies in the fact that the agencies and non-governmental organizations (NGOs) compiling them are rarely fully transparent about their construction. As Stephen Knack[16] points out, the definition of corruption underlying the index is often not made explicit, neither is the exact methodology. Composite indices exacerbate this problem as they combine the results of several surveys. Sources on corruption are also frequently interdependent so that previous studies influence analyses and respondents' answers in following years. The degree to which sources lack independence is impossible to determine, which further reduces the usefulness of indices. Lastly, the majority of corruption indicators lack comparability over time.

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[15] For a more detailed discussion see Stephen Knack, 'Measuring corruption: A critique of indicators in Eastern Europe and Central Asia', <u>Journal of Public Policy</u>, 27, 2007, 03 , pp. 255-91.
[16] Knack, 'Measuring corruption'.

Trends within academic discourses seem to replicate these tendencies. For example, a short history of the sociology of corruption emphasizes the demise of counter-intuitive approaches and the rise of numerical comparisons.[17] Measurability and universalism, the fundamental principles of a modern scientific inquiry, shaped the 'global corruption paradigm' that emerged in the 1990s, largely as a result of the collapse of Communism in Europe. Other factors include the collapse of the centrally planned economic logic; an increase in the number of democracies with free media; globalization, which has brought countries and individuals into closer contact; the heightened role of international organizations such as the World Bank, the International Monetary Fund and the Organisation for Economic Co-operation and Development (OECD); and the growing role of NGOs and of Transparency International (TI) in particular in creating a methodology for the Corruption Perception Index. The centrality of corruption as the world's Number One Enemy in the era before terrorism, and the 'end of history' debate over privatization and restructuring of economic institutions in post-Communist countries, have created a perfect setup for thinking 'big' in anti-corruption policy.[18]

1.3 The challenge of policy design and implementation

Research on corruption informs policy-makers as the definitions and measurements of corruption discussed above are used by scholars and politicians alike. The increasingly high profile of indices such as TI's CPI influences policy at international level and persuades politicians at national level to implement anti-corruption policies. Institutional frameworks are reformed with the expectation that the changes will lead to an improved standing for the respective country in the existing ranks, indices and indicators.[19]

This three-stage process highlights a key problem in studying and controlling corruption. Policy-interventions are often based on the assumption that corruption can be defined and measured, and that research results can then be translated into anti-corruption policy. There is an increasing number of examples of governmental reforms that were informed by corruption indices and stimulated by a desire to reduce perceived corruption – that is, to lead to an improvement in indicators, rather than in substance.[20] As a consequence, some scholars now argue against the use of corruption indices for political or social purposes.[21]

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[17] Fran Osrecki, 'A Short History of the Sociology of Corruption: the Demise of Counter-Intuitivity and the Rise of Numerical Comparisons', The American Sociologist, June 2016, pp. 1-23.
[18] Victorio Tanzi, 'Corruption around the world', IMF Staff Papers, 45, December 1998, 4, pp. 1–23.
[19] Ledeneva, 'Corruption in Postcommunist Societies'.
[20] See examples outlined by Susan Rose-Ackerman, Corruption and Government, Cambridge, 1999.
[21] Fredrik Galtung, 'Measuring the immeasurable: boundaries and functions of (macro)corruption indices', in Fredrik Galtung and Charles Sampford (eds), Measuring Corruption, Farnham, 2005, pp. 101–32.

The complexity of the context and characteristics such as a country's level of economic development, political history, institutional legacies, ethnic make-up and socio-cultural traditions are often ignored in policy design in favour of a 'can do', 'one-size-fits all' approach. The importance of context is often confused with the incorrect view that some cultures are more predisposed to corruption than others, and that some countries may as a result be culturally and historically 'locked into' dependence on corrupt practices. Experimental evidence in behavioural economics dispels this myth and instead highlights the importance of context.[22] Failures in the field of democratisation – another area where more contextualized approaches gave way in the 1990s to the so-called 'no predisposition outlook' – also highlight the importance of a return to context and complexity in order to ensure the successful implementation of reforms.[23]

To overcome further challenges created by global, technological and digital developments, more nuanced approaches are needed both in the academic study of corruption and in policy responses. Alina Mungiu-Pippidi, argues that successful anti-corruption reforms tend to rely on the assessment of a country's development stage.[24] Policy should then be informed by respective local norms and implemented with cooperation at grassroots level – even making specific non-governmental actors responsible for the reforms' success. Such an approach marks a significant departure from the top-down approaches generally advocated and recommended by international agencies. The idea of integrating context-bound complexity into the measuring and monitoring of anti-corruption policies is also reflected in the 'paradigm shift' in modelling corruption that is outlined in the next section.

2 Policy Paradigms: Learning from failed anti-corruption reforms

While scholars have tried to account for the failure of anti-corruption reforms from different theoretical perspectives, many of them have stayed short of scrutinizing the assumptions of the 'corruption paradigm'. Followers of a principal-agent perspective[25] agree that the scarcity of resources cannot explain the failure of anti-corruption reforms. Rather, the lack of principals – be they government officials, civil society activists, NGOs or ordinary citizens – who are willing to enforce both new and existing policies appears to lie at the root of the problem.[26] This consensus

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[22] Nina Mazar, On Amir and Dan Ariely. 'The Dishonesty of Honest People: A Theory of Self-Concept Maintenance', Journal of Marketing Research, 45, 2008, 6. pp. 633-44.

[23] Thomas Carothers, 'The end of the transition paradigm', Journal of Democracy, 13, 2002, 1, pp. 5–21.

[24] Alina Mungiu-Pippidi. 'Corruption: Diagnosis and Treatment', Journal of Democracy, 17, 2006, 3. pp. 86-99.

[25] Robert Klitgaard, Controlling corruption, Oakland, 1988; Susan Rose-Ackerman, Corruption: A study in political economy. New York, 1978.

[26] Stephen P. Riley, 'The Political Economy of Anti-Corruption Strategies in Africa', European Journal of Development Research, 10, 1998, 1, pp. 129–59; Mark Robinson. 'Corruption and Development: An Introduction', European Journal of Development Research, 10, 1998, 1, pp. 1-14; Michael Johnston, Syndromes of Corruption: Wealth, Power and Democracy. Cambridge, 2005; Inge Amundsen. 'Political Corruption and the Role of Donors (in Uganda)', Chr. Michelsen Institute Commissioned Report. Kampala: Royal Norwegian Embassy. 2006.

echoes the common assertion that anti-corruption reforms will not succeed if there is no strong political will.[27] The collective action perspective holds that people will choose to act corruptly as long as they expect that most other people will also act corruptly. Even if they realize that this is detrimental to the collective and see it as morally unacceptable, people will continue to engage in corrupt practices.[28] In such settings, the cost of non-corrupt behaviour will rise since the actions of individuals will have no effect on the general situation.[29] Consequently, where corruption is part of expected behaviour, implementation of any anti-corruption reform turns into a collective action problem.

2.1 Principal-agent model

The principal-agent model[30] situates the analysis of corruption at the interaction between principals (as bearers of the public interest) and agents (who might prefer corrupt transactions as long as the benefits of such transactions outweigh the costs). This is based on two key assumptions: (1) that there is a conflict of interests between principals and agents and (2) that agents are better informed than principals, leading to information asymmetry.[31] When a principal delegates a task to an agent, the agent gains an opportunity to pursue his or her own self-interest and to betray the principal's trust. The principal-agent model rests on the assumption that the principal is 'principled' and will take on the role of controlling corruption.[32] If the principal is corrupt and does not act in the interest of the public good (as in the case of state capture or legal corruption, for example), the principal-agent framework becomes impractical as an analytical tool since there is no actor willing to monitor and punish corrupt behaviour.[33]

In the classic case – which refers to situations of bureaucratic corruption – the ruler is the principal and the bureaucracy is the agent.[34] 'Informational asymmetry' occurs when the ruler

[27] Derick W. Brinkerhoff, 'Assessing Political Will for Anti-Corruption Efforts: An Analytical Framework', Public Administration and Development, 20, 2000, 3, pp. 239–52; Michael Johnston and Sahr J. Kpundeh, 'Building a Clean Machine: Anti-Corruption Coalitions and Sustainable Reform'. Policy Research Working Paper No. 3466, Washington, DC: World Bank, 2004; Robert Williams and Alan Doig. A Good Idea Gone Wrong? Anti-Corruption Commissions in the Twenty-First Century, Bergen: Chr. Michelsen Institute, 2004.
[28] Rasma Karklins, The System Made Me Do It: Corruption in Post-Communist Societies. Armonk and London, 2005.
[29] Donatella della Porta and Alberto Vannucci, Corrupt Exchanges. Actors, Resources, and Mechanisms of Political Corruption, New York, 1999.
[30] Best illustrated by the work of Susan Rose-Ackerman, Corruption: A study in political economy, and Robert Klitgaard, Controlling corruption.
[31] Klitgaard, Controlling corruption.
[32] Fredrik Galtung and Jeremy Pope, 'The Global Coalition against Corruption: Evaluating Transparency International', in Andreas Schedler, Larry Diamond and Marc F. Plattner (eds) The Self-Restraining State: Power and Accountability in New Democracies, Boulder, 1999; James E. Rauch and Peter B. Evans. 'Bureaucratic Structure and Bureaucratic Performance in Less Developed Countries', Journal of Public Economics, 75, 2000, 1, pp. 49–71; Jens Christopher Andvig and Odd-Helge Fjeldstad, 'Corruption: A Review of Contemporary Research', Report R, 7, 2001, Bergen: Chr. Michelsen Institute; Mungiu-Pippidi, 'Corruption: Diagnosis and Treatment'.
[33] Andvig and Fjeldstad, 'Corruption: A Review of Contemporary Research'.
[34] Gary S. Becker and George J. Stigler, 'Law Enforcement, Malfeasance and Compensation of Enforcers.' Journal of Legal Studies 3, 1974, 1, pp. 1–18; Caroline Van Rijckeghem and Beatrice Weder. 'Bureaucratic Corruption and the

cannot perfectly observe what happens in the field since they are remote and do not possess the same information that the agents have. For example, tax collectors are better informed about the revenue potential of a particular tax base than is the head of the Treasury. This creates the opportunity for bribery.

However, recent thinking suggests that it is not the bureaucrats who need to be controlled, but the ruling elite. In this case – which refers mainly to situations of political corruption – rulers are modelled as agents and citizens as principals.[35] High-ranking government officials may institute or manipulate policy and legislation in favour of particular interest groups in exchange for rent or kickbacks. This model resembles the classic principal-agent framework in every respect with the exception that, instead of assuming the presence of benevolent principals 'at the top,' it takes for granted another attribute – namely, the presence of benevolent principals 'on the bottom' in the form of ordinary citizens.[36]

Regardless of how the principal-agent relationship is modelled, the policy implications that follow from this framework hold that, in order to reduce corruption, the principal should aim at reducing the agent's ability to engage in corrupt behaviour. Such incentives can most effectively be sustained through control instruments that decrease the level of discretion among agents, limit the monopoly of agents, and increase the level of accountability in the system. This may in turn be condensed to Klitgaard's formula: 'corruption equals monopoly power plus discretion minus accountability' $(C=M+D-A)$.[37] The principal-agent approach to understanding corruption has shaped mainstream anti-corruption policies proposed by the World Bank, the International Monetary Fund and other international organizations.

Formal institutions are not however the only players that can influence decisions over whether or not to engage in corrupt behaviour. As the overall failure of anti-corruption reforms in Africa suggests, the above formula works considerably better in theory than in practice. It rests on the assumption that it is possible to identify 'principled principals' who will not be driven by the kind of rational utility-maximizing calculations that drive the rent-seeking actions of agents. Moreover, this approach cannot explain why in a given institutional setting, different individuals behave differently. To complicate things still further, the principal may not be consistent in motivation or behaviour (corrupt officials are known for so-called 'quantitative morality'). The approach also assumes that there is a way of designing and implementing new institutions that

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Rate of Temptation: Do Wages in the Civil Service Affect Corruption, and by How Much?', Journal of Development Economics, 65, 2001, 2, pp. 307–31.

[35] Torsten Persson and Guido Tabellini, Political Economics: Explaining Economic Policy, Cambridge, MA, 2000; Alícia Adserà, Carles Boix and Mark Payne, 'Are You Being Served? Political Accountability and Quality of Government', Journal of Law, Economics and Organization, 19, 2003, 2, pp. 445–90; Timothy Besley, Principled Agents: The Political Economy of Good Government, Oxford, 2006.

[36] Roger B. Myerson, 'Effectiveness of Electoral Systems for Reducing Government Corruption—A Game-Theoretic Analysis', Games and Economic Behavior, 5, 1993, 1, pp. 118–32.

[37] Klitgaard, Controlling corruption.

will not be sabotaged by corruption. It is here that collective action theory becomes relevant as a potential alternative analytical tool.

2.2 Collective action model

The collective action model questions the assumption that every society holds at least one group of actors willing/able to act as 'principals' to create proper incentives and to enforce control mechanisms for the 'agents'. It starts from the assumption that all actors – rulers, rulers, bureaucrats and citizens alike – are rational maximizers of their own self-interest. However, within the framework of collective action theory, rationality is understood to be context-bound in the sense that it is highly dependent on shared expectations about how other individuals will act.[38] Contrary to the principal-agent theory, the collective action theory defies the view that universal policies can equip agents with strategies that are most rational to pursue.[39] Rather, it argues that the rewards of corrupt behaviour incentivize any rational actor to opt for such behaviour, and that individual strategies depend critically on how many other individuals in the same society are expected to engage in similar behaviour.[40] Consequently, in a context in which corruption is the expected norm, there will simply be no actors willing to take on the role of controlling corruption.

In a context in which corruption is the expected behaviour,[41] the implementation of anti-corruption reforms turns into a collective action problem of the second order.[42] In such settings, monitoring devices and punishment regimes are likely to be largely ineffective since there will be no actors willing to implement them. Even if most people morally disapprove of corruption and are fully aware of its negative consequences for society, few rational actors should have an

[38] Elinor Ostrom, 'A Behavioral Approach to the Rational Choice Theory of Collective Action', American Political Science Review, 92, 1998, 1, pp. 1–22; Robert J.Aumann and Jacques H. Dreze, 'When All Is Said and Done: How Should You Play and What Should You Expect?' Discussion Paper No. 2005-21. Jerusalem: Center for the Study of Rationality at Hebrew University; Ernst Fehr and Urs Fischbacher, 'The Economics of Strong Reciprocity', in Herbert Gintis, Samuel Bowles, Robert Boyd and Ernst Fehr (eds), Moral Sentiments and Material Interests, Cambridge, MA, 2005.

[39] Mungiu-Pippidi, The Quest for Good Governance; Anna Persson, Bo Rothstein and Jan Teorell, 'Why Anticorruption Reform Fails: Systemic Corruption as a Collective Action Problem', Governance, 26, 2013, 3, pp. 449-71; Bo Rothstein and Marcus Tannenberg, Making Development Work: The Quality of Government Approach, Stockholm, Expertgruppen för biståndsanalys, 2015.

[40] Toke S. Aidt, 'Economic Analysis of Corruption: A Survey', Economic Journal, 113, 2003, 491, pp. F632–52; Olivier Cadot, 'Corruption as a Gamble', Journal of Public Economics, 33, 1987, 2, pp. 223–44; Ajit Mishra, 'Persistence of Corruption: Some Theoretical Perspectives', World Development, 34, 2006, 2, pp. 349–58.

[41] Ase B. Grodeland, Tatyana Y. Koshechkina and William L. Miller, 'Foolish to Give and Yet More Foolish Not to Take. In-Depth Interviews with Post-Communist Citizens on Their Everyday Use of Bribes and Contacts', Europe-Asia Studies, 50, 1998, 4, pp. 651-77; William L. Miller, Ase B. Grodeland and Tatyana Y. Koshechkina, A Culture of Corruption?, Budapest, 2001.

[42] Elinor Ostrom, Governing the Commons: The Evolution of Institutions for Collective Action, Cambridge, 1990.

interest in establishing and enforcing reforms.[43] Hence, any anti-corruption policy based on such assumptions will not be sustainable.

The conceptualization of systemic corruption as a collective action problem rather than as a principal-agent problem has significant policy implications. Following its logic, the solution to curb corruption is to design policies that change actors' beliefs about what 'all' other actors are likely to do in such a way that most actors trust others to play fairly.[44] As argued by Larry Diamond[45], endemic corruption is not some flaw that can be corrected with a technical fix or a political push. It is the way that the system works, embedded in the norms and expectations of political and social life. Reducing it to less destructive levels – and keeping it there – requires revolutionary change in institutions.[46]

2.3 The third way

Heather Marquette and Caryn Peiffer argued recently that both the principle-agent and the collective action approaches to understanding corruption provide valuable insights and should be applied depending on the context[47]. They also pointed out that, while both approaches see corruption in wholly negative terms, people who live in systemically corrupt settings may perceive it as a productive strategy. This 'problem-solving' understanding of corruption – which means that in some situations it may be the only means of satisfying basic needs – highlights the ways in which corruption can play a productive function in the context of weak or ineffective state institutions.

In order to overcome the simplistic models dominating contemporary thinking about corruption, we should turn our attention to its complexities and overcome the limits of the binaries predominant in political sciences: corrupt/non-corrupt, good/bad, ethical/non-ethical. The conceptualization of corruption through its opposites – good governance, integrity – has marked an important departure from universalist anti-corruption policies, but has in turn underpinned dualist perspectives on bad, poor or unethical forms of governance: rigged elections[48], the failure of politicians and state officials to deliver funded infrastructure[49], an

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[43] Dino Falaschetti and Gary Miller, 'Constraining the Leviathan: Moral Hazard and Credible Commitment in Constitutional Design', Journal of Theoretical Politics, 13, 2001, 4, pp. 389–411; Bo Rothstein, The Quality of Government: Corruption, Social Trust and Inequality in International Perspective. Chicago, 2011.

[44] Paul Collier, 'How to Reduce Corruption', African Development Review, 12, 2000, 2, pp. 191–205; Douglass C. North, John Wallis and Barry R. Weingast, Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History, New York, 2009.

[45] Larry Diamond, 'A Quarter-Century of Promoting Democracy', Journal of Democracy, 18, 2007, 4, pp. 118–20.

[46] Mungiu-Pippidi, 'Corruption: Diagnosis and Treatment'.

[47] Heather Marquette and Caryn Peiffer, 'Corruption and Collective Action', DLP/U4 Research Paper 32, Developmental Leadership Program, University of Birmingham, 2015.

[48] Bernd Beber and Alexandra Scacco, 'What the Numbers Say: A Digit-Based Test for Election Fraud', Political Analysis, 20, 2012, 3, pp. 211-34.

[49] Miriam A. Golden and Lucio Picci, 'Proposal for a New Measure of Corruption, Illustrated with Italian Data', Economics and Politics, 17, 2005, pp. 37-75.

unattractive climate for foreign direct investment[50], fraud and extortion in the health sector.[51]. Labelling entire contexts as corrupt, and assuming that corruption plays a role that is *a priori* dysfunctional, can be detrimental for understanding the full range of consequences, including the latent functions that may be enabled by corrupt behaviour, and identifying possible drivers for change.[52]

Experiments in behavioural economics undermine the common assumption that people can be divided into corrupt or non-corrupt, and instead point to the key importance of context. Quite simply, it cannot be assumed that an individual always acts with integrity. For example: a public official who embezzles stationery and uses a ministry car for personal shopping may also believe that s/he is person of integrity when it comes to the moral fight against the abuse of public office.[53] By the same token, an individual may steer clear of corrupt practices not so much because of their moral standing, but because they are excluded from certain networks of trust.[54]

The norms of bending the rules are defined much more by social circles and context than by geographical borders or personal values. Experiments by behavioural economists testing personal integrity have found no country variation. Moreover, the 'matrix' tests assessing people's predispositions to game the system by lying point to the key importance of context (not necessarily the same as 'country'), peer-pressure and what has come to be called 'quantitative morality', whereby people cheat, but within limits and as appropriate, so that they can preserve their positive self-image[55]. Scholars of regional corruption have also found national surveys of corruption to be misleading.[56] National stereotypes such as 'Russia is a kleptocracy' or 'Switzerland's informal norm is to follow the formal rules' seem to be supported by the country ratings in the TI-CPI cross-country comparison. However, given the complexity of corrupt behaviour and its embeddedness in context, a more appropriate answer to the question of whether some countries are more corrupt than others should remain ambivalent: 'no, but yes.' Capturing ambivalence in measurement requires methodologies for complex, hard to categorise, realities.

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[50] Aparna Mathur and Kartikeya Singh, 'Foreign direct investment, corruption and democracy', Applied Economics, 45, 2013, 8, pp. 991-1002.

[51] Taryn Vian, 'Review of corruption in the health sector: theory, methods and interventions', Health Policy and Planning, 2008, pp. 83-94.

[52] Jonathan Rose and Paul Heywood, 'Political science approaches to integrity and corruption', Human Affairs, 23, 2013, 2, pp. 148-59; Cheyanne Scharbatke-Church and Diana Chigas, 'Taking the Blinders Off. Questioning How Development Assistance is Used to Combat Corruption', Occasional Paper, Institute for Human Security, The Fletcher School of Law and Diplomacy, Tufts University, June 2016.

[53] Mark Philp, 'Corruption Definition and Measurement'.

[54] Namawu Alhassan-Alolo, 'Gender and corruption: testing the new consensus', Public Administration and Development, 27, 2007, 2, pp. 227-37.

[55] Mazar, Amir and Ariely, 'The Dishonesty of Honest People'.

[56] Nicholas Charron, Victor Lapuente and Bo Rothstein (eds), Quality of Government and Corruption from a European Perspective: A Comparative Study of Good Government in EU Regions, Cheltenham, 2013.

Future conceptions of corruption will have to transcend the binary oppositions between subjective and objective, public and private[57], formal and informal, legal and illegal[58], good and bad, prey and victim. Understanding the inherent ambivalence of corrupt behaviour, the blurring of boundaries and the grey zones in which it resides, its drivers and implications, will be a major challenge for corruption studies. Paradoxical concepts such as legal corruption, legislative corruption, state capture and business capture point in the direction of the unfitting nature of dichotomies for grasping the complexity of corrupt behaviour.

3 Innovative ideas in this volume

The contributions to this volume present new ideas on how to approach corruption studies in ways that address and help to overcome current deficiencies. In his analysis of existing approaches, Paul Heywood reflects on the studies of corruption over the last twenty-five years and calls for disaggregation. He questions oversimplified conceptualisations, dualistic typologies, the focus on nation-states as units of analysis and the insufficient differentiation of modalities of corruption. Heywood argues that mainstream academic research and policy-makers have devoted surprisingly little attention to unpacking the concept of corruption, leading to solutions that are doomed to fail since they are based solely on institutional reconfiguration. He asserts that corruption is better understood as a spectrum containing a number of different types of activities, not as dichotomies of 'petty vs grand corruption,' 'need vs greed corruption' or 'systemic versus individual' corruption. A thorough understanding and analysis of corruption is furthermore hindered by the fact that most research – including prominent corruption-perception indicators – and policy responses focus on nation-states and government action. Heywood points out that globalisation, too, has had its impact on corruption and the lack of focus on private sector action means that tax havens, tax evasion, capital flight and the offshore financial world have not been in the focus of regulation and advocacy. From this perspective it follows that, in order to move forward, anti-corruption research and advocacy must differentiate not only between types but also between levels of corruption. Such an approach would allow for examining the interdependencies between transnational developments (macro-level) and how nation-states

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[57] According to Rose-Ackerman, the very idea of a sharp distinction between public and private life seems alien to many people (Rose-Ackerman, Corruption and government).

[58] The relative nature of the 'legality' line (whereby an identical act, depending on the state of legislation, can be either corrupt or non-corrupt, and it is presumed that where acts are not illegal, they are not corrupt) has been illustrated in the context of tax-avoidance practices of offshore businesses and ethical concerns expressed in the media and by governments in the 2014 scandals around Starbucks, Amazon and other global giants, who have paid up settlements, despite their arguably legal operations. The entry into force in 1999 of the OECD's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions brought the non-corrupt act of bribing officials abroad into the realm of corruption in many countries. The UK Anti-Bribery Act of 2010 placed responsibility for the use of intermediaries in corrupt transactions on the beneficiaries of these transactions.

operate in practice (meso-level) as well as ways in which corruption is experienced and practised within specific contexts (micro-level).

In a similar vein of disaggregation, Claudia Baez-Camargo and Alena Ledeneva provide an innovative examination of the crossover between the public and the private sphere based on the workings of informal governance in Mexico, Russia and Tanzania. Their argument questions the public/private division at the heart of the most widely used conceptualizations of corruption. Their research findings question the capability-building approach in policy. Rather than focusing on obstacles to the anti-corruption reforms, institutional design or leadership commitment to anti-corruption, they explore functioning patterns of informal governance that work so effectively that the anti-corruption reforms do not hit their targets. The instruments of informal power allow authorities to stay in power and to give citizens access to services and resources. The authors demonstrate the grey zones between the public and the private spheres and identify practical norms that enable the seemingly effortless crossover between the two. The three modalities of informal governance are termed co-optation, control and camouflage and refer to instruments utilized, respectively, (1) to re-distribute resources and tie strategically-relevant actors to the regime; (2) to manage people through personalized loyalties and extra-legal pressure; and (3) to manipulate façades of formal (democratic) institutions in order to serve private interests. Baez-Camargo and Ledeneva find that the resilience of corrupt behaviours is associated with the normative and motivational ambivalence of informal governance norms. Their findings call for a new generation of anti-corruption strategies grounded in political, social and economic realities rather than a transfer of models that have worked elsewhere.

Mihály Fazekas' and Luciana Cingolani's contribution to this issue highlights the immense potential of innovative 'Big Data' approaches in research and policy evaluation, including the field of corruption studies. Taking as their starting point the lack of systematic evidence on networks between politicians and businesspeople and their effect on public procurement, the authors seek to measure the magnitude of high-level institutionalized corruption in government procurement by using micro-level data on some three million contracts awarded in twenty-nine European countries in 2009-14. They test competing hypotheses on the effect of laws on political and party financing in controlling corruption in procurement and in counteracting high-level institutionalized corruption. On the one hand, more stringent political financing regulations can make it harder for companies to donate to political parties in return for government contracts. On the other hand, there is evidence that incumbents strategically modify political finance regulations for their own benefit, simultaneously depriving political opponents of access to valuable resources. Thus, restrictions on political financing may also be associated with an increase in high-level corruption.

Relying on statistical models, Fazekas and Cingolani find that the introduction of (additional) restrictions in the financing of political parties does not measurably curb the risk of high-level corruption. On the contrary, it increases the risk – irrespective of whether financing regulation is taken into account as a whole or according to its constituent parts. The authors also argue that, if laws are changed shortly before national elections, this can lead to a decrease in corruption levels after the elections. As such, their findings cannot provide a definitive assessment of the effectiveness of laws governing the financing of political parties, yet they point to a number of subsequent opportunities for research, for example in the area of policy implementation, the time needed for achieving regulatory impact, and the effect of institutional inter-dependencies.

Roxana Bratu, Dimitri Sotiropoulos and Maya Stoyanova test the transfer of anti-corruption policies in a context-sensitive comparative study of Bulgaria, Greece and Romania. They shed light on the complex interaction between the emergence of corruption as a major social problem and the implementation of anti-corruption policies. Comparing the Bulgarian, Greek and Romanian contexts, they analyse the way in which similar anti-corruption policies have produced different outcomes. Their multi-methods framework combines qualitative interviews with the analysis of official documents and ample secondary data. All three countries have experienced vilification by the EU due to widespread and pervasive corrupt practices that were subsequently targeted by the imposition of blanket policies relying on Western-centric definitions of corruption. However, as activists and academics have pointed out, such one-size-fits-all approaches have not been successful in reducing corruption since they have ignored country-specific historical and cultural factors. The authors employ a social-constructionist view to uncover a number of trends in anti-corruption policy-formation. While some of these trends appear at first glance to be contradictory, Bratu, Sotiropoulous and Stoyanova show how they are nonetheless interconnected by examining the emergence, role and practice of anti-corruption in their respective contexts. Thereby, a particular focus is placed on the ways in which 'grand corruption' is conceptualized, institutionalized and tackled. They argue that anti-corruption measures are not merely a technical solution to an equally technical problem, but also an agency in the production of contemporary political culture.

To illustrate their argument, Bratu, Sotiropoulous and Stoyanova devise a schema to describe anti-corruption policy in each country in terms of evolution, institutions, implementation and politicisation. Greece is presented as a case of 'unreflective accommodation' where anti-corruption is primarily implemented on the basis of de-contextualized international advice. Bulgaria shows a 'reactive legitimation' of anti-corruption where the problem is acknowledged but a significant implementation gap exists. Romania exhibits a 'proactive assimilation' of practices and thus emerges as the most promising case. Although imperfect, anti-

corruption policies have in Romania become the top priority for policy-makers and prosecutors and illustrate the potential of 'proactiveness' that may serve as a template for other countries.

The combination of proactive leadership and a bottom-up, context-bound, approach seems to be effective in tackling corporate corruption. The article by Stanislav Shekshnia, Alena Ledeneva and Elena Denisova-Schmidt seeks to identify agency for change in systemically corrupt environments. Building on a study of 110 company owners and directors, they search for political will among corporate leaders, test a new ethnographic approach to managing corruption at the level of the firm, and evaluate the effectiveness of a variety of mitigation strategies. Taking Russia as an example of a systemically corrupt environment, the article endeavours to offer insights for practitioners on how to 'manage' corruption, that is, how to devise and implement strategies that effectively mitigate corruption-related risks. Using a sequential multi-step research design, the authors first engage in exploratory analysis to identify and validate the prevalence of corrupt practices mentioned in academic literature and media reporting. The findings then provide the basis for in-depth interviews. Shekshnia, Ledeneva and Denisova-Schmidt identify four prevailing attitudes towards corruption held by Russian business leaders: toleration (held by a majority of respondents), exploitation, avoidance and management of corruption (synonymous with proactive leadership).

The authors assert that anti-corruption strategies at the level of the firm must target specific non-compliant practices. They propose a simple, yet comprehensive four-step approach that allows business leaders to identify suitable targets. They stress that while target practices are best identified bottom-up, willing corporate leaders implement mitigation strategies top-down. Systemically corrupt environments are generally conducive to tolerance and passive attitudes towards corruption among business leaders, yet preventive and controlling leadership action via formal hierarchies as well as informal networks can nevertheless provide for effective 'management' of corruption despite the pressures of the corrupt environment. The article concludes by recommending six 'action points' for senior business leaders in systemically corrupt environments which can also be used for leadership training.

4 Conclusion

The contributors to this special issue of <u>Slavonic and East European Review</u> share the belief that, despite great advances in corruption studies over the last three decades, there is still a lot to learn about corruption and anti-corruption policies. All articles present specific contributions to academic debates and policy discourse about corruption and anti-corruption measures, questioning established practices and thereby pushing the boundaries of the discipline. That is not to say that this volume claims to present a final answer to the questions it addresses. The authors differ in their theoretical and methodological approaches, highlighting the variety of

perspectives from which corruption and informal practices may be studied, explained and understood. It is not necessary for scholars and policy-makers to agree on a single conceptualization or measurement of corruption. It is more important that they are able to come up with context-sensitive policies that accommodate and adjust to the complexity of local environments.

The ANTICORRP project has proved successful in expanding research networks and producing novel policy recommendations. Questions nevertheless remain regarding the failure of anti-corruption policies and how to deal with corruption as a complex, dynamic and often contradictory phenomenon. In addition, promising new avenues and puzzles in anti-corruption research appear regularly. For instance, how can we analyse practices of 'camouflage' where selective law-enforcement and misuse of the law are masked among the law's regular exercise and application? Corruption, where it is part of the system, is driven by a number of factors that are difficult to disentangle, but which include social pressure to engage in corruption and citizens' fear of the criminal justice system. Anticorruption activists also stress that classic anti-corruption programming misses some key elements that drive corruption. The majority of anti-corruption measures focus primarily on the enablers of corruption (lack of oversight and citizen knowledge) and respond by creating capacity for oversight and funds for the anti-corruption sector.[59] Yet such policies miss out on the positive drivers of corruption (fairness, equalizing chances, weapon of the weak) that are context-specific. There emerges a new generation of policies based on new indicators, oblique or indirect approaches[60], 'nudge' thinking[61] and collective-action logic[62] that make it possible to integrate context into analysis. A rich new line of investigation developed by Roxana Bratu and Iveta Kazoka uncovers the complexity of this phenomenon by looking at metaphorical representations of corruption in the media.[63] And in yet unpublished research Allan Sikk and Philipp Köker show how the turnover of electoral candidates in Central and Eastern Europe is associated with variations in corruption perceptions.[64]

Further research into policies capable of accommodating complexity is being supported by the British Academy and the UK Department for International Development Anti-Corruption

[59] Cheyanne Scharbatke-Church and Diana Chigas. 'Facilitation in the Criminal Justice System. A Systems Analysis of Corruption in the Police and Courts in Northern Uganda', Occasional Paper, Series 1, Number 2, September 2016, Institute for Human Security, The Fletcher School of Law and Diplomacy. Tufts University.

[60] John Kay, Obliquity: Why our goals are best achieved indirectly, London, 2011.

[61] Richard H. Thaler and Cass R. Sunstein, Nudge: Improving Decisions About Health, Wealth and Happiness, London, 2008.

[62] Heather Marquette and Caryn Peiffer, 'Corruption and Collective Action'.

[63] Roxana Bratu and Iveta Kazoka, Narratives of evil: Localized understandings of corruption, <http://anticorrp.eu/publications/narratives-of-evil-localized-understandings-of-corruption> [accessed 24 October 2016].

[64] Allan Sikk and Philipp Köker, 'Rejuvenation or renomination? Corruption and candidate turnover in Central and Eastern Europe', Paper prepared for presentation at the Annual Meeting of the American Political Science Association, Philadelphia, 1-4 September 2016.

Evidence (ACE) Partnership.[65] Comparative research into informal governance, unwritten rules and informal practices will be conducted in East Africa and Central Asia. The Horizon 2020 INFORM project, 'Closing the gap between formal and informal institutions in the Balkans'[66], and the UCL-based study of social and cultural complexity, Global Informality Project[67], focus on the role of informality in corrupt environments. While we may not (yet) be fully equipped in terms of conceptual tools, measurement instruments and policy-thinking to accommodate the complexity of contexts in which corruption is grounded, this special issue aims to present at least a selection of new avenues and thereby feed into the ongoing discussion.

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[65] British Academy and UK Department for International Development, Anti-Corruption Evidence Partnership, <http://www.britac.ac.uk/anti-corruption> [accessed 24 October 2016].

[66] INFORM project, 'Closing the gap between formal and informal institutions in the Balkans', <http://www.formal-informal.eu> [accessed 24 October 2016].

[67] The Global Informality Project—The first online multimedia resource on informality, <http://in-formality.com> [accessed 24 October 2016].