

PUBLIC SECTOR CORRUPTION: BEHAVIOURAL ORIGINS AND COUNTER-BEHAVIOURAL RESPONSES.

(A lecture by Gavin Woods to mark his inauguration as Professor at the University of Stellenbosch
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This lecture will describe a number of research-based studies which assimilate social theory and situational analysis and in so doing will transverse an unusual range of disciplines in order to explain the thinking which has been developed and adopted by the University of Stellenbosch's Anti-corruption Centre for Education and Research (ACCERUS). It is the thinking which explains the Centre's philosophical and functional approaches to the education and related skills training it offers public sector officials. As such, and in keeping with the more practical mission of the Centre, the lecture is not inclined towards the abstract reaches of academia.

However, before setting out the Centre's philosophical and functional approaches towards public sector corruption and arguing the relevance and effectiveness of such approaches it is perhaps necessary to mention the three essential public sector situations against which the new Centre was conceptualised.

The first situation concerns corruption as a serious problem. A strong body of informed opinion together with credible statistics which measure levels of corruption indicate these levels to be at an unprecedented high and to be rising in many countries – with South Africa being a particularly serious case in point. This depreciating situation, as is acknowledged by the Auditor General, the Public Service Commission, by independent monitoring groups and by government itself, is in part explained by the fact that corruption is becoming more organised, more sophisticated and has become driven by some underlying social and economic forces within the society. Increasingly observers speculate as to corruption having become systemic within the operations of government in South Africa.

The disturbing reality of all this concerns the damaging consequences that can befall countries which experience such high and sustained levels of corruption, especially in that these consequences are essentially economic in nature - meaning that they bear negatively on society as a whole – and in particular on ordinary people's living standards. This is because high levels of corruption cause investment to be deterred, employment levels to be lowered, international trade to suffer, resources to be misallocated and a country's international reputation to be damaged.

The second situation concerns the seeming inability of government to arrest the problem. In the past fifteen years there has been a constant build-up of anti-corruption laws, policies, institutions, and other initiatives – yet, corruption in government has continued unabated.

The third and final situation takes cognisance of the confusion that exists around the nature and causes of the corruption. Discussion around the subject has become quite contested insofar as there are now a number of differing views as to its primary causes and therefore as to how its more prevalent manifestations might best be combated. It has also become an increasingly popular subject with social scientists which has led to a further range of causal theories. These, which are all promoted with great authority, span a wide range of political, cultural, moral, legal, and socio-economic perspectives – and each seemingly premised on there being a predominant cause, usually to the exclusion of other likely causes. For example that corruption is essentially the result of a lack of ethical or moral standards; or that it is because of inadequate anti-corruption type laws; or that it is caused because of a weak sanction regime; or that it is due to ineffective control systems, etc. While all of these would seem to be a part of the problem, there has been a lack of rigorous, empirically based research which offers a comprehensive understanding of corruption in the public sector work place.

It is against this backdrop of corruption as a menacing development, of government's failure to deal with it, and of the contention which surrounds it, that the new Anti-corruption Centre has been established.

The Centre sees a role for itself which includes removing much of the peripheral uncertainty around corruption and what to do about it, and believes that the particular anti-corruption education and training it has developed could be the catalyst to a more effective employment of the more critical internal systems within government institutions and better application of the various anti-corruption mechanisms and regulations that currently exist. In line with this is a belief that corruption is best combated from the inside of an organisation, where the emphasis is on employee behaviour.

The Centre has therefore sought to construct a framework of understanding which gives a less vexed explanation of the corruption and the phenomenon it has become, and from which to construct the anti-corruption courses it would offer.

The fundamental rationale upon which the Centre has developed this framework is derived from a sociological school of thought. More specifically the thinking has engaged a behavioural perspective as this appears to offer a more comprehensive and authentic basis against which to contemplate the larger picture of corruption in the South African public sector.

The behaviour-based explanation of corruption and its causes has as its point of departure that corruption always concerns actions by people. In other words, that every act of corruption is ultimately a matter of human behaviour – as would be borne out when examining the nature of any known act of corruption.

The broad question of what might then generate corrupt behaviour, as a category of deviant behaviour, is given compelling direction by the Functionalist Perspective - of which sociologists such as Emile Durkheim and Talcott Parsons were pioneers. Durkheim, who along with Marx and Weber is known as one of the triumvirate of major sociologists, did most to establish the shape and content of the Functionalist school. In particular, in *The Rules of the Sociological Method* which he wrote in 1895, Durkheim established a number of the cornerstone theories of modern Functionalism.

The relevance here is that rather than starting with the individual, a functionalist analysis of deviance begins with society as a whole. It looks for the source of the deviant behaviour in the nature of society rather than in the biological or psychological nature of the individual. With the Functionalist emphasis being on the importance of shared norms and values as the basis of social order, it suggests that serious occurrences of deviant behaviour could be a threat to order and therefore a threat to society. This would arguably be true in the case of the high levels of the corruption-linked behaviour that are becoming possible in South Africa.

It was within this frame of reference that the Centre then sought to identify and understand any particularly influential situations that might presently exist in South Africa and in its public sector environment which are promoting or fostering the growing levels of deviant behaviour in question. But in order to identify such situations a clearer working understanding of why and how people come to behave in a corrupt way needed to be established. So within the behavioural paradigm, the Centre conducted an extensive analysis of published research which had explored how come people come to behave corruptly. Here useful direction was established through studies by Richter and Burke, by Nuijten et al and also through various work-place studies such as the annual international crime surveys produced by PriceWaterhouseCoopers.

All of these observed there to be three particular (and seemingly obvious) determinants of that behaviour which constitutes corruption. Firstly, would-be perpetrators need a motive or **incentive** to engage in an act of corruption. Secondly, would-be perpetrators then need **opportunity** through which to express their motive. And thirdly, would-be perpetrators are almost always able to **rationalise and justify their actions** – as opposed to you and I who might have motive and might have the opportunity - but decline the opportunity because our moral make-up does not allow us to justify having done so.

So motive plus opportunity plus ability to rationalise equals corrupt behaviour. By deduction, to the extent that any of these three elements are reduced, the overall incidence of corruption is reduced. e.g. Less motive or less opportunity or less ability to justify - all mean less corruption.

These three factors were further validated through analysis of a number of credible case studies - including those documented by Klitgaard, Johnson and Anechiarico, who are amongst the world's foremost commentators on the subject of corruption. This exercise substantiated relationships between the formula and issues such as "material or financial need", "low risk of being found out and caught", "low consequences if caught", and "Low ethical standards and values".

Having developed a confident understanding of these conditions and the part they play in the production of corrupt behaviour, the Centre then embarked on the search to discover what extraordinary situations might exist, which could be promoting the presence and prominence of these three behavioural components in the contemporary public sector setting.

This was a study of present-day socio-political and socio-economic situations which have significance in relation to that which might raise the levels of motive, opportunities and ability to rationalise. Three situations which were considered to be particularly influential were identified – all of which happened to be situations that have been ignored or largely understated in the general analytic discourse around the nature and causes of public sector corruption.

The first of these situations was one which has become increasingly significant and which has decidedly heightened the individual's needs and increased his/her motive towards acting corruptly. This situation which has developed strongly across many countries over the past few decades has a very marked effect of the way people (including government officials) behave. It concerns growing demands for higher living standards and for an accumulation of wealth - which is being promoted by the tendency towards commodification, consumerism and materialism - and how the advancing influence of commercialism promotes these propensities. When commercial advertising and its compelling messages relentlessly reach into every community – including where there are few real economic opportunities, even the very poor begin to aspire to, and expect, more. It can even become something of a "right" to have more than what they presently have.

While the situation of "conspicuous consumption" might be most evident in the developed countries of the world it nonetheless has a growing presence in developing countries. Be it Russia, China, Indian or countries in Africa, today ever more people aspire to a higher quality of life style. However, this state of affairs appears to be more problematic in the developing country setting than in the developed world. A Functionalist explanation for this might talk to the higher prevalence of 'social control mechanisms' (effective policing and efficient social justice system etc.) that are found in developed countries. They would argue that such mechanisms are part of what is necessary to keep deviance in check and to protect social order.

Whatever, the situation as described is one from which there is strong motive which might well express itself in the form corrupt behaviour. There is indisputable evidence that such a situation has

become well rooted in South Africa and indeed amongst public sector employees. And the dangers of this situation are further exacerbated by our immediate past and in particular by current manifestations of that history.

The Centre then looked for circumstances which might explain the greater ease with which would-be perpetrators are able to justify what they intend to do. Here a relevant and influential situation was identified that not only added further understanding to the motive component - but more particularly helped to explain why perpetrators of corruption have become more able to rationalise or justify their behaviour.

This is the situation where the dynamics of a rapidly transforming society and an associated fluidity of social values invite substantial deviance from acceptable moral behaviour.

Once the highly regulated system of apartheid was dismantled it was perhaps understandable that many spontaneous realignments would begin to take place within our greater society. These realignments concerned fundamental structural issues such as where people lived, where they went to school, where they worked, and in the case of the poorer majority, what they now aspired to and believe they were now entitled to.

In that the changes were also driven by a politics which ostensibly represented the interests of this poor majority it is also understandable that this could have raised expectations for higher living standards. This would be especially true of the younger generations and their hopes for a future that was more prosperous than what their parents' generation had experienced.

These expectations and feelings of entitlement were lifted to unrealistic levels by political leaders making promises of material and income opportunities. For its part the new government has allocated unprecedented levels of resources in trying to accelerate the hoped for changes. And they introduced policies which they believed could fast-track greater equality and a social realignment in which the poor majority would experience substantially higher standards of living through vast new opportunities for jobs, houses, education, etc..

In a somewhat matter-of-fact way the new government set out to socio economically re-engineer the entire society into its "better life for all" scenario. This, as the imperative known as "transformation", was intended for the best and most necessary of reasons - but just as apartheid had discovered, societal manipulation of this type and this magnitude is very difficult to achieve. The fundamental dynamics which run through societies cannot be modified in a matter of ten or twenty years – history teaches us this. Just as the global economic forces teach us that the means to improving the income per capita levels of the poor take time to develop. And then there are the lessons which alert us to the unintended consequences which are possible when such radical policy objectives fail – including how raising the hopes of some and the fears of others, produces frustrations and other tensions which will ultimately express themselves. The increasing incidence of corruption is part of such expression.

It has caused a behaviour which sees people using whatever opportunities there might be, even if inappropriate and dishonest, towards gaining that which they have come to expect - often because the circumstances as described allow them to believe they can justify doing so.

An incidental but relevant observation which arises from the two situation described concerns the emerging mind-shift towards a type of liberal individualism – where the individual becomes increasingly central to his or her own interests, as opposed to the broader interests of the community. In a country like South Africa, the "individualism" factor and its associated "self-

interest” characteristic, is today fast extending into the emergent multi-racial middle class and the working class – including its public sector component.

Thus far two situational type studies have been referred to. One which explains a situation which raises motive towards acting corruptly and the other which increases the ability to exercise that motive, even if dishonestly, by being able to rationalise having done so.

This left us to contemplate the remaining factor – that of “opportunities”, and to ask how the wide-ranging opportunities, which seem to exist in the public sector, have come about and how these are exploited by corrupt individuals. Here, our analysis of a particular internal situation produced a convincing explanation of a major cause of the high number of opportunities for corruption.

The contention arising from this analysis is that the generally poor quality of management across government in South Africa leads directly to poorly administered management and financial management systems - which in turn produces many of the opportunities that lead to public sector corruption.

Even prior to 1994 the public sector in South Africa was not as efficient as what it might have been. Back then however it was a strongly functional sector which achieved most of its operational objectives – including those which were ideologically controversial. This was largely due to a stable, generally experienced and tightly regulated bureaucracy which possessed a basic civil service mentality – albeit only towards a part of the population. It was a situation, the conditions and circumstances of which produced a considerably more efficient government than what exists today. This can be deduced through the delivery record of the then government and through the Auditor General’s reports produced in the ten years leading up to 1994.

Since 1994 however, we are able to identify and track quite profound public service policy changes which have had a significant impact on the general competence of government and more specifically on the application of effective organisational and management systems by today’s public officials. Here it is apparent that the policies which the post 1994 government introduced towards transforming the racial make-up of the public service has left it more prone to incompetence and corrupt behaviour – simply due to the serious loss of hard management experience and the loss of crucial institutional memory. The unanticipated consequence of these policies was that a great many long serving public officials were left feeling insecure and with diminished career prospects and therefore left the public service.

This extraordinarily high turnover of public sector personnel, and in particular of senior officials, has continued well into the new era where many if not most government institutions experience on-going changes of their Directors General, chief Directors and other senior managers. Many leave for new jobs after a few years – to be replaced by yet more inexperienced and under-qualified individuals.

This has resulted in there being relatively few appropriately qualified managers – particular in terms of necessary management experience. And experience, like cognitive knowledge, is of course a cumulative attribute - and therefore giving inexperienced individuals, even with good university degrees, high positions of responsibility and authority can prove to be very costly.

This situation has left Government with deep management deficiencies across almost all institutions – and the organisational weaknesses that result is why there is often failure to achieve government’s policy objectives - and just as importantly is why so many opportunities for corruption exist.

The Public Service Commission (PSC) has published a number of studies which concern the quality of operations in government departments. Their “State of the Public Service Report 2009” alludes to a number of internal shortcomings such as poor standards of professional ethics, an increase in recorded acts of misconduct as well as a high level of non-compliance across a number of areas of good management practice.

Another relevant report is the PSC’s “Report on the Evaluation of the Training Needs of Senior Managers in the Public Sector” (2008) wherein an assessment of Senior Managers makes clear these managers general lack of adequate knowledge and ability.

For his part, the Auditor General’s audit reports regularly reveal serious management shortcomings and indiscretions and frequently highlight system failures due to managers not being able to properly apply these systems. In his 2009 report on “Consolidated audit outcomes for National Departments and Entities” he showed there to be a growing number of areas of management under-performance. He indicated that there are warning signals across the areas of Human Resources, Information Systems, non-compliance issues, material misstatements, bad expenditure decisions, and poor asset management. The report ends by stating that the main causes of non-compliance with financial regulation are: **“insufficient supervision of day-to-day activities by all levels of management and a failure of leadership”**. It went on to say **“that it is necessary to have a leadership that cared and knew what was happening.”**

It is noteworthy that strong criticism as to the poor state of management within government has also come from the national and certain of the provincial cabinets – especially regarding the inability of management to implement policy and to curb wastage and corruption.

The consequences that these management inadequacies hold for the organisations they manage are serious and far-reaching. In particular, these inadequacies, as all management schools would agree, not only lead to poor decisions and costly mistakes in terms of how monies are spent and how services are rendered, but also to opportunities for corruption.

Now, it should be noted that over the same period that the Public Sector was losing its experienced managers there was the introduction of more modern financial management systems into government which included international best practice accounting, budgeting, costing, information, and accountability systems. But because most government institutions were left with inadequate financial management capacity the new generation systems which are crucial to good performance management have to date not been properly or fully implemented – resulting in control and monitoring weaknesses which provide further opportunities to those with the tendency to be corrupt.

THE CENTRE’S APPROACH TO ITS ANTI-CORRUPTION ROLE

Having established an understanding of what circumstances might be causing the significant increase in corrupt behaviour the Centre had to ask itself what role it could play beyond the publishing of the findings of its various studies. And in particular what educational role it might play.

It was concluded that the Centre can do little to decrease the “motive” and “ability to justify” components of the corrupt behaviour formula - as that which causes these two components to play the part they do is not within the scope of the education and skills taught by the Centre. So here, the Centre’s courses will only go as far as to include teachings on public sector and organisational ethics in order to reaffirm what comprises appropriate moral behaviour.

Regarding the “opportunities” component however, the Centre found wide scope within which to

play a significant and unique role in the greater anti-corruption scheme-of-things. This role essentially to be exercised through the courses it produces. These courses have been designed around a three part curriculum.

The first part explains the background to corruption – its nature, its causes, and the influential situations and circumstances which cause corrupt behaviour. It also explains the various types of corruption and the circumstances under which each of these is likely. Given the research based explanations upon which this part has been developed, it is believed that this will serve to lessen the confusion and complexity which currently leaves officials at a loss when trying to understand the dynamics of the corruption, its causes and how to deal with it.

The second part recognises that the financial and other management systems which are mandatory across all government institutions and which conform to international best practice would themselves, if properly utilised, eliminate many of the opportunities for corruption which otherwise exist. As earlier explained, the reason for these not being properly applied is due to poor management. The Centre has designed education which would not only help managers gain a full understanding and appreciation of these systems but would also skill them in their practical application. Included here would be the personnel management systems in order to reduce the chances of having potentially corrupt employees in the organisation. As well as the financial management range of systems, the information and the governance and accountability systems – and the potential role these can all play in restricting corruption related behaviour. Linked to the governance responsibilities the Course impresses upon senior managers to act decisively and intolerantly towards corruption and to invoke the various anti-corruption type sanctions and laws and their criminalising level of consequences.

The proper implementation and application of all these mandatory best practice systems and approaches is what the Centre describes as the necessary “defensive infrastructure” against corruption. This, in that it not only reduces opportunities for corruption but also greatly increases the chances of would-be perpetrators being discovered and caught.

Finally, the third part which is referred to as the offensive infrastructure, concerns itself with additional specialist type strategies, methods and skills through which to further decrease the number of opportunities and further increase the chances of entrapping those who do take such opportunities. These measures include fraud prevention plans, fraud response plans, corruption detection strategies, risk management practices, investigation and interrogation techniques etc.. These measures tend to act as a strong deterrent.

This part of the course also explains the differing roles of the various anti-corruption agencies such as the Special Investigations Unit, the Hawks, the Auditor General, the Public Protector etc. and gives instruction on the when and how of employing them for investigation purposes. It also teaches a practical understanding of the various anti-corruption related laws which exist.

The second and third parts of the courses will also help public sector organisations to better internalise all the anti-corruption policies, methods, and practices which have already been introduced by government and make to these part of a more coherent and purposeful anti-corruption program within the individual public organisations.

Only by gaining an internal understanding of (and enthusiasm for) the available means through which to combat corruption can the necessary commitment and action be secured within the organisation. Presently, many do not have the knowledge or appreciation necessary to employ the anti-corruption options which are available. The Centre through its courses hopes to provide the

missing link between managers and appropriate action which has thus far frustrated the overall anti-corruption approach of government.

The Centre's research and course development has taken almost three years to reach this stage and has achieved its rigorous and specialised approach through the substantial accumulated experience of the School for Public Leadership and its lengthy interaction with middle and senior management level public officials who make up almost all the school's learners. Resident expertise in law, accounting, financial management, auditing, investigation, organisational science, monitoring and evaluation, and systems developments, at an academic as well as a practitioner level, has also given the course's learning materials and method of instruction a particular dimension of effectiveness.

CONCLUDING COMMENT

There is an international consensus based on statistics which indicates that out of every 10 people there is one who will never be corrupt – one who will easily be corrupt, and the rest who can swayed by pressure or temptation. It is further shown that “most perpetrators of corruption are not sophisticated criminals – but rather individuals who respond to temptations in environments where there are low risk opportunities to be corrupt”.

So, if corruption is not strongly challenged and it becomes deeply systemic within government, the psychology or mind-set which grows within the public sector work force could manifest into a wider culture of corruption which eventually becomes embedded. The general public for its part will become increasingly aware of the ethical shortcomings of their public service organisations and develop a cynicism regarding the morality of public officials and politicians. Early signs of such cynicism are already in evidence in South Africa.

The sociology of corruption would show that where such systemic tendencies of corruption have come to exist, these are extremely difficult to defeat. In fact in a number of other developing countries the experience has been that the battle against corruption is much more difficult to win than to lose. In South Africa we still have the chance to prevail - if we all play our part. The Anti-corruption Centre for Education and Research is ready to play its part.

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PROFILE OF GAVIN WOODS

Gavin Gower Woods has had a working career which has spanned banking, accountancy, financial management, policy research, politics and teaching at tertiary level. After spending ten years as head of a policy research institute linked to the former KwaZulu-Natal government he became a Member of Parliament in 1994. His parliamentary career covered both economic policy issues and public financial management. In this latter capacity he spent fifteen years as a member of the Standing Committee on Public Accounts (SCOPA), four of which were as chair of the Committee. Amongst other positions held in Parliament was his chairmanship of the ad hoc committee which researched and wrote the Public Finance Management Act and as a member of the standing committee which oversaw the work of the Audit General. While still a Member of Parliament he was appointed extraordinary professor at the School of Public Management and Planning at Stellenbosch University where he taught public finance at a postgraduate level on a part-time basis. In July 2009 he joined the University as a full-time professor in public finance. In addition he has recently been appointed as director of the Centre for Anti-corruption Education and Research at the University. He is currently also a commissioner with the Public Service Commission in South Africa.

He holds junior degrees in accounting, economics and sociology and master's degrees in economics, public finance and business administration. He also has a doctorate in economics. His publications include his co-authorship of the text book *Managing Public Money – Systems from the South* and other nationally prescribed educational materials.