UNDERSTANDING SYSTEMIC CORRUPTION

Johan J Coetzee

jcoetzee@polytechnic.edu.na
Fax +264 61 207 2087
Tel +264 61 207 2192
Cell +264 81 237 5003
PO Box 5714
Windhoek
9000
Namibia
ABSTRACT

During the last two decades the debate about corruption and ways to understand and contain it acquired a new intensity and concentrated focus. However, applications to contain it sustainably are of mixed success.

The World Bank (WB) defined corruption as “the abuse of public office for private gain”. This is one of the most commonly used definitions of corruption within the public domain. The expanded definition of the WB distinguishes between ‘isolated’ and ‘systemic’ corruption, World Bank Report (1997: 9-10). The WB’s definition fails to accept the general nature of corruption as being systemic - a concept that suggests interdependence on deviate behaviour in public and/or private sector institutions. Corruption is a function of dishonesty, a lack of integrity and the abuse of private and/or public office for personal gain.

In order to understand corruption systemically, it should be perceived as a subsystem of a social system that is embedded in ethics, the economy, politics, science and technology, and aesthetics. Systemic corruption is not only an impairment of integrity, virtue and moral principle(s), but a departure from the original purpose, processes, structure, governance and context of systems created with the intention to be pure and correct and to enable development.

The multidimensional dynamics of corruption to take on various ‘masks’, make it an elusive phenomenon. As a complex subsystem, corruption takes on a life of its own that is self sustaining - corruption strengthens corruption. Corruption is a pervasive social pathology with various co-producers that all contribute to corruption. In the absence of root causes, systemic corruption cannot be analysed but needs to be dissolved in the context of the particular environment, taking into consideration the interrelationships between its structure, purpose, governance and processes. To address corruption sustainably, corruption should be first be understood as a complex systemic phenomenon.
UNDERSTANDING SYSTEMIC CORRUPTION

During the last two decades the debate about corruption and ways to contain it acquired a new intensity and concentrated focus. Corruption rose to the top of the development agenda and governance rose to the top of the anti-corruption agenda. An example of this new intensity and concentrated focus is a bulletin of the Carnegie Endowment for International Peace about Trade, Equity and Development published during 2002. In this document, Peter Eigen, Chairman of Transparency International (TI), said that corruption is perceived as not only an ethical problem, but as a government issue that impacts directly on development. “By inhibiting the development of a healthy marketplace and fostering mismanagement in public institutions, corruption distorts and undermines development. Ultimately, it denies a better quality of life to the most vulnerable members of society”, Eigen (2002: 2). This focus on the consequences of corruption is one of the reasons why Robert Klitgaard, during a presentation in Bali, Indonesia (2008: 1-7), called for a “holistic approach to the fight against corruption”.

Applications to contain corruption sustainably are of mixed success. Some of the problem areas in understanding corruption are discussed in this paper focusing on corruption’s non-analytical structure, and the special relationships it creates and maintains in a network structure of mutual serving behaviour. Corruption is a complex social pathology that creates deviate behaviour which impairs the purpose and functioning of social systems. The World Bank’s definition of corruption fails to highlight its systemic nature and is an illustration of a simplistic and inappropriate approach to address corruption sustainably. The illusiveness of corruption is demonstrated in its multi-dimensional nature, its ability to mutate and to create its own subculture and environment. A discussion of the problem areas follows.

1. Corruption as a Non-Analytical Phenomenon and Complex Pathology

Corruption is supported by special relationships between some members of a society, organisation or institution. To think in terms of relationships, rather than in terms of deterministic rules, is not unique to science, and particularly to business science. It has always been part of qualitative descriptions, but not part of the kind of quantitative descriptions and calculations deemed necessary, ever since Kepler’s insistence that ‘to measure is to know’, Cilliers (2005: 35). Many phenomena, specifically in the life sciences, but also in physics and mathematics, cannot be understood properly in terms of deterministic, rule-based statistical processes. Quantum-mechanical descriptions of sub-atomic processes are essentially relational. Even on a more macroscopic level, relationships determine the nature of matter.

A rich variety of corruption-bonded relationships can be explored. It is generally accepted that corruption is
somehow linked with values, morality and ethics. However, there seems to be a number of other co-producers in this equation. The term ‘co-producer’ is used because no direct cause and effect relationship exists in systemic corruption. In any system, and even more so in a complex system, numerous contributors – called co-producers – are necessary to produce its product, in this case, corruption (Gharajedaghi 1982: 7). This means that, if the co-producers of systemic corruption are identified, removing one or two co-producers will not solve the problem situation. Corruption is a complex phenomenon with no simple explanation for its occurrence, with various definitions, manifestations, mutations of its nature, and with varied root ‘causes’ in, and impacts on society. Corruption seems to be systemically bonded to social processes, becoming both the creator and the consequence of a very complex and general problem situation of ingrained deviate social behaviour, making it a ‘cross-cutting issue’. In particular, better private and public sector decisions and policies require that corruption be conceptualised as a societal pathology. Pathology is a biological term that refers to a condition of illness – a deviation from what is regarded as normal for vigour. A societal pathology refers to a shortage in terms of desire or ability (in terms of development) of rulers and managers to remove a persistent development obstruction (Spies, 2003: 7). The word ‘pathology’ in this sense not only means an ‘illness’ but “the inability of a social system to change” and renew itself (Gharajedaghi, 1982: 71).

The section that follows focuses on one of most commonly known definitions of corruption.

2. **Implications of the World Bank’s Definition of Corruption**

The World Bank (WB) defined corruption as “the abuse of public office for private gain”. This is one of the most commonly used definitions of corruption within the public domain. The expanded definition of the WB distinguishes between ‘isolated’ and ‘systemic’ corruption (World Bank Report, 1997: 9-10). Isolated (or accidental) corruption is described as “rare, consisting of a few acts, it is straightforward (though seldom easy) to detect and punish”. In this case, non-corrupt behaviour is the norm, and public and private sector institutions support integrity. Both formal and informal systems are strong enough to return the system to a “non-corrupt equilibrium”. Systemic corruption, on the other hand, is pervasive, or entrenched, where corruption is routine between and within the public sector, companies or individuals. Formal and informal rules “are at odds with one another”. Corruption may be illegal, but in this case it is understood to be routine in transactions with government or business. Equilibrium exists (also called a “systemic corruption trap”) where incentives for corruption are very attractive for companies, individuals and public servants – attractive to be exploited and not resisted, because of a high likelihood of success in a supportive corrupt environment.
The central theme of this paper is that corruption is generally a systemic problem. The World Bank’s definition fails to accept the general nature of corruption as being systemic - a concept that suggests interdependence with deviate behaviour in public and/or private sector institutions. Corruption is a function of dishonesty, a lack of integrity and the abuse of private and/or public office for personal gain. However, it occurs most frequently when there is a ‘culture’ of corruption, when the risk of exposure is less than the rewards for corrupt behaviour. This is due to mutual acceptance of, and mutual interdependence on corrupt behaviour within sub-cultures of an institution. The section that follows focuses on the relation between corruption and integrity and an attempt to find a systemic definition of corruption.

3. Corruption vs Integrity

Corruption represents a breakdown in integrity. According to Rose-Ackerman (1996: 2), integrity implies “honesty, probity, uprightness, moral soundness, moral stature, principle, character, virtue, purity”. Antonyms of integrity are “deceit, venality, corruption”, Reader’s Digest Family Word Finder (2006: 447). Latin for ‘integrity’ is in-teger, meaning “what is not touched, taken away from, or interfered with”, Stanford Encyclopedia of Philosophy (2010a). In-teger, can therefore be interpreted as ‘wholeness’. Therefore, ‘integrity’ should be a central (albeit contrasting) concept in any root definition of corruption, because it represents consistency in “actions, values, methods, measures, principles, expectations and outcome”, Stanford Encyclopedia of Philosophy (2010a) and Stanford Encyclopedia of Philosophy (2010b). Oxford Advanced Learner’s Dictionary (2005: 714) described ‘holistic’ as follows: “considering a whole thing or being to be more than a collection of parts” and in terms of medicine “treating the whole person rather than just the symptoms”. This definition corresponds with the definition of the Verklarende Handwoordeboek van die Afrikaanse Taal (HAT) (1985: 401) which emphasises that holism is a philosophical statement “wat berus op die beginsel dat die geheel meer as die som van die dele is”. The HAT definition emphasises the inherent holistic characteristic of the whole being larger than the sum total of the independent parts. This seems to be a most appropriate insight for the purposes of this article. Corruption can therefore be defined as “…an impairment of integrity, virtue or moral principle; depravity, decay, and/or an inducement to wrong by improper or unlawful means, a departure from the original or from what is pure or correct, and/or an agency or influence that corrupts”, Merriam-Webster Dictionary (2010).

The statement “a departure from the original or from what is pure or correct” is open to discussion,
because it depends on whose standards are applicable in determining ‘what is pure and correct’. Nevertheless, the essential attributes of corruption are represented in this definition and will be used in this paper.

According to Spies (2003: 9), integrity means also that the norms and behaviour of every element of a social system represents the norms and behaviour of the whole. A popular view of integrity is that the actions of a person should correspond with what he/she says in the spoken word. Corruption is the antithesis of integrity (Spies, 2003: 9), because a breakdown of integrity means a systemic breakdown. This systemic contamination not only affects the cohesion of and symbioses in a social system, but it is also a direct attack on the norms and standards that drive the cohesion and symbioses of a society. It is therefore symptomatic of a society in which serious systemic imbalances occur (Spies, 2003: 9). Corruption is “a general concept describing any organised inter-dependent system in which part of the system is either not performing duties it was originally intended to, or performing them in an improper way”, to the disadvantage of the system’s original purpose (Knol A Unit of Knowledge, 2010).

4. Corruption as a System

Corruption is sometimes described as a ‘system’, a ‘social system’ (Gharajedaghi, 1982: 68); and a ‘human system’, [Checkland, as cited by Wilson (1993: 25)]. Therefore, the concept ‘system’ needs to be defined and other related concepts need to be explained.

Various definitions of the concept ‘system’ are available, but few highlight the essential characteristics of systems. For example, according to Wilson (1993: 24), a system is a structured set of objects and/or attributes that operate together through relationships between them. Boulding (1985: 9) provides a broad definition, stating that a system is “anything that is not chaos”. He then turns the definition around and defines it as any structure that “exhibits order and pattern”.

The most precise and the core definition of a system is probably the one by Ackoff (2009: 6) who described a system as: “…a whole defined by one or more functions, that consists of two or more essential parts”, that satisfy the following conditions:

- “Each of these parts can affect the behaviour or properties of the whole;
- None of these parts has an independent effect on the whole;
- The way an essential part affects the whole depends on what other parts are doing; and
- Every possible subset of the essential parts can affect the behaviour or properties of the whole but
none can do so independently of the others”.

Various manifestations of systems are described in the literature. The most appropriate description for this paper from a systems point of view is the one of Ackoff (as cited by Gharajedaghi, 1982: 1-11). Ackoff distinguishes between the following systems, namely: mechanistic, organismic and social systems. This distinction is used to justify the application of systems theory in this paper. Mechanistic systems are ‘machine’ or ‘mindless’, e.g. during medieval times and less today, armies were positioned by leaders like a chess game with no feeling or emotion or sympathy for the problems experienced by soldiers on the battlefield. This approach to systemic corruption is still present today in the mindless application of rules and regulations without considering its effectiveness. When corruption is increasing, more policies, legislation and policing are used to punish wrongdoers without considering its long-term sustainability. The mechanistic model is embedded in rule-based morality, where the rules in themselves are moral. More rules are created and compliance to it is the focus. As long as everybody follows the rules, no corruption can exist. A direct cause-and-effect relationship exists based on the premise that corruption can be controlled by addressing its causes, of which one is rulelessness. It is deduced by the author of this article that mechanistic systems are deterministic systems, where neither the parts nor the whole are purposeful (Ackoff, 2009: 7-11), therefore, whatever change in parts are introduced, there can be no holistic change.

The organismic or biological model is ‘uniminded’, it is an improvement on the ‘mindless’ model but not the ideal. This model is typical of institutions that are focusing too much on central control, e.g. growth, profit and shareholder value and is not in sync with stakeholder expectations. As long as a business is increasing shareholder value, management is allowed to make decisions, even ones that are unsustainable. This approach is embedded in the morality of utilitarianism. Cost-benefit analysis and management by objectives (MBO) are management techniques that are used to make decisions in the organismic model. Functionalism and specialisation are typical of institutions where decisions are taken in isolation. One functional component is undermining another in an atmosphere where there is no holistic consideration of the implications of decisions. This silo effect contributes not only towards isolation, but also towards segmentalism, elitism and pragmatism, all obstructions to change. This approach towards increased corruption is evident in institutions that take decisions to increase the efficiency of anti-corruption measures, e.g. increased monitoring, surveillance and ethical codes, without considering its effectiveness in terms of the institutional cultural context and societies’ tolerance for corruption. It is deduced by the author of this article that organismic systems are animated systems, where the whole is purposeful, but the
parts are not, e.g. public entities that are transformed to State Owned Enterprises (SOEs), whose purpose change from providing public value to making profit (Ackoff, 2009: 7-11).

The last model, the social model is ‘multi-minded’. In the social model, human aspirations are taken into consideration in anticipating people’s behaviour when dealing with change and culture and reducing corruption. Flow of information, motivation, culture and ‘power to accomplish’ can, for example, be used to reduce corruption. The ‘climate’ or context for reducing corruption must be created to make any anti-corruption strategy sustainable. A social consciousness must be developed that creates trust between members to make change possible. This model is embedded in the morality of virtue ethics where leaders lead by example, i.e. competent and moral leadership. Such leaders have integrity, governance (stewardship), knowledge and skills, inspiration and business acumen. In this model, the right structures to reduce corruption are aligned with the right processes to achieve its purpose, i.e. an institution that is just and fair and has integrity, where a change of culture is supported by political or leadership commitment to change. In this model, governance, purpose, structure, context and processes are in balance. In social systems, both the parts and the whole are purposeful, e.g. an enterprise that has duties beyond shareholder value (Ackoff, 2009: 7-11).

Of the three models as discussed, the social model of a system fits best the description of corruption as a systemic pathology. Such systemic ‘illness’ is evident in Ackoff’s definition of a system. Such a system consists of various subsystems that function according to their own separate agendas that affect ‘the behaviour or properties of the whole’. Different subcultures (subsystems) in a corrupt institution have an impact on the behaviour of the whole institution. However, no subculture can change the culture of a whole institution on its own. The purpose of these subcultures is to break down the integrity of these subsystems and the whole system.

5. First-and-Second-Order-Obstructions

Another systems perspective on corruption is that it is multi-dimensional. According to Gharajedaghi (1982: 68), corruption is not “just a malfunctioning of the value system” (moral), but a second-order-obstruction of a social system, that includes the generation and distribution of power (political), wealth (economical), knowledge (scientific and technological) and innovation and inspiration (aesthetical). Corruption can therefore not be defined properly if the general conditions under which it occurs are not described. Such descriptions can be used for the purpose of building conceptual models of the corruption problem situation(s).
An important concept in the process of building conceptual models of real-world problem situations, is that the higher the level of complexity, the broader the description of the situation, and therefore fewer details are needed for building a conceptual model (Wilson, 1993: 318-320). Usually, the highest level in the hierarchy consists of a broad description of the situation with ‘low resolution’ or, in other words, less detail. The lower levels consist of much more detailed descriptions of the problem situation that is being modelled. Table 1, illustrates the Ackoff-Gharajedaghi Five Dimensional Design, where the first-order-obstructions to development, consist of 15 categories of possible known obstructions (each category is not exhaustive).

At the second level, only three possible categories of obstructions are displayed: alienation, polarisation and corruption. Corruption control and management must face the challenge that corruption cannot be ‘solved’ at the level it is experienced. Each of the five dimensions of a social system has first-order-obstructions. These first-order-obstructions of the three dysfunctions (scarcity, maldistribution and insecurity) interact and ‘resonate’ or co-produce the next higher level of obstructions, known as second-order-obstructions. At each subsystem (with its own subculture), interactions of first-order-obstructions (dysfunctions) can co-produce second-order-obstructions, contributing to a complex ‘mess’ or knot of problem situation(s). In terms of the interaction of first-order-obstructions, a distinction is made in literature between two types of emergent properties, ‘emergent I properties’ (first-order-obstructions) to development and ‘emergent II properties’ (second-order-obstructions), (Gharajedaghi, 1999: 45). Emergent II refers to properties of the ‘whole’, meaning they are products of the interactions of the independent parts of the three types of dysfunctions. Examples of emergent II properties are: function (purpose), process (behaviour), structure (means or components), environment (context) and governance (participation). They are not a sum of the parts, meaning the efficiency of the independent parts does not make the ‘whole’ system more efficient.

Corruption is an example of a negative emergence in society. Emerging outcomes are not directly predictable from the original ‘causal’ activities. Emergent II properties are co-produced, not ‘caused’. An outcome will often have a contradictory effect on an original impulse as a result of systemic feedback processes (Spies, 2003: 11). This is the result of the circular effect associated with emergent II properties, where a change in one or more components of a system can have unforeseen changes on emergent II properties. ‘Contradictory’ is used here in the context of one of the principles of complex systems, ‘counter-intuitiveness’, meaning “actions intended to produce a desired outcome may, in fact, generate
opposite results”, Gharajedaghi (1999: 48). For example, increasing enforcement of an illegitimate system to penalise corrupters and corruptees will not \textit{per se} deter people from engaging in corruption.

Table 1: Ackoff-Gharajedaghi Five Dimensional Design

<table>
<thead>
<tr>
<th>Dimensions of Social Systems</th>
<th>Expected Yield</th>
<th>State of Scarcity Absolute Exclusion</th>
<th>State of Maldistribution Relative Exclusion</th>
<th>State of Insecurity Total Exclusion</th>
<th>Secondary Obstructions Emergent II or Properties of the Whole</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>Goods/ Services *Wealth (plenty)</td>
<td>Poverty Inefficiency</td>
<td>Disparity Exploitation</td>
<td>Fear of deprivation Instability</td>
<td>Alienation</td>
</tr>
<tr>
<td>Scientific</td>
<td>Information Knowledge Understanding (truth)</td>
<td>Ignorance *Incapability Incompetence Rolelessness</td>
<td>Elitism/Illiteracy *Populism Lack of communication</td>
<td>Obsolescence</td>
<td>Polaris</td>
</tr>
<tr>
<td>Political</td>
<td>Influence (Participation) *Recognition (liberty)</td>
<td>Impotency *Ineffectualness Powerlessness</td>
<td>Centralisation Autocracy *Minority *Majority</td>
<td>Illegitimacy</td>
<td></td>
</tr>
<tr>
<td>Ethical/Moral</td>
<td>Peace (good) *Fairness</td>
<td>Normlessness *Nihilism</td>
<td>Conflict Discrimination *Conflicting values</td>
<td>Fanaticism</td>
<td></td>
</tr>
<tr>
<td>Aesthetic</td>
<td>Sense of belonging *Innovation Excitement (beauty)</td>
<td>*Isolationism Meaninglessness Hopelessness Boredom</td>
<td>Lack of shared image of desired future Selfishness/ Selflessness</td>
<td>Fear of loss of identity and individuality/ Fear of loneliness and isolation</td>
<td></td>
</tr>
</tbody>
</table>

Legend: Between brackets ( ): Ackoff, as cited by Gharajedaghi. The author’s own additions are indicated by an *.

Source:  Gharajedaghi (1982: 64)

First-order-obstructions should be removed before interaction occurs. If the processes, meaning the interaction between the purpose, structure and environment that co-produce emergent II properties are removed, they cease to exist. If programmes that create opportunities for corruption are eliminated, corruption ceases to exist. Corruption cannot exist if the officials for executing such functions are not
employed anymore, if no rules or regulations exist to enforce such programmes that can cause delays or inefficiencies. Examples of elimination include: removal of subsidies, permits, licences; legalising of prostitution and drugs; the benefits to bribe officials to obtain scarce benefits or to speed up processes (Rose–Ackerman, 1999: 39-42).

6. Corruption as a Second-Order-Obstruction

A society where multiple first-order-obstructions to development exist, contributes towards dysfunctions of absolute exclusion, relative exclusion and total exclusion from wealth, knowledge, influence, innovation and values. These dysfunctions co-produce alienation on their own and/or through a combination of their interactions. Alienated people become detached from the institutions to which they are supposed to make a meaningful contribution. People who are frustrated and alienated are polarised into political and social groups through conflicting ideologies. These groups are intolerant and dogmatic. Polarisation is further reinforced through differences in religion, ethnicity, culture, race and language. Group differences in wealth, knowledge, influence, creativity and values also reinforce differences. All these differences develop into ‘splits’ that separate the majority of the population into opposing groups. The ruling party seizes the power and is not prepared to share it. Power is abused and corruption is co-produced. A history of corruption develops, that consists of vicious cycles reinforced by negative recurring behaviour. This recurring behaviour cannot be broken by ‘hard’ and/or linear strategies, i.e. increased policing or implementing more rules and regulations.

Corruption is interdependent and self-supportive and cannot renew or change itself for the better. Corruption strengthens corruption. It is necessary to approach the problem situation of corruption from a multi-dimensional and systemic point of view. Conditions which resist change of systemic corruption should first be broken down before control and management can be effective. Abuse of power and protecting incompetent appointees keep politicians dependent on corruption. Politicians depend on patronage to survive politically and economically. Structural changes are needed to break this resistance, e.g. moral and transformational leadership and political commitment for change. Such a mindset change is a cultural and behavioural change that can take a long time. Political leaders will only support transformation of a corrupt system if they benefit themselves. These benefits are unlikely to be attractive while politicians are benefiting more from corruption. Patronage increases the inefficiency of a public service. Such inefficiency drains scarce resources. Generally, in developing countries faced with such a problem, a strong leader is given absolute power to transform the system. However, the leader’s absolute power creates opportunities for unaccountable actions that are too attractive for him/her to resist. The
leader becomes autocratic and corruption becomes an accepted way of life. Paying a bribe is common practise to get a public service. Public perceptions become tolerant of corruption, justifying it as normal and acceptable. The section that follows concludes the paper.

7. Conclusion
The paper attempts to make a contribution towards understanding systemic corruption as a ‘softer’ societal challenge. Business science and the World Bank’s definition of corruption do not perceive corruption as a systemic problem situation(s). Corruption needs to be viewed as a multi-disciplinary problem situation(s); that is interdependent; and also a self-supporting social pathology that impacts on development and on society. As a social pathology, the purpose of corruption is not to develop the whole, but to serve the particular, to impair or decay the integrity of social systems and subsystems. The purpose of corruption is not to destroy the whole, but to selfishly and exclusively serve the corrupted. The result is the destruction of the integrity of the whole, an obstruction for and an obstruction of development.

During the last two decades, society’s expectations have increasingly impacted on business, requiring more involvement in solving societal problems. This paper underscores the futility of studying the variables of systemic corruption, i.e. co-producers, in isolation from their context, because corruption is a non-analytical phenomenon. A systems approach is needed to research corruption as a systemic and complex set of problem situations that cannot be analysed and solved by eliminating factors or causes and managed like recurring and deterministic problems. Systemic corruption needs to be ‘dissolved’ in a holistic way by addressing its purpose, structure, process and governance as a ‘whole’. When co-producers of first-order-obstructions interact, second-order-obstructions are created. Examples of second-order-obstructions are alienation and polarisation. When people are alienated from formal society and polarised in isolation, it can co-produce corruption, another second-order-obstruction.

To dissolve corruption systemically it should be viewed as a social model. In such a model, people’s behaviour, flow of information, motivation, culture and ‘power to accomplish’can be anticipated. The ‘climate’ or context for reducing corruption must be created. A social consciousness must be developed amongst members. Leaders must commit themselves politically to reduce corruption. They must lead by example by demonstrating integrity, stewardship, knowledge and skills, inspiration and business acumen. The right structures to reduce corruption must be aligned with the right processes. Governance, purpose, structure, context and processes must be in balance. When such balance is created, the changed system can be sustainable, because it is based on systemic guidelines.
Bibliography


