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Drivers of Corruption

Corruption manifests itself in different forms across contexts. Patterns and modalities of corruption also arise due to different causes or driving factors, these are referred to as 'drivers of corruption'.

Understanding the different types of drivers that might be at play in each context is a prerequisite for effective anti-corruption programming. This should be part of every effort to diagnose corruption as indicated in Issue Paper 'Pillar 1: Understanding Corruption'.

This Issue Paper provides information on the **four types of drivers** that can give rise to different modalities of corruption. These are:

■ Problems linked to formal rules and incentives

■ Collective action problems

■ Behavioural drivers
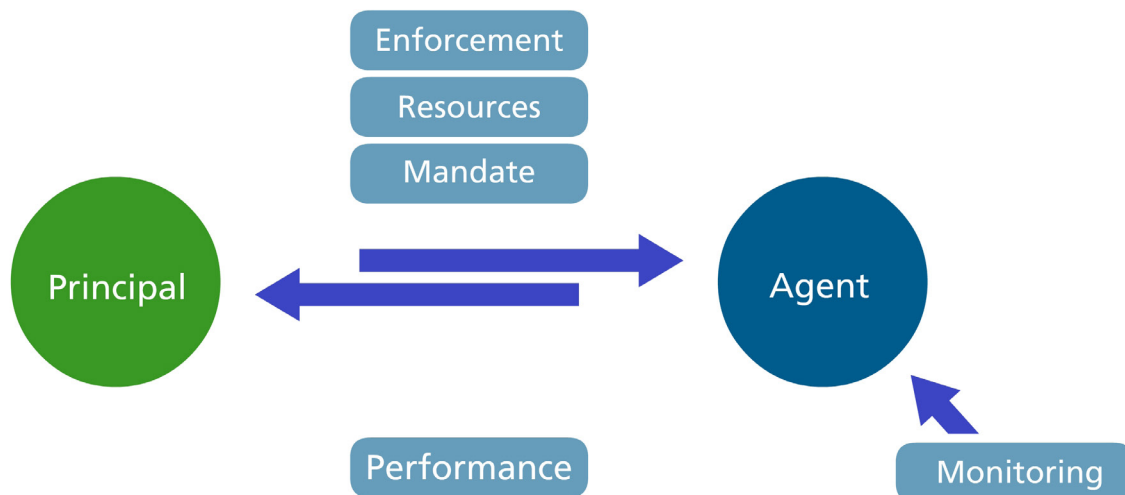
■ Functionality of corruption.

Problems linked to formal rules and incentives

This perspective views corruption as the result of shortcomings in formal legal and institutional frameworks that contribute to misaligned incentives where the benefits of engaging in corruption outweigh the costs to the perpetrators. This is usually framed in terms of the institutional rules and mechanisms impinging on the decision-making of public officials. It draws on assumptions from the field of economics, whereby rational individuals make decisions to maximise their benefits (utility). Unless adequate monitoring and sanctioning mechanisms are in place, public officials will be tempted to gain benefits and seize opportunities arising from asymmetric information to pursue their private interests.

This principal–agent model underscores the importance of formal rules and incentives for shaping decision-making in public office. It frames corruption as the result of weaknesses in a relationship of accountability between a principal (the entity holding a right or entitlement or the authority to represent the principal) and an agent (an entity tasked with carrying out a

One of a series of eight, this Issue Paper is a companion document to The SDC's Anti-Corruption Guidance. The series provides recommendations on how to apply the Four Pillar approach described in the Guidance for the purpose of anti-corruption programming with a thematic focus or as a transversal theme. The Issue Papers follow the structure of the Guidance and they clarify the concepts, topics and approaches it presents, and also provide links to resources that go deeper into selected topics.

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Figure 1. Basic accountability model

Source: Adapted from Baez-Camargo (2011), based on World Bank (2004), Basel Institute on Governance, used with permission.

mandate on behalf of the principal). In a democratic system, the government is the agent acting on behalf of citizens who are collectively the principal, holding the fundamental rights and entitlements. Principal–agent relationships can be found everywhere, but the most important ones that concern the understanding of corruption are those where citizens must be able to hold power-bearers accountable, and those where government authorities must be able to ensure that public officials behave with integrity, following official roles and fulfilling their respective mandates.

From a principal–agent perspective, it is important to understand the elements that must come together which enable accountability to be effectively exercised. This in turn helps to identify the legal or institutional shortcomings that give rise to corruption risks. Figure 1 illustrates the basic preconditions that should be present for an accountable relationship between a principal and an agent.

■ **In the first instance, the agent's mandate should be clear and coherent, and resources must be made available that are commensurate to the mandate.** As is well known, corruption is often associated with a lack of public service codes of ethics; gaps generated by vague or overlapping division of roles; and insufficient salaries and/or human resources.

■ **Once an agent has a well-defined mandate and the resources to implement it, the agent must perform its duties. Critically, in order to prevent misuse of resources or abuse of the mandate, there must be adequate monitoring of the agent's performance in place as a key**
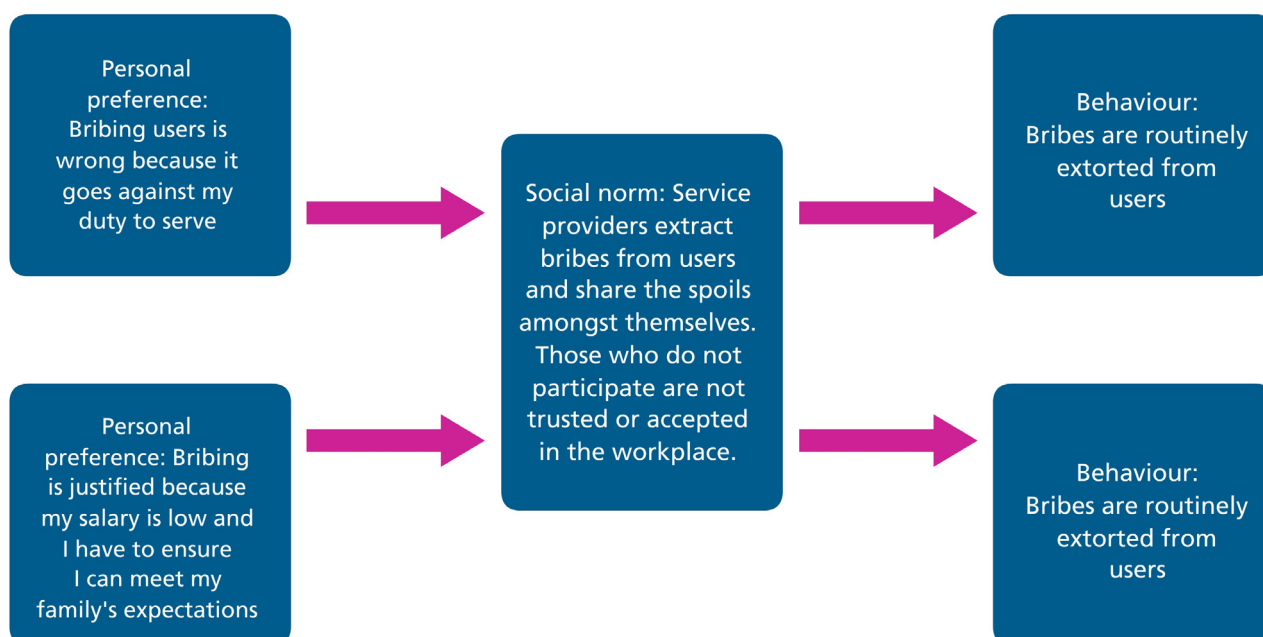
component to prevent corruption and ensure accountability. Weak monitoring capabilities are very often linked to high levels of corruption. Monitoring of public officials is particularly a problem in countries where resource scarcities and lack of adequate infrastructure are prevalent.

■ **Finally, accountability cannot be fully operationalised if there are no credible sanctions that will follow abuses of the mandate or misuse of resources. Sanctions need to be costly enough to outweigh the benefits of breaking the rules and must be predictably enforced.** Criminal codes and administrative sanctioning are areas that are often scrutinised and amended to increase the costs of engaging in corruption. While this is certainly key, the ability to enforce the sanctions is equally important, as evidenced by the prevailing situation in many countries where an 'implementation and enforcement gap' contributes to continued high levels of corruption even though sound legal and regulatory frameworks are in place.

Collective action problems

Evidence from several countries highly affected by corruption suggests that it is wrong to frame corruption as an anomalous behaviour carried out by some 'bad apples' in otherwise well-functioning governance systems. Rather, in some countries, corruption arises and becomes the normalised behaviour due to large-scale collective action problems entailing lack of trust, expectations about the intentions and behaviours of others as well as collective decision-making with unrestrained egoistic, short-term interests.

Figure 2. Personal preferences, social norms and behaviours

| Personal preference: Bribing users is wrong because it goes against my duty to serve | → | Social norm: Service providers extract bribes from users and share the spoils amongst themselves. Those who do not participate are not trusted or accepted in the workplace. | → | Behaviour: Bribes are routinely extorted from users |
| Personal preference: Bribing is justified because my salary is low and I have to ensure I can meet my family's expectations | → | | → | Behaviour: Bribes are routinely extorted from users |

Source: Author's own.

On the assumption that everybody else is corrupt, individuals will resort to corruption too, because from a rational perspective, it represents the best strategy to avoid losing out and protecting (or better, promoting) one's own interests. Thus, businesses participating in public procurement processes may give in to bribery if all competitors are assumed to be themselves bribing, and users of public services will bribe if they can afford it – lest they be sent to the end of the queue or even denied the service.

Perhaps the most critical aspect of a collective action situation driving corruption is the presumption that government authorities, which themselves should be ensuring that public officials behave with integrity in following their official roles and fulfilling their respective mandates, also might be among the culprits of corruption. Under those circumstances, the principal–agent model (with the authority to represent the rights holders as the principal and the government/public officials as the agent) and its premises and implications are undermined by the lack of a 'principled principal' willing and able to enforce the rules.

Behavioural drivers of corruption

One important category of behavioural drivers of corruption is linked to aspects of sociality. Particularly relevant is the work relating to corruption and social norms, which points to how patterns of behaviour that
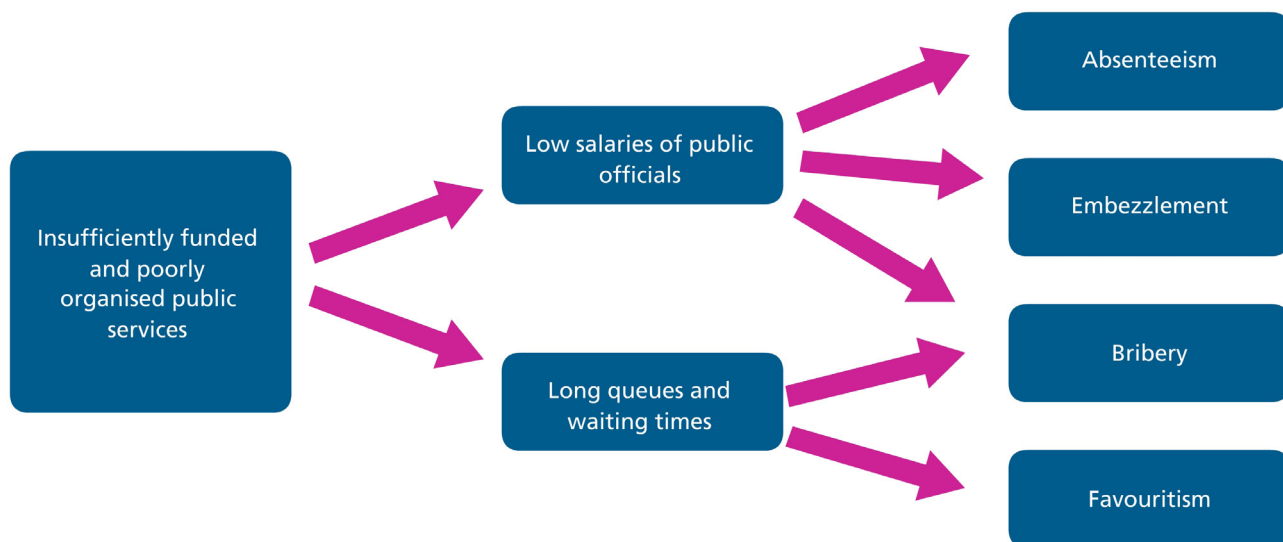
are perceived to be expected and acceptable have a big influence on **how people actually behave**.

Social norms of solidarity generate expectations that individuals must harness all resources in their reach to provide for, and respond to, the expectations of their social networks. Such expectations apply to public officials just as to everyone else, and there are many ethnographic works that have illustrated how public officials and providers of public services are often under significant pressure to utilise their positions (and the rent-seeking opportunities they afford) to extract benefits and resources on behalf of family and friends.

Social norms of reciprocity, often reflected in deep-rooted traditions of hospitality and gift giving, are at play in the development of economies of favours linked to corruption. Service users offer 'gifts' to providers to obtain privileges or expedited access and, in doing so, create social links that both endure and contribute to normalising bribery.

Individuals who deviate from the social norms face significant social costs such as bad-mouthing, being ostracised, shamed and, in some cases, even physical attacks. Social pressures can push people into giving in to corruption, even if their personal preference is against doing so; however, they may feel compelled to engage in corrupt behaviours if they believe this is what is regarded as socially acceptable.

Figure 3. Functionality of corruption

Insufficiently funded and poorly organised public services → Low salaries of public officials → Absenteeism, Embezzlement, Bribery

Insufficiently funded and poorly organised public services → Long queues and waiting times → Bribery, Favouritism

Source: Author's own.

What is important to understand about corruption problems where social norms are at play is that actual behaviours may deviate from personal preferences or attitudes. Figure 2 illustrates this with two hypothetical scenarios, representing the personal attitudes of public service providers *vis-à-vis* bribery.

In the example given in the top row of Figure 2, the personal preference for not bribing is overpowered by the presence of a social norm at the workplace that normalises, and even makes bribery the expected behaviour amongst service providers, resulting in bribery being prevalent. Social pressures, or even the expectation of negative social consequences for people who contravene the social norm, can steer behaviours – even against personal beliefs. In the example below it, the personal belief justifies bribing, and is reinforced by the social norm. In both cases, the resulting behaviour is the same. However, the kind of anti-corruption approach that will be required to address bribery will be different in each case, underscoring the importance of identifying the nature of the underlying corruption drivers.

Problems linked to the functionality of corruption

In many cases, corruption is resorted to because it is perceived to be useful to 'get things done' and to solve problems. Understanding what are the motivations that are driving corrupt behaviours is essential, because experience has shown that unless the underlying problems are addressed, anti-corruption measures are unlikely to be effective, and corruption may simply be

displaced to other areas or morph into alternative, but similarly corrupt behaviours (see also ' "Do no harm" and avoiding unintended consequences of anti-corruption efforts' section in Issue Paper 'Pillar 2: Supporting Strategic Interventions Against Corruption').

Figure 3 provides an example of how underlying factors can give rise to a variety of corruption types that emerge out of the pragmatic need to solve problems. It illustrates how insufficiently funded and poorly organised public services give rise to concrete problems with which key stakeholders are confronted. The low wages of service providers are a well-known driver of corruption, which results in a range of illicit practices such as bribery, embezzlement of public resources, diverting public goods to private (black) markets or absenteeism in order to hold a second job. Clearly, unless a public official can make a living on his or her nominal salary, individuals will be confronted with the need to come up with 'creative' solutions to solve this problem at the expense of their role as providers of services and, ultimately, of the public good.

Similarly, insufficiently funded and poorly organised public services often mean that the demand for public services greatly exceeds the capacity to provide such services, resulting in long queues and waiting times to access the services. Users often resort to offering a bribe (or are requested to do so) in order to jump ahead in the line. Difficulties in accessing services have also been associated with instances of users actively seeking to 'befriend' providers, by offering money or gifts so they may be treated preferentially each time they require the service.

Failing to address the root causes that assign corruption a pragmatic function will likely result in displacement or morphing of the corrupt practices but not their eradication.

In the real world, corruption often is a complex multidimensional problem and, sometimes, several drivers can be simultaneously involved in generating the observed corruption problems. However, it is important to identify as many of the different factors that are at play in each case in order to tailor and fine-tune the anti-corruption response.

Further reading/Resources:

- Baez-Camargo, B. (2017) Can a Behavioural Approach Help Fight Corruption?
- Church, Cheyanne and Diana Chigas (2019) Understanding Social Norms. A Reference Guide for Policy and Practice
- Jackson, David and Köbis, Nils (2018) Anti-Corruption Through a Social Norms Lens
- Marquette, Heather and Peiffer, Caryn (2020) Corruption Functionality Framework