REVIEW ARTICLE

Researching corruption: understanding its key concepts

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ABSTRACT

Given the controversial nature of the notion of corruption that has transcended time and place, this paper serves as a review article for the essential and pivotal debatable concepts that are used to better understand corruption. It will look at different definitions and types of corruption, and the measurement techniques used in corruption studies. The paper presents the debate on whether corruption can or cannot be used as a developmental tool, and manages to show that its significant long-term negative consequences easily overcome its positive aspects. Finally, there is a discussion on causality, where I argue that given the multidisciplinary nature of corruption, it is difficult to infer causation. Simply, this paper helps in understanding the current debates in corruption literature, as this is the first step to properly fight corruption, which is one of the targets of SDG 16.

Keywords: Corruption, bribery, transparency, Rule of Law, governance, SDG 16.

ملخص:

نظرا لطبيعة مفهوم الفساد المثيرة للجدل والتي تتجاوز الوقت والمكان تقوم هذه الورقة البحثية بتوفير مرجعية للمفاهيم الأساسية والمحورية القابلة للنقاش والتي تستخدم لفهم الفساد بشكل أفضل. حيث تتناول عددا من التعريفات المختلفة والأنماط المتعددة للفساد، وتناقش تقنيات القياس المستخدمة في دراسات الفساد. كما تعرض الورقة نقاشا هاما حول ما إذا كان من الممكن استخدام الفساد كأداة تنموية أم لا، بل وتسلط الضوء على العواقب السلبية الطويلة الأجل الهامة والتي تغلب بسهولة على الجوانب الايجابية الإيجابية. وأخيراً، تستعرض الورقة نقاشاً حول العلاقة السببية، فاستنادا الى طبيعة مفهوم الفساد المتغيرة، فإنه من الصعب استنتاج العلاقة السببية بين الفعل والنتيجة. ببساطة، تساعد هذه الورقة البحثية في التمكن من فهم الأفكار المتاحة في أدبيات الفساد، حيث تعتبر هذه هي الخطوة الأولى لمحاربة الفساد بشكل صحيح، كما هو مبين في أحد أهداف الهدف ١٦ من أهداف التنمية المستدامة.

الكلمات المفتاحية: الفساد ، الرشوة ، الشفافية ، حكم القانون ، الحوكمة ، الهدف السادس عشر من أهداف التنمية المستدامة ١٦.

1. INTRODUCTION

In 2013, the estimated universal cost of corruption was USD2.6 trillion;[1] with more than USD1 trillion paid in bribes, and the figures continue to rise,[2] constituting a global predicament that hinders national development and growth, especially economic development.[3] Corruption has been claimed to be more severe in centralized developing countries than in decentralized developed ones.[4]

Corruption is a phenomenon that has transcended time and place, as well as political regimes, cultural differences and societal norms. Political scientist John A. Gardiner, reflecting the similar views of other scholars, argues that "corruption is persistent and practically ubiquitous".[5] Scholars like MacMullen argue that, in fact, corruption was one of the main reasons for the fall of the Roman Empire.[6] Wilson argues that corruption was also rampant in Athens due to the creation of the council of 'Areopagus', whose function was to report and address committed corrupt actions; this argument is also based on Aristotle's discussions of the Council of 'Areopagus' in 'The Constitution of Athens'.[7]

As such, Robert Klitgaard, a prominent scholar of corruption, argues that corruption is as old as the establishment of government, and may even be as old as the establishment of structured social interactions.[8] He thus associates the emergence of corruption to a degree of sophistication reached by societies. This does not mean that the more developed a society is, the more corrupt it is. Developed societies nowadays are well-established communities that can effectively fight corruption when compared to developing nations. Building on this point, one group argues that many corruption cases in the developed world are 'hidden', developing the assumption that developed countries have the ability to go around the existing laws, like the clear example of lobbying which has been proved to be a corrupt practice.[9] In addition, another group argues that the western-developed concept of corruption has developed into a two-pronged disciplinary tool that is often used by developed countries to castigate developing ones,[10] and at the same time to distract attention from the corruption cases in their own backyards, such as the European Union and the United Nations.[11]

Given the magnitude, large scale and devastating consequences of corruption, the United Nations General Assembly decided to fight corruption as one of the targets of the Sustainable Development Goal number 16 (SDG 16). The fight will not be an easy one. SDG 16 tries to reduce corruption through developing effective, accountable and transparent institutions. Accordingly, it is critical to properly understand the current debates in corruption literature in order to coherently comprehend its actual levels and magnitude, the first step in fighting corruption.

Consequently, this paper will serve as a review article for the essential and pivotal concepts that are used in the study of corruption. It will look at different definitions of corruption, types of corruption, measurement techniques used in corruption studies, as well as debating whether corruption can be used as a developmental tool. As such, this paper will serve as a background article for the journal's second issue as it discusses the important notions pertaining to corruption, which is a critical aspect for SDG 16.

2. CORRUPTION DEFINED

Corruption is a phenomenon that has numerous definitions that differ based on the culture and norms of a certain society. Although it is difficult to have a general, yet specific, definition of corruption, corrupt activities can be identified when observed or experienced by an individual.[12] This identification depends on the individual's prior conception of what constitutes corruption. Although academics, scholars and researchers have debated the many different definitions for decades, I will focus on the contemporary definitions of corruption.

To begin with, Joseph Nye, a renowned American political scientist, defined corruption as a "behaviour which deviates from the formal duties of a public role (elective or appointive) because of private-regarding (personal, close family, private clique) wealth or status gains; or violates rules against the exercise of certain types of private-regarding influence".[13] Although this definition was criticized for its exclusion of other forms of corruption, such as corporate corruption, which allowed other different definitions to arise, Nye's definition is the basis for all contemporary definitions as it succeeds in being general and specific at the same time. Nye mentioned that both elected and appointed officials could commit corrupt actions, and states that these corrupt acts can be committed not only for personal gain but for family or private benefit. In addition, the fact that he successfully managed to distinguish the types of benefit as either wealth or higher status helped in making this a generally accepted definition by corruption scholars for a period.

Other scholars attempted to define corruption differently but often lacked elements of applicable generalization. Robin Theobald, for example, described corruption as "the illegal use of public office or the process of selection to public office for private gain".[14] The main problem with this definition is that it did not include different forms of corruption, such as nepotism, making it a particular but not inclusive definition. Vito Tanzi, who developed another definition, stated that: "Corruption is the intentional noncompliance with arm's length relationship aimed at deriving some advantage from this behaviour for oneself or for related individuals."[15] The problem here is that it depends on the 'arm's length principle', which states that both parties involved in a

1   E. A. Correaa et al., *Corruption: Transcending Borders* (2014); OECD, The Rationale for Fighting Corruption (2013), http://www.oecd. org/cleangovbiz/49693613.pdf.

2   S. Hameed, The Costs of Corruption: Strategies for Ending a Tax on Private-sector Growth 30 (2014).

3   S. J. Wei, *Corruption in Economic Development: Beneficial Grease, Minor Annoyance, or Major Obstacle?* 2048, World Bank, Development Research Group, Public Economics (1999).
     T. S. Aidt, *Corruption, Institutions, and Economic Development*, 25 (2), Oxford Review of Economic Policy, 271 (2009).

4   R Fisman & R Gatti, *Decentralization and Corruption: Evidence Across Countries*. 83(3), Journal of Public Economics, 325 (2002).

5   J. A. Gardiner, The Politics of Corruption: Organized Crime in an American City 93 (1970).

6   R. MacMullen, Corruption and the Decline of Rome (1988).

7   R. C. Wilson, Ancient Republicanism: Its Struggle for Liberty against Corruption (1989).

8   R. Klitgaard, Controlling Corruption 7 (1988).

9   N. F. Campos & F. Giovannoni, *Lobbying, Corruption and Political Influence*, 131(1), Public Choice, 1 (2007).

10   For an example, see: Egypt-9.1-Corruption (2017), https://www.export.gov/article?id=Egypt-Corruption.

11   B Weiser, *Executive in UN Corruption Case Pleads Guilty*, The New York Times (2016), https://www.nytimes.com/2016/01/21/nyregion/executive-in-un-corruption-case-pleads-guilty. html.

12   V. Tanzi, *Corruption Around the World: Causes, Consequences, Scope, and Cures*, Staff Papers-International Monetary Fund, 559 (1998).

13   J. S. Nye, *Corruption and Political Development: A Cost-Benefit Analysis*, The American Political Science Review, 417 (1967).

14   R. Theobald, Corruption, Development and Underdevelopment 16 (1990).

15   G. Fiorentini & S. Peltzman, The Economics of Organized Crime 161–180 (1995).

transaction are engaged in an equitable agreement. This is not the case in corrupt actions between citizens and bureaucrats in developing countries, where both are not on a levelled playing field. Nonetheless, Vito Tanzi, an economist, Susan Rose-Ackerman, a political scientist who studied corruption extensively for around four decades, and Daniel Kaufmann, an economist and the creator of the World Bank (WB)-World Governance Indicators (WGI), reached a consensus by agreeing that corruption can be defined as "the abuse of public office for private gain".[16] This definition was used extensively in the late 1990s, as it is straightforward and inclusive, until it was slightly modified and updated by the WB.

Subsequently, the WB now defines corruption as "the abuse of power for private gain";[17] going beyond previous definitions that insisted that corruption exists only in the public sector, overlooking the private sector. This definition helps to extend corruption to cover all sectors and societies, but its frequency and intensity will of course change from one society and sector to another. Also adding a minor change to the previous definition, Transparency International (TI) defines corruption as the "abuse of entrusted power for private gain".[18] This is the most frequently used definition in current scholarship but a more precise alternative still needs to emerge.

3. CORRUPTION TYPES

Corruption has always been identified by categorizing its different forms over the course of time, based on the degree of sophistication and development of human civilization; the more sophisticated the civilization, the different manifestations of corruption that tend to increase – a trend that will be clear in this section.

Thomas Hobbes, the 16th-century political philosopher, is not only an early scholar to use the word explicitly but he also tried to explain the concept of corruption. Essentially the Hobbesian explanation of corruption was something shifting from good to bad,[19] a simple and abstract reflection of society's view at the time. He identified six types of corruption: 'physical corruption' encompasses decaying bodies, stagnant water and rotten food;[20] 'semantic corruption' is when a word changes its meaning or spelling;[21] 'moral corruption' involves shameful and immoral behaviour;[22] 'constitutional corruption' is the "deviations from good forms of government, like monarchy corrupting to tyranny";[23] and 'political corruption' occurs when political actions and the environment are harmful and destructive, for example, a state official receiving a bribe.[24] Finally, for Hobbes, 'cognitive corruption' embraces the whole mental process that includes wrongful interpretation and judgement that obstructs reason and leads to incorrect conclusions.[25] As such, it is the basis for all other forms of corruption as actions emanate from a thought process.

These types reflect the nature of the Hobbesian society, whereas current scholarly work has formed new categories that reflect societal changes, such as the role of the state, the enlargement of the private sphere and legal systemization. These include both concrete and abstract categories such as systemic versus sporadic, grand versus petty, downward redistribution versus upward extraction, active versus passive, and legal versus illegal.[26]

Arguably, grand and petty corruption have been the most discussed categories of the phenomenon. Primarily, grand corruption is a corrupt incident that does not happen on a daily basis. It can be referred to as political corruption as it usually involves senior, high-ranking officials and politicians using their influence and a significant monetary amount.[27] On the other hand, petty corruption mostly happens on a daily basis and can be referred to as bureaucratic corruption. This is because it involves junior or low-ranking officials who use their knowledge of the bureaucratic system to receive illegal payments. When these petty incidents are aggregated, their potential impact outweighs grand corruption incidents. In contrast to previous anti-corruption strategies that focused on either one of the two categories, SDG 16's strategy to curb corruption addresses both petty and grand corruption incidents, with a focus on bureaucratic corruption as it negatively affects unprivileged individuals.

This brings up two new types of corruption that have been termed 'downward redistribution' and 'upward extraction'. These can only exist if corruption is systemic within an institution as both are based on the redistribution of the revenues of the corrupt action to other co-workers.[28] The two types enforce the concept of systemic corruption in an establishment as even those who do not want and do not participate in the unethical action are implicated. This technique ensures the loyalty of many individuals within the organization.[29] Downward redistribution happens in the case of grand corruption, for example, when a high-ranking official receives a bribe, s/he distributes part of that bribe to low-ranking co-workers to make them forcefully participate or to ensure that they do not report the corrupt action. On the other hand, upward extraction happens in cases of petty corruption, where a low-ranking official receives a bribe and gives a major part of it to his co-workers and higher-ranking officials within the organization. The main reasons for this action are again payment for their participation or for their silence or maybe to carry a favour for future usage.

Unfortunately, the wide presence of this type of corruption can serve as an obstacle to the implementation of the SDG 16 anti-corruption strategy. Once corrupt bureaucrats feel that the status

16 V. Tanzi, *Corruption Around the World: Causes, Consequences, Scope, and Cures*, Staff Papers-International Monetary Fund, 559 (1998); S. Rose-Ackerman, Corruption and Government: Causes, Consequences, and Reform (1999); D. Kaufmann, Foreign policy 114-131 (1997).

17 R. Oberoi, *Mapping the Matrix of Corruption: Tracking the Empirical Evidences and Tailoring Responses*, 49(2), Journal of Asian and African Studies, 187 (2013).

18 E. Brown & and J. Cloke, *Critical Perspectives on Corruption: An Overview*, 7(2), Critical perspectives on international business, 116 (2011).

19 A. Blau, *Hobbes on Corruption*, 30(4), History of Political Thought, 596 (2009).

20 Id. at 599.

21 Id. at.600.

22 A. Blau, *Hobbes on Corruption*, 30(4), History of Political Thought, 596, 600 (2009).

23 Id. at 600.

24 Id. at 601.

25 Id. at.602.

26 A. Fayed, *Understanding Corruption: Tackling its Multidisciplinary Nature*, 2(3), Middle East Review of Public Administration (2016); N. A., Den Nieuwenboer & M. Kaptein, *Spiralling Down Into Corruption: A Dynamic Analysis of the Social Identity Processes That Cause Corruption in Organizations to Grow*, 83(2), Journal of Business Ethics, 133 (2008); A. Argandoña, *The United Nations Convention Against Corruption and its Impact on International Companies*, 74(4), Journal of Business Ethics, 481 (2007); See: Articles 2 and 3 of the European Criminal Law Convention on Corruption, ETS #173, http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?CL=ENG&NT=173.

27 C. Dahlstrom, *Bureaucracy and the Different Cures for Grand and Petty Corruption*, 20, QoG Working Paper Series (2012).

28 N. A., Den Nieuwenboer & M. Kaptein, *Spiralling Down Into Corruption: A Dynamic Analysis of the Social Identity Processes That Cause Corruption in Organizations to Grow*, 83(2), Journal of Business Ethics, 133 (2008);

29 J. C. Andvig, et al., Corruption. A Review of Contemporary Research (2001).

quo, where the cost of being corrupt is minimal, is being challenged, they will mobilise their long-established, well-connected networks to hinder the implementation of the anti-corruption strategy. The only way for SDG 16 to be implemented successfully in such institutions is to allow low, middle and high ranking bureaucrats to play an important role in the planning, implementation and evaluation of the anti-corruption policy so that they may realise that the long-term cost of any committed act of corruption outweighs its short-term gains.

There is a clear difference between active and passive forms of corruption that is clear in the case of bribery. According to the literature, active bribery refers to the action(s) of giving by the citizen (client) to the bureaucratic official, while passive bribery refers to the bureaucratic officials receiving and acceptance of the bribe(s).[30] However, I believe that the term 'active corruption' should refer to an incident in which the bureaucratic official initiates and asks for a bribe, whether directly or indirectly, and eventually receives it, and passive corruption should be when the bureaucratic official does not ask for the bribe and the citizen merely initiates the action without being influenced by his/her perception of systemic corruption, yet the bureaucratic official receives the bribe. SDG 16 addresses only the active form of corruption as it focuses on the bureaucrats and the institutions. For SDG 16 to curb passive corruption, it needs to focus on raising awareness among regular citizens; once citizens start collectively to realise that the long-term costs of corruption outweigh its short-term benefits, they will choose not to participate in corrupt transactions.

The above paragraphs show how the understanding and identification of the notion of corruption develops and evolves over time. Today, the main forms of corruption that are manifested in everyday life can be easily identified, but it is very difficult to properly measure them. These forms can be categorized into five main spheres: bribery, embezzlement, theft, fraud, favouritism, and last, extortion and blackmail.[31] These will be described briefly as follows.

To begin with, bribery is defined in a law dictionary as "offering, giving, receiving or soliciting of any item of value to influence the actions of an official".[32] Bribery is arguably the most common known form of corruption and is often referred to as 'kickbacks'. Embezzlement and theft in the public sector are the same as both involve an official who has access to assets or funds and takes control of them illegally. Fraud involves the intentional use of deception to obtain improper and illegal gains.[33] Favouritism, also referred to as nepotism, is where an official makes biased decisions

in favour of someone s/he is linked to over others. This relationship can be family, friendship or even someone belonging to the same social group. This is especially noticeable when an official hires or appoints someone unqualified over others with the right qualifications just because there is a relationship between them.[34] Finally, extortion and blackmail are two similar forms in that they depend on the use of threats to make unjustified and illegal gains.

4. IS IT A TOOL FOR DEVELOPMENT?

An important debate within the discipline must be addressed. This focuses on the type of relationship between development and corruption. The first group believes that corruption has a positive impact on economic development and that it 'greases the wheels',[35] as in the case of the East-Asian model,[36] while the second group believes that corruption has a negative effect on economic development.[37]

The major positive effects of corruption can be summarized by the concept of 'greasing the wheels' which indicates its 'facilitating' abilities. Bardhan argues that corrupt activities aid in overcoming red tape and make the bureaucracy more lenient and less rigorous. This serves as an incentive at least to expedite a transaction, which leads to economic growth.[38] As long as there is competition between the different bribers, allocation efficiency will be sustained.[39] Another positive effect of corruption is that, as was the case in Sub-Saharan Africa, it can encourage bureaucrats to "create new rights" which allow new businesses to penetrate closed markets, thus increasing competition.[40] Additionally, the literature has argued that corruption is a stimulus for Foreign Direct Investment.[41]

Contradicting these claims, Kaufmann argued that these arguments are conceptually and empirically faulty.[42] Contending that the notion of 'greasing the wheels' is conceptually faulty, he said, it "ignores the enormous degree of discretion that many politicians and bureaucrats can have, particularly in corrupt societies. They have discretion over the creation, proliferation, and interpretation of counterproductive regulations. Thus, instead of corruption being the grease for the squeaky wheels of a rigid administration, it becomes the fuel for excessive and discretionary regulations."[43] For an empirically faulty example, he referred to many studies that prove that corruption serves as 'sand in the machine.' He uses a study conducted by Mauro that shows that countries that are more corrupt tend to receive fewer aggregate investments than their less corrupt counterparts and thus in return foreign direct investment is negatively affected and hindered. Ades and Di Tella concluded that corruption serves as "sand in the

30 A. Argandoña, *The United Nations Convention Against Corruption and its Impact on International Companies*, 74(4), Journal of Business Ethics, 481 (2007); See: Articles 2 and 3 of the European Criminal Law Convention on Corruption, ETS #173, http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?CL=ENG&NT=173.

31 I. Amundsen, *Political Corruption: An Introduction to the Issues* (Chr. Michelsen Institute. Working Paper, 2011).

32 Legal Dictionary, http://legal-dictionary.thefreedictionary.com/bribery.

33 Id at 12.

34 Id. at 14.

35 P. J. Beck, & M. W. Maher *A Comparison of Bribery and Bidding in Thin Markets*, 20(1), Economics Letters, 1 (1986); P. Egger & H.Winner, *Evidence on Corruption as an Incentive for Foreign Direct Investment*, 21(4), European Journal of Political Economy, 932 (2005); N. H. Leff, *Economic Development Through Bureaucratic Corruption*, 8(3),American Behavioral Scientist, 8 (1964); D. Levy, *Price Adjustment Under the Table: Evidence on Efficiency-Enhancing Corruption*, 23(2), European Journal of Political Economy, 423 (2007); F. T. Lui, *An Equilibrium Queuing Model of Bribery*, The Journal of Political Economy, 760 (1985).

36 M. H. Khan, *A Typology of Corrupt Transactions in Developing Countries*, 27(2), Ids Bulletin, 12 (1996).

37 A. Brunetti & B. Weder, *Investment and Institutional Uncertainty: A Comparative Study of Different Uncertainty Measures*, 134(3), Weltwirtschaftliches Archiv, 513 (1998); P. Mauro, (1995). *Corruption and Growth*, The Quarterly Journal of Economics, 1995, 681; P. H. Mo, *Corruption and Economic Growth*, 29(1), Journal of Comparative Economics, 66 (2001); J. C. Andvig & K. O. Moene, *How Corruption May Corrupt*, 13(1), Journal of Economic Behavior & Organization, 63 (1990); K. Murphy et al., *Why is Rent-Seeking so Costly to Growth?*, The American Economic Review, 1993, 409.

38 N. H. Leff, *Economic Development Through Bureaucratic Corruption*, 8(3), American Behavioral Scientist, 8 (1964).

39 P. Bardhan, *Corruption and Development: A Review of Issues*, Journal of Economic Literature, 1997, 1320.

40 N. Leff, *Economic Development through Bureaucratic Corruption, in* Bureaucratic Corruption in Sub-Saharan Africa: Toward a Search for Causes and Consequences (M. U. Ekpo ed, 1979).

41 P. Egger & H.Winner, *Evidence on Corruption as an Incentive for Foreign Direct Investment*, 21(4), European Journal of Political Economy, 932 (2005).

42 D. Kaufmann, Foreign policy 114–131 (1997).

43 Id. at 116.

44 A. Ades & R. Di Tella, *The New Economics of Corruption: A Survey and Some New Results*, 45(3), Political Studies, 496 (1997).

machine",[44] the opposite of "greasing the wheels". Alternatively, Gupta, Davoodi and Tiongson found that countries that have high levels of corruption tend to have poorer quality education and health services.[45] The argument that small payments lead to greater payments was proved within the Italian bureaucracy, where petty corruption led to grand corruption.[46]

Corruption experts believe that corruption's negative impact can affect the whole of society at both macro and micro levels. Many researchers have shown a direct negative correlation between economic development and corruption, where the latter poses a particular threat to emerging and developing economies.[47] Therefore, even if corruption has limited positive effects, these effects are outweighed when compared to the negative consequences. The overall and general position of the literature is that even if corruption can cause a small positive effect in the short term, it will create unavoidable disasters in the long run. As such, it is a smart and strategic move by SDG 16 to address corruption while corruption levels can still be handled.

5. MEASURING CORRUPTION

To assess the success and failures of SDG 16 in curbing corruption, the levels of corruption need to be measured before and after the implementation of the anti-corruption strategy. As such, it is important to accurately measure corruption to understand its pervasiveness, scope, nature and cost. Researchers have divided the measuring techniques of corruption into two main categories – indirect versus direct measures of corruption, and perception versus actual experiences measures of corruption.[48] Most of the indirect techniques of measuring corruption depend on measuring perceptions, while the direct methods depend on measuring the actual experiences of corruption. An important aspect that distinguishes both techniques is that the sources of data for the perceptions of corruption are subjective, whereas the sources of data for the actual experiences of corruption are more accurate, as they are based on the real experiences of the studied subjects.[49]

To begin with, perception-based techniques rely mainly on either indices or surveys. Nowadays, there are many perception-based indices, the most recognized being TI's Corruption Perception Index (CPI) and Bribe Payers Index (BPI), the WB-WGI, Mo Ibrahim's Index of African Governance (IIAG) and the International Country Risk Guide (ICRG) developed by the Political Risk Services Group. Each uses different approaches to gain insights into diverse communities' perceptions. For instance, CPI depends on surveying experts and citizens on their perceptions of corruption in over 170 countries,[50] while BPI depends on surveying businessmen and investors on their likelihood of paying a bribe in over 60 countries,[51] where likelihood can be interpreted as perception. On the other hand, the WGI, IIAG and ICRG focus on governance issues that include transparency, accountability, the rule of law, quality of public institutions and perceptions of corruption.[52]

One of the advantages of perception-based indices is that it is easier to collect information on corruption when compared to gathering information on actual experiences of corruption. Yet, they have inherent dilemmas, such as depending too much on the opinion of the businessmen or experts,[53] their questionable assumption that there is a relationship between perception and actual experiences of corruption,[54] their sampling techniques and reporting bias and subjectivity,[55] along with the inaccessibility of their sources. As such, due to their dependence on unclear methodologies and inaccessible sources,[56] they create conceptual uncertainty which makes readers sceptical about their objectivity[57] and accuracy.

Since researchers were not satisfied that countrywide perception-based indices could provide sufficient insights to explain corruption, some have started to create local household surveys that can help in collecting micro-level data. These surveys are composed of standardized sets of questions asking for the respondent's perception of corruption, along with questions on certain corrupt instances, especially bribery.[58] Although surveys can be used to depict both the perception and experiences of corruption, they are mostly used to illustrate perceptions of corruption in these cases.

The major challenges that this technique faces are the accuracy and reliability of the collected data. These challenges can also be present when researching experiences, but their magnitude and influence on the quality of the data is lesser. As corruption can be interpreted differently, respondents coming from diverse backgrounds can thus understand the same question in different ways. Another problem with this method is that surveys are short and do not allow the researcher to create trust bonds with the respondents. Thus, the answers may not accurately represent what happened in a particular incident and events may not be remembered correctly.[59] In addition, respondents may consciously falsify corruption incidents, due to fear of being publicly stigmatized or for a personal benefit in over-reporting corrupt incidents.[60] Thus, perception surveys have proven to be less accurate, which in return decreases the quality and precision of the subsequent research conclusions.

On the other hand, experience-based techniques have provided a different avenue to measure corruption by depending mainly on documented experiences of corruption and observations

45 S. Gupta et al., International Monetary Fund, *Corruption and the Provision of Health Care and Education Services* (2000).

46 D. Della Porta & A. Vannucci, *The 'Perverse Effects' of Political Corruption*, 45(3), Political Studies, 516 (1997).

47 A. Adly, *Economic Legends: Egypt's problem is Corruption* (Jan. 1, 2015), http://carnegie-mec.org/2015/01/16/أساطير–اقتصادية–مشكلة–مصر–هي–الفساد/hzfi (in Arabic).

48 S. Sequeira, Advances in Measuring Corruption in the Field 145–175 (2012).

49 D. Malito, European University Institute - Global Governance Program, *Measuring Corruption Indicators and Indices* (2014).

50 W. De Maria, *Measurements and Markets: Deconstructing the Corruption Perception Index*, 21(7), International Journal of Public Sector Management, 777 (2008).

51 S. Sequeira, Advances in Measuring Corruption in the Field 145–175 (2012).

52 D. Kaufmann et al., World Bank, *Governance Matters IV: Governance Indicators for 1996–2004* (2005).

53 J. C. Andvig, et al., *Corruption. A Review of Contemporary Research* (Chr. Michelsen Institute, working paper, 2001).

54 B. A. Olken, *Corruption Perceptions vs Corruption Reality*, 93(7), Journal of Public Economics, 950 (2009); T. Søreide, Business Corruption: Incidence, Mechanisms, and Consequences (2006) (Norwegian School of Economics and Business Administration).

55 A. Rohwer, *Measuring Corruption: A Comparison Between the Transparency International's Corruption Perceptions Index and the World Bank's Worldwide Governance Indicators*, 7(3), CESifo DICE Report, 42 (2009).

56 S. Knack & P. Keefer, *Institutions and Economic Performance: Cross-Country Tests Using Alternative Institutional Measures*, 7(3), Economics & Politics, 203 (1995).

57 J. Van Dijk & F. K. Van Mierlo, Indicators of Corruption: Further Explorations of the Link Between Corruption and Implementation Failure in Anti-Trafficking Policies. (International Victimology Institute, Working Paper, 1-30, 2011).

58 S. Sequeira, Advances in Measuring Corruption in the Field 145–175 (2012).

59 S. Rose-Ackerman, International Handbook on the Economics of Corruption (2007).

60 Francesca M. N. Gino & D. Ariely, *The Counterfeit Self: The Deceptive Costs of Faking It*, 21, Psychological Science, 712 (2010); L. Harrison & A. Hughes, *The Validity of Self-Reported Drug Use: Improving the Accuracy of Survey Estimates*, NIDA Research Monograph (1997).

of corrupt actions. Although it is much harder to document and keep track of corrupt activities, especially bribes, large firms do this as part of keeping track of expenses.[61] This technique provides a better picture of the degree, timing and causes of corruption based on the accuracy of the studied subjects. The problem with this technique, however, is that many of the bribes are documented under 'travel and entertainment' costs by using fake receipts, or hidden within the fees for an intermediary paid to do a certain task. Both scenarios create an issue for the researcher who has to successfully distinguish between the actual expenses and the bribes,[62] and it is increasingly difficult to entice companies to divulge information voluntarily.

A third technique that has been attempted by researchers to circumvent these challenges is through fieldwork observations. These observations of corrupt actions can occur when a researcher conducts the work himself or when a researcher shadows a citizen while committing a corrupt action, such as paying a bribe.[63] Although this technique gives genuine unlimited access to holistic microdynamics of the corruption process, there are unavoidable problems associated with this tool. This includes a major difficulty in convincing someone paying a bribe to allow the researcher – someone s/he does not know and does not yet trust –to observe corruption in action. Although it is self-evident, the briber and/or the bribee as well may be embarrassed or afraid of legal prosecution, and the process will incur a lot of time.[64] Putting these problems aside, there is the question of sampling and representation – given the time investment needed, the sample will be small and, in many cases, not representative.

Furthermore, filling in missing data takes place when the researcher identifies gaps in primary or secondary data that imply the presence of a corrupt action. The Public Expenditure Tracking Survey (PETS), along with unexpected, unusual and unbiased audits, are examples of this technique. The PETS allows the researcher to determine how much of the allocated money is transferred through the different levels of the bureaucracy. Many researchers depend on this technique[65] as it shows actual experiences of corruption. However, this tool also has some drawbacks, such as bureaucratic incompetence manifested in bad patterns of bookkeeping or sudden budgetary reallocation; these could be mistakenly understood as corruption, while they are actually administrative inefficiency based on human error.[66] Additionally, this technique does not help the researcher to understand the underlying story behind the interactions that lead to the actions.

Thus, the main drawbacks to using the experience-based techniques are that, just like perception surveys, the surveys tend to be short, not allowing the researcher to create personal relationships of trust with the respondents. Answers and events may be misremembered[67] or falsified out of fear or for personal gain.[68] More importantly, it will be difficult to convince stakeholders of the significance of the research and receive their full participation.

As a result, and based on the aforementioned discussion, I believe that the best way for SDG 16 to accurately measure corruption is through studying and triangulating the actual experiences of diverse respondents by surveying and interviewing them. To overcome most of the abovementioned drawbacks of the commonly used techniques, any researcher should build trust with the respondents by spending long periods of time with them, being honest and promising them anonymity and confidentiality. The researcher should try as much as possible to ensure that the stories that the respondents share are not falsified by encouraging them just to share the real stories and not to make anything up. When respondents see that the researcher is professional, they will start to feel the importance and magnitude of participating in the study. Thus, their attitude towards the conducted research can differ: they might start taking their participation more seriously, by either sharing accurate stories or refraining from participating in the first place.

6. CAUSALITY IN THE CORRUPTION LITERATURE

The main debates in the corruption literature have pointed to scholars either inferring causal linkages, basing conclusions on correlations, or showing the presence of a relationship in descriptive studies between the studied dependent and independent variables. This section will look at these aspects in more detail.

Primarily, causality means that a certain specific action caused a certain event to happen, while correlation is when two or more specific events or things occur at the same time, and there might be a certain level of association between them. This association does not have to be a causal relationship; or, in other words, a correlation is the presence of a non-limited dependence relationship between two or more variables. Ultimately, no matter how strong a correlation link is, "correlation does not imply causation"[69] and it cannot be used to create a causal relationship between the different variables. In fact, to be able to establish causality between dependent and independent variables, there should be a clear and distinct causal dynamic between the variables, along with the cause preceding the effect, and the researcher should be able to clearly identify the mechanism by which this causal link is established.[70]

Corruption studies tend to differ in their approach to how they perceive the type of association between corruption as a dependent variable and the other independent factors that are being tested throughout any study. These factors can either have a causal effect on corruption or can have a correlation with corruption or a relationship in descriptive studies. In these studies, it is very difficult to infer either causation or correlation. This relationship can be strong or weak. Each side has its supporters and critics, but what all teams agree on is that proving the presence of a causal link is harder than showing the presence of a correlation, which, in turn, is harder than showing a relationship. To establish causation

61   S. Sequeira, Advances in Measuring Corruption in the Field 145–175 (2012).

62   A. Tran, Which Regulations Reduce Corruption? Evidence from the Internal Records of a Bribe-Paying Firm (2010).

63   B. A. Olken & P. Barron, *The Simple Economics of Extortion: Evidence from Trucking in Aceh*, 117, Journal of Political Economy, 417 (2009).

64   S. Sequeira, Advances in Measuring Corruption in the Field 145–175 (2012).

65   R. Reinikka & J. Svensson, *Local Capture: Evidence from a Central Government Transfer Program in Uganda*, 119, Quarterly Journal of Economics, 678 (2004); R. Fisman & S. J. Wei, *Tax Rates and Tax Evasion: Evidence from Missing Imports in China*, 112, Journal of Political Economy, 471 (2004); G. Narciso & B. Javorcik, *Differentiated Products and Evasion of Import Tariffs*, 76, Journal of International Economics, 208 (2008).

66   S. Sequeira, Advances in Measuring Corruption in the Field 145–175 (2012).

67   S. Rose-Ackerman, International Handbook on the Economics of Corruption (2007).

68   Francesca M. N. Gino & D. Ariely, *The Counterfeit Self: The Deceptive Costs of Faking It*, 21, Psychological Science, 712 (2010); L. Harrison & A. Hughes, *The Validity of Self-Reported Drug Use: Improving the Accuracy of Survey Estimates*, NIDA Research Monograph (1997).

69   J. Aldrich, *Correlations Genuine and Spurious in Pearson and Yule*, 1995, Statistical Science, 364.

70   S Handy et al., *Correlation or Causality Between the Built Environment and Travel Behavior? Evidence from Northern California*, 10(6), Transportation Research Part D: Transport and Environment, 427 (2005).

there are four criteria that have to be met: association, time order, non-spuriousness and causal mechanism. [71] Given the multi-disciplinary nature of corruption, corruption studies that try to show a causal relationship between corruption and any other tested variable face a challenging aspect when it comes to the multi-causal nature of many of the variables. In most cases, corruption experts tend to insist on the exclusivity between the two studied variables, which is simpler than trying to comprehend and show the full picture along with showing most of the multi-causal aspects that affect any variable.

In studies that have established causality, the sample size is very large; it is mostly cross-country sampling and includes large data sets over an extended period.[72] Moreover, there is a dearth of accurate local data sets, as most statistical research has taken place at the national level. There are also limited sets that have been collected on an elongated time scale, making it difficult to trace a phenomenon like corruption. As such, it makes sense to start with establishing relationships that will provide insights into making preliminary conclusions on the presence of potential causal links. These may be taken up at a later stage and further explored in future studies using statistical inferences.

Different causal chains also lead to various discourses on the analysis of corruption and the associated policy recommendations. Thus, if a causal link emerges between the financial status of the bureaucrat and corruption, this will lead to a certain type of analysis, while another researcher using the same data may manage to prove that there is a causal link between peer influence and organizational culture with corruption, leading to an entirely different track. Yet, they will both be right as any amalgamation of these factors can figure into the local paradigm, thus limiting the reasoning to find one causal link.

 Corruption is a multi-dimensional problem that is difficult to limit to one simple cause. Of course, there may be different levels of impact on individuals' decision-making processes, but it is rare for only one reason to drive a person to commit a corrupt action. In most cases it is the aggregate influence of more than one cause, each weighing differently based on other variables. As such, this creates a situation where SDG 16 should not only tackle corruption as a problem in itself but rather tackle the wide array of reasons that lead individuals to participate in corrupt actions. These reasons range from institutional to personal. The SDG 16 anti-corruption strategy focuses on tackling the institutional aspect; however, it should also consider the individual aspects that encourage individuals to participate in corrupt activities.

SDG 16 can use the causality vs correlation debate in justifying why their future anti-corruption strategies will start addressing variables and points that were not addressed beforehand. Given the multi-dimensionality of the corruption problem, anti-corruption strategies should not just address the casual variables to curb corruption, but rather work on tackling weakly correlated variables to corruption, as they still play an active role in the corruption equation. Then we can achieve better results; the results we always aim for.

7. CONCLUSION

This paper tackled the controversial nature of the notion of corruption by discussing its different and diverse definitions, types and measuring techniques. It also examined whether corruption can be seen as a developmental tool that helps the economy to flourish, or as an obstacle and barrier which hinders developmental efforts; I managed to show that even if corruption might have a short-term positive impact, its significant long-term negative consequences easily overcome its positive aspects. In addition, in regard to causality in the corruption literature, I argued that given the current limitations of the studied sample and study in general, it is difficult to infer causation. Simply, there cannot be a 'one size fits all' understanding of the notion of corruption given its multidisciplinary nature. As such, the term 'corruption' needs to be comprehensively understood as a concept with its own historicity, as it has multiple meanings in different contexts.

For SDG 16 to be successful and reach its target of reducing corruption and having transparent and accountable institutions, the anti-corruption aspect should be customised to each and every sector in each and every country. Yes, the policy can follow a general framework, yet each case has its unique characteristics that should be addressed. In addition, local citizens, as well as bureaucrats, should play an integral part in the formulation and implementation of the anti-corruption strategy. Only then can SDG 16 achieve better results than the ones hoped for.

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