

Part four

Research on corruption

8 Introduction

*Robin Hodess*¹

While the 23 research contributions in this year's *Global Corruption Report* represent only a small selection of ongoing work, they demonstrate nevertheless the tremendous progress being made by corruption researchers. It is crucial that these innovative research efforts be made known, both to the anti-corruption stakeholders who can put the findings into practice and to other researchers. What kinds of patterns are emerging from the empirical study of corruption?

Corruption and the poor

Research in the *Global Corruption Report 2005* confirms that corruption adversely affects the poorest within societies, exerting the highest costs on those who can least afford them. Transparency International's own Global Corruption Barometer 2004 (page 239) shows that the poorest perceive the greatest negative impact of corruption on their lives and are most pessimistic about future levels of corruption. The Mexican National Survey on Corruption and Good Governance (page 248) reports that the cost of bribes for the poor is particularly high, while the Kenya Bribery Index (page 245) finds that public services are frequently denied to those who cannot afford to pay bribes. In short, corruption exerts a regressive tax on the poor, particularly when it features in common activities for citizens, from dealing with traffic violations to turning on household utilities.

Corruption and good governance

In debates on policies for good governance, the fight against corruption is seen as central. Sarah Repucci (page 255) reports on a new Freedom House tool – 'Countries at the Crossroads' – that assessed aspects of government performance in 30 countries that were low performers in other Freedom House surveys. A striking finding was that of all the indicators related to governance, governments' transparency and anti-corruption efforts were weakest. This finding underlines the urgent need to assist weaker states in developing integrity systems, a point that drives Transparency International's work.

Much of the research featured in the *Global Corruption Report* focuses on public sector institutions. In Kenya, for instance (page 246), the police rank very poorly, while in the Pacific island states ombudsmen are viewed as ineffective (page 243). In a study on crime victimisation based on surveys in nine Latin American countries, Seligson (page 283) reports that corruption victimisation in the public sector is most prevalent in the

education system and in interactions with local government. Budget transparency is a particular focus of recent research, one with a growing research base. Fundar, the Mexican think tank, assessed budget transparency in 10 Latin American countries (page 278), building an index based on their results.

Corruption, crime and trust

A new area of research relevant to policy-making involves the linkage of corruption to other crimes. Azfar (page 285) finds that the higher the rate of corruption, the higher the level of both homicides and theft. Soares (page 289) finds that corruption is also related to the rate of crime reporting – the greater the perceived level of corruption, the less likely it is that crimes will be reported. This has crucial policy implications, since public trust in institutions, especially the police, is central to an effective anti-corruption system. Indeed, Uslaner shows that levels of trust in a society have a substantial impact on corruption (page 262). But the corruption–crime link may prove significant in other ways: those working against corruption may be able to garner further public support for their efforts by making it clear that reducing corruption also reduces crime.

Corruption and the business environment

Several studies assess the link between bribery and the business climate, looking at trade and investment, as well as the likelihood that a firm will pay bribes (Chavis, page 308; Gray and Anderson, page 271). Much of this work points to the high costs of corruption, both for businesses and for the economy as a whole. Uhlenbruck et al. (page 302) examined telecommunications infrastructure projects in developing countries. They found that the more pervasive the corruption, the more likely foreign investment is to be short term in nature. Habib and Zurawicki (page 305) also found that corruption inhibits foreign direct investment, and that businesses seeking to invest abroad find it particularly difficult to win the confidence of potential business partners if they come from countries with a high level of corruption.

Corruption, gender and the environment

Research in this year's report adds to research presented in previous *Global Corruption Reports* on the links between corruption and gender, and corruption and the environment. Sung's research on gender (page 296) confirms other findings (see Mukherjee and Gokcekus in the *Global Corruption Report 2004*) that increasing the proportion of women in government does not reduce corruption. Welsch (page 299) provides results from a study on the relationship between corruption and the environment, concluding that corruption increases pollution, and that the damage is particularly great in low-income countries.

Can we stop corruption?

Given these many harmful effects of corruption, the good news from the research presented here is that the level of corruption can be reduced. A number of research

projects seem to indicate – with important exceptions – that the level of corruption has fallen (Kenya Bribery Index 2004, page 245; Mexican National Survey on Corruption and Good Governance, page 248). Gray and Anderson’s comparison (page 271) of two major surveys of businesses shows a recent fall in corruption in many transition countries that had been particularly affected by corruption in the 1990s. While these time series are still in their early stages, they are important in providing benchmarks to assess progress.

Several of the research projects focus on specific methods for reducing corruption. Sandholtz and Gray (page 268), for example, show that a country’s integration into the international system, via membership of international organisations and an advanced degree of economic integration, is reflected in a lower rate of corruption. Experimental research (reviewed in Andvig, page 265) is a new field for testing anti-corruption policies. Experiments suggest that both ‘positive’ incentives such as high wages and ‘negative’ incentives such as harsh punishment may limit corruption and that loyalty to an organisation may be even more important than incentives.

The role of surveys in understanding corruption

Many of the findings presented in the *Global Corruption Report* are based on survey results: either household surveys (for example, in Kenya, page 245) or expert assessments (for example, Hofbauer, page 278). In Transparency International’s own research, surveys were specially commissioned to evaluate some aspect of (anti-)corruption. Other surveys have broader purposes (such as polls that look at crime victimisation or at the business environment) but include corruption-related questions. An output of one study was a comparison of household surveys and expert assessments (Razafindrakoto and Roubaud, page 292), which suggests there may be a systematic difference between the two. While expert surveys will remain an important source of understanding perceptions of corruption, this finding points to the importance of household-level, experience-based research instruments.

Qualitative research – reaching new levels of analysis

While most contributions to this report are quantitative, Larmour (page 242) demonstrates the value of qualitative assessments in a project that evaluated anti-corruption systems (‘national integrity systems’) in 12 Pacific island states. The project showed that while many of the states have proper regulatory provisions against bribery and conflicts of interest, corrupt acts remain difficult to define and prosecute, with lines between official and familiar roles often blurred. This type of finding can only emerge from the depth of a country study that involves expert assessments, local stakeholders (via interviews and focus groups), and a clear methodological framework to allow comparisons between countries.

The Public Integrity Index (page 252) also involved qualitative country studies of integrity systems, but then transformed the qualitative findings into scores and rankings. Experts scored 80 indicators, which were peer reviewed and then aggregated to form

an overall index, with countries ranked from very weak to strong (no country was very strong) in terms of their public integrity. The UN system has provided a rich catalogue of country studies, most recently in its assessment of transparency and accountability in the Arab region (page 275).

Taking stock

The *Global Corruption Report 2005* offers summaries of some of the latest research on corruption, reflecting the growing expertise and interest in the issue. While these studies show the necessity of maintaining and enhancing international datasets (such as the Business Environment and Enterprise Performance Survey – BEEPS – and the International Crime Victimization Surveys – ICVS – as well as Transparency International’s own Corruption Perceptions Index, page 233; and Global Corruption Barometer, page 239), they also demonstrate the richness of national and even sub-national analysis, particularly for diagnostic work and policy development. After 10 years spearheading the fight against corruption, Transparency International and our partners have increasing evidence of how corruption degrades public institutions and both the economic and physical environment. But we also have some indication that the many forces at work in the battle against corruption may be making an impact.

Note

1. Director of Policy and Research, Transparency International.