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# **Corruption:**

## **Identifying opportunities and controls**

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- Corrupt Societies
- Corrupt Organisations
- Corrupt Individuals



- Corrupt events

Different controls

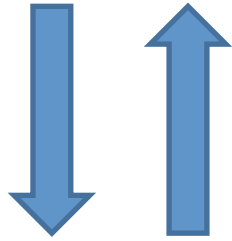


- Doing wrong things
  - Failing to do something one should do
  - Doing something permissible, but purposely doing it in an improper manner
- 
- *Breach of trust*
  - *Unauthorized trading of entrusted authority*

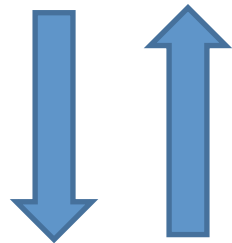


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Principal  
(the state)



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.



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- ***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*



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## Sectors

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

## Places

- Countries
- Regions
- Localities
- Corporations
- Work places

*etc*





## Crane inspector

## Cleaners

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



## Railcorp

## Crooked judges

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



# 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
<b>total</b>	<b>72</b>	<b>100</b>



# Municipal corruption New York City

(Gravcar & Villa 2011)

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



## 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



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- 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



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# *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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