

Measuring and monitoring corruption: challenges and possibilities

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Introduction

Measuring corruption is not quite as simple (or relaxing) as counting sheep. Any attempt to measure corruption is bound to face certain challenges. The first problem arises from trying to measure what is

hidden in a society, which poses certain methodological questions. The second, more political problem is that people often do not want to know the real levels of corruption. There are those who believe that if the figures come in too high, it will be detrimental to investment in the country. On the opposite side are those who fear that if figures are too low, one will struggle to galvanise people (such as the business community) into action.

To address the first fear, one has to acknowledge that the investment community has a general sense of corruption levels in any event. People are seldom surprised by the results of a survey (although tangible figures always sell a few more newspapers). To those harbouring the second fear, one can use a similar argument. People know to what extent corruption is problematic to them, and a single survey result will not do much to bring them to action if they do not already have a sense of the problem. The purpose of a survey, however, is to provide a benchmark against which one can assess the situation over time. Should surveyed corruption levels double over a period of five years, it would make a much better case to show that things are deteriorating and that we have to do something about it. Chances are that people will already have a sense of this, and the figures help to confirm that they are not merely suffering from apocalyptic paranoia.

Current mechanisms

The first (and still most prominent) instrument for measuring corruption was Transparency International's (TI) Corruption Perception Index, which was launched in 1995. Credited for its role in raising global awareness, it has been receiving increasing criticism for only measuring perceptions (and these predominantly of the business community). Another problem is that it is a composite index¹ – a survey of surveys. While this means that we can now plot a large number of countries on a single scale, it also, in practice, means that we lose sight of exactly what we are measuring. More importantly, its methodology means that improvements or deteriorations in governance standards within a country seldom impact on that country's rating. While it is tempting to succumb to these single corruption figures as conclusive, the instrument has its shortcomings and has lost credibility among certain decision makers.

To supplement this perception-based data, TI has compiled a single source survey, which, among other things, asks respondents how many bribes they have had to pay to certain government

institutions. This 'global corruption barometer' provides the best indication of actual experiences of corruption across many countries. It makes for interesting reading to see how the actual experiences differ from perceptions in some countries. The coverage is limited, however, since single source surveys are costly to implement. The other limitation is that it focuses predominantly on administrative corruption as opposed to political or grand corruption. In assessing the latter, it is not clear whether one should measure the frequency, scale or impact. This, and other factors, means that quantifying grand corruption is more difficult than counting the amount of atoms in a sheep.

One survey does make a brave attempt. In 2000 Hellman, Jones and Kaufmann² used data from the Business Environment and Enterprise Performance Survey (BEEPS)³ to look at forms of corruption in 22 Eastern European and former Soviet Union countries. In their paper they disaggregated corruption into the following categories:

- Administrative corruption: 'petty forms of bribery in connection with the implementation of laws, rules, and regulations'
- State capture: 'firms shaping and affecting formulation of the rules of the game through private payments to public officials and politicians'
- Influence: 'doing the same without recourse to payments'

The concepts of state capture and influence (which are indicators of some form of grand corruption) are pertinent to the transition economies which they assessed, but might not be the most pertinent grand corruption problem in other parts of the world. This was also a particularly expensive survey with a limited country coverage, which means that your country is probably not included.

All the above instruments have one thing in common: they try to measure the prevalence of some form of corruption. Another approach has been taken by Global Integrity, which monitors countries' governance features that should impact on corruption levels. Using teams of in-country researchers, and quantified integrity indicators, they measure whether these governance features are in place and also whether they work in practice. Country scores are posted on their website,⁴ which provides an online resource of comparable, trackable data. Since Global Integrity focuses on specific governance features, the assessed countries also have an indication of exactly where they can improve.

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Governments in developing countries are increasingly frustrated by having fingers pointed at them while many large corporations from developed countries actively engage in grand corruption in the developing world. Transparency International's Bribe Payers Index (launched in 1999) was started to address this aspect. It gives a ranking of 30 of the leading exporting countries, showing the propensity of firms from those countries to pay bribes outside their borders. This is undoubtedly a good start, but even for countries listed it gives very little information on other private sector corruption issues.

Developing instruments to monitor the private sector

The limited amount of data that comes from international studies has prompted some countries to implement their own monitoring programmes. This is often done by the government or by civil society organizations, with the focus predominantly on government as a whole.

In some cases, collective business bodies are measuring their own experiences and governance standards. In South Africa, Business Against Crime and the German Agency for Technical Cooperation (GTZ) conducted a survey of this kind. The obvious advantage of having a business body involved is that it begins to communicate business's commitment to addressing the problem. The outcomes can be used proactively by business to self-regulate rather than wait for government intervention. In countries with a poor governance environment, surveys could assist concerned businesses to raise the profile of the problem. It is not imperative that business leads such monitoring projects, and in some cases the independence of a civil society organization or academic institution would be crucial to the legitimacy of the study.

Unfortunately there is as yet no standard for conducting in-country surveys. While each country might have its own specific issues that need to be addressed, some standard questions would assist international benchmarking. This would obviously require that the data from other country studies should be accessible. It is not unthinkable that the results of these 'base questions' should be forwarded to an internationally legitimate organization (such as TI) to be kept in a database that is accessible through the Internet.

While more thought and discussion needs to go into what such 'base questions' should include, my initial proposal for a survey of the business community is that it should assess the following:

- Perceptions and actual experiences
- Types of corruption
 - Administrative corruption
 - Political/grand corruption
- Risk areas (for example customs, police, specific regulators or industry sectors)
- Impact of corruption on business community
 - Cost/confidence in economy, etc.
- Governance standards/practices
 - What is in place (for example independent audit committees, ethics programmes, whistleblowing hotlines)
 - What works

It should be kept in mind that the corruption landscape within a country is a complex matter. Corruption takes place within and between government, business and civil society organizations. Different people have different experiences of corruption, with the way it affects large business being significantly different from the way it affects remote rural communities. Determining one's sample base informs many other aspects of the survey, and also how big a part of the corruption picture will be revealed.

While it might be difficult to obtain collaboration from businesses around issues of corruption, it cannot be denied that addressing the problem is in the interest of all of those who are concerned with the long-term sustainability of the economy. In many countries it will be up to these mutually concerned parties to start discussions. Corruption is a politically sensitive topic. Monitoring corruption and governance trends ensures that there is more concrete knowledge to bring to the table. In time one hopes that this knowledge will reveal that things are improving.

Notes

- 1 S Knack, *Measuring Corruption in Eastern Europe and Central Asia*. World Bank Policy Research Working Paper 3968. World Bank 2006.
- 2 Hellman *et al.* *Seize the State, Seize the Day*. World Bank Policy Research Working Paper 2444. World Bank 2000, p 4.
- 3 The BEEPS was conducted by the World Bank (WB), together with the European Bank for Reconstruction and Development (EBRD) in 1996, 1999 and 2005.
- 4 www.globalintegrity.com

References

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