

## Unit 4: Corruption through Data

### **Learning Objectives**

#### **How do we Measure Corruption?**

After studying this unit, you should be able to:

- Understand why and how data on corruption help in good governance efforts;
- Understand how government can diagnose and measure good governance and corruption;
- Become familiar with the methods for measuring corruption;
- Become familiar with the indicators measured in good governance and anticorruption research.

systems in a country, demonstrating that evidence of only a few corrupt events can justify a serious problem. In order to fully define and diagnose the depth and breadth of the corruption problem, and a country's general governance performance, and to develop solutions for tackling these problems, researchers must develop the capacity to measure good governance and corruption. This unit looks at the stages of effective analysis and the different methods for the diagnosis and measurement of the corruption problem.

### **Qualitative Analysis**

To understand the extent to which corruption occurs in a particular country, researchers will analyze the government systems qualitatively, or through descriptions and observations. Qualitative research is concerned with understanding the processes that underlie patterns, and measures information based on opinions and values, not on statistical data.

### **Defining Measures**

As a first step in corruption diagnosis, the quality of governance might be evaluated by examining three vital aspects of a government's use of authority:

- **How governments are put in place**, e.g. single-party state, two-party, or multiparty democratic elections, aristocracy, dictatorship, monarchy, etc.;
- **How well the government can make and implement sound policies**, e.g. are experts available to guide the process? Is the process transparent? Do people in leadership positions make decisions without bias, and;
- **How much respect do people have for the government**, e.g. is there confidence in government systems? Is there consumer confidence? Is faith in the private sector growing or declining? Are public systems widely utilized?

In the first aspect, considering *how governments are put into place*, there is a measurement for the input citizens have in the election of their leaders. If there is a true democracy with transparent voting mechanisms, a citizen's impact in an election results, and thus the government, can be great. If there is any incidence of voter fraud, citizen impact declines. If there is only a one-party system, tyranny, or dictatorship, than there is virtually no citizen impact in the election results as they were prearranged for the power-seekers interests only.

To measure *how well the government can make and implement sound policies* a research team might consider how accountable political leaders are to the citizens they represent. In other words, do political leaders follow through with the promises they present during their campaigns, and do they consider the perspectives of their constituents above their own personal interests? Are government policymakers knowledgeable about the governance process, items of debate, the budgeting process, etc.? When government is not well skilled in policymaking and when people do not have faith in their government leaders, citizens may react negatively.

How much respect people have for the government is another factor that helps us to qualitatively evaluate whether there is corruption in a country. Is there confidence in government systems? Can constituents easily access their policymakers for information, questions, or concerns? Are policymakers inaccessible to people who are

not in positions of power? Is information about them, their office, and their positions on items of debate, and budget fully transparent and available to public scrutiny? Is there consumer confidence? And is there more or less faith in the private sector? The stability of the government or the amount of violence in a country can help us measure corruption since these can be used to evaluate whether people think the government selection process is legitimate.

Researchers need to see the corruption problem through numbers to take these analyses into measurable terms. While qualitative analysis may offer a complete description of the corruption problem, it is less efficient and accurate than quantitative analysis. How can governments see the corruption problem quantitatively? Statistical material provides the knowledge to respond directly to governance challenges.

### **Looking at Corruption Statistically**

For the purpose of research and measurement, corruption is defined by the frequency of incidents that determine its existence (e.g. bribery), or the lack of incidents that define its anecdote, good governance (e.g. accountability). As with ordinary economic evaluations, indicators are used to predict future trends in corruption among a population. Indicators describe policy-relevant statistics that contain information about the status, quality or performance of a government system. Taking apart the corruption paradigm into definable indicators is something that the development community has only recently endeavored to do. Great care is taken in choosing indicators to provide a profile of current conditions that reflect the good health of a government system.

Corruption surveys have been shown to give reliable information on where the biggest problems are occurring. Surveys of households look at problems that the typical household has with the government, for example the red tape involved with getting a drivers license. Surveys of firms consider the problems faced by businesses, such as complications in obtaining the permits needed to conduct their business,

while surveys of public officials look at how specific government offices work and which are most relevant to the work of parliament.

Independent statisticians conduct surveys of households, businesses, and public officials to measure the prevalence and costs of corruption. Carefully designed experiential questions measure the economic and social costs of corruption, the quality of public service delivery, the business environment and public sector vulnerabilities.

In addition to helping diagnose corruption, surveys help raise awareness on the key challenges faced by the country institutions. Those who answer the survey become more aware of the issues and, once the results are published, stimulate debate among all relevant stakeholders.

### **The Indicators**

Researchers will develop mechanisms for translating the concepts that describe and define corruption into mathematical and statistical measurements. In the process of evaluating corruption through data, indicators effectively track and measure corruption or good governance. A recent study by the World Bank determined that *the Worldwide Governance Indicators* are comprised of six important benchmarks for good governance.

They are:

**Voice and Accountability:** The extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media demonstrates how citizen voice is necessary for allowing democratic participation. When the people organize themselves, accept responsibilities and become involved in local decision-making they are true participants.

Participation is primarily concerned with increasing the role of citizens to choose the leaders who represent their needs. Civic participation encompasses three inter-related elements:

- Open and transparent government, involving citizens in its activities and decision-making processes;
- Consistent and persistent flow of information from the government to its citizens and vice-versa; and
- Efficient ways of informing citizens to understand their roles and responsibilities to participate as equal partners.

**The most obvious example of civic participation is the election process, the most common and powerful form of accountability. Citizens may also have more discriminating instruments to enforce accountability such as political parties.**

Government accountability is the second part of this important indicator. Political parties can be powerful tools for accountability when they work well at the local level. They are designed to uncover and publicize wrongdoing by the party in power and to continuously present an alternative set of public policies to the voters.

Civil society organizations can be a good vehicle for allowing citizens to articulate their reaction to local government and solicit accountability. Citizens can also learn about government and articulate their reactions. If citizens are to hold their governments to account, they must be able to find out what they are doing. Word of mouth is often the most accessible tool for this and therefore becomes essential.

**Political Stability and Absence of Violence:** Political instability and violence are other causes for corruption, therefore, countries that are less violent have less corruption. Government are more likely to be destabilized or overthrown by unconstitutional or violent means, including terrorism.

**Government Effectiveness:** The quality of public services, the quality of civil service, the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment

to such policies also determine whether a country will be vulnerable to corruption. An effective government is basically characterized as one with good social and economic policies that guarantees and respects the freedoms and civil liberties of its citizens, with a competent public administration that facilitates the delivery of goods and services to its citizens.

**Regulatory Quality:** Regulatory Quality is another indicator for good governance that focuses on policies, including market-unfriendly price controls, inadequate bank supervision, and burdens imposed by excessive regulation foreign trade and business development.

Rather, in good governance situations the system should provide a productive environment for saving and investment domestically. Through equality, transparency, and accountability, translating clearly defined property and labor rights, free but well-regulated exchanges in the marketplace, just settlement of contract disputes, and fair taxation.

**Rule of Law:** The final indicator that measures corruption is the rule of law. Rule of Law includes several indicators that measure the extent to which agents have confidence in and abide by the rules of society. These include perceptions of the incidence of crime, the effectiveness and predictability of the judiciary, and the enforceability of contracts. Rule of law implies equality before the law, equal protection of the law, and that nobody is above the law. Rule of Law also says that violations of the law should result in punishment, and that the innocent must not be punished. The lack of a rule of law leads to an inefficient, unfair and corrupt system, which creates opportunities for the existence of overlapping authorities.

**Control of Corruption:** The extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as capture of the state by elites.

Once the indicators have been selected, researchers use different tools to measure the indicator among a certain population, such as diagnostic survey or perception surveys.

**Diagnostic surveys:** In a diagnostic survey facts, figures, or opinions are collected from a representative group or sample of the population. The information taken is collected and used to approximate or indicate what a complete collection and analysis might reveal, in an effort to diagnose a problem. When applied to the governance or corruption paradigm, surveyors will collect country data using a sampling of questions about the indicators we mention in this unit. The surveys may be in-depth and country-specific or more vague. The respondents may be households, firms, or public officials, and for the purpose of corruption studies they will gather information about vulnerabilities within the country's institutions. The surveys are usually:

- i) Multi-pronged, separate surveys of users of public services/households, firms and public officials, permitting triangulation of the results;
- ii) Use of experience-based (vs. 'opinions'/generic) type of questions;
- iii) A broad governance and service delivery conceptual framework; and,
- iv) Rigorous technical specifications at the implementation stage.

Fortunately, corruption surveys have been shown to give reliable information on where the biggest problems are occurring.

**Perception Surveys:** While in-depth diagnostic surveys examine corruption in just one country, perception surveys examine the problem across a large number of countries and so can show where corruption problems are perceived to be higher and where they are perceived to be lower around the world. Another important anti-corruption organization, Transparency International, considers data collected from several organizations that attempt to measure corruption. The result of the analysis of this data is a corruption perception index, which orders the countries of the world according to “the degree to which corruption is perceived to exist among public

<b>Box 1</b> <b>Sources for the Transparency International Corruption Perception Index</b>		
<b><i>Surveying Institution</i></b>	<b><i>Respondents</i></b>	<b><i>Survey Topic</i></b>
World Bank & EBRD	Senior Businesspeople	Frequency of irregular additional payments.
Columbia University	Policy analysts, academics & journalists	Severity of corruption within the state.
Economics Intelligence Unit	Subject area experts	Misuse of public office for private/political party gain.
Freedom House	US, regional, & in-country residents	Corruption in government, perceived by public, reported in media, & anti-corruption initiatives.
Information International	Senior businesspeople from Britain, Lebanon & UAE	Commonality & cost of bribes to business. Contracts awarded to friends & relatives.
Intl Inst for Mgt Development	Top & middle management	Bribery & corruption in economy
Multilateral Development Bank	Bank experts	Widespread incidence of corruption
Merchant International Group	Expert staff & network of local correspondents	Existence of high to low level government corruption
Gallup International	Senior business people from 15 emerging market economies	Bribes to politicians, civil servants, & judges, and the associated costs.
World Markets Research Center	Expert staff	Likelihood of petty to grand corruption in officials
World Economic Forum	Senior business leaders, domestic & international companies.	Undocumented extra payments to government.

*Source: [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi](http://www.transparency.org/policy_research/surveys_indices/cpi)*

officials and politicians”. This index is tabulated by data collected from a number of important organizations. Please see box \_\_\_ for a list of these sources and the data each collected.

**Gathering Data** Once the indicators are determined, researchers develop mechanisms for gathering data on each. A variety of methods are used. In data

analysis, several methods for collecting information have been developed. From personal interviews to self-completed to other methods, there are many ways to collect information (See Box \_\_\_ for information on each). The choice of method depends on factors ranging from complexity and the length of the questionnaire, the

<b>Box 2</b> <b>Data Collection Methods</b>			
<b>Collection Mechanism</b>	<b>Method</b>	<b>Pros</b>	<b>Cons</b>
Face-to-face interview	Trained interviewers visit people to collect data	High response rate; Better quality data	Unavailable respondents; High travel cost
Computer assisted Personal Interviewing	Face to face interview with data entered directly into computer database	Saves data process time; less paper hassle	Expensive to set up; requires interviewer have typing skills
Telephone	Trained interviewer phones people to collect questionnaire data	Quicker and less expensive than face-to-face interviews	Excludes people without telephones; respondent can end interview easily
Computer assisted telephone interviewing	A phone interview in which answers are put directly into database	Saves time involved in processing data	Expensive to set up; requires interviewers have computer and typing skills
Mail Survey	Surveys are mailed to respondents to send back	Relatively inexpensive; can reach many people quickly; can contact hard to reach people; respondents complete in their own time privately	Requires an up to date list of names and addresses; has lower response rate than other data collection methods; requires reading and writing ability in single language
Hand delivered questionnaire	Questionnaires are hand-delivered to people and mailed back by respondents	Better response rate than mail survey; reaches multiple household members; reduce cost of collection; more privacy	Has lower response rate than other data collection methods; requires reading and writing ability in single language
Electronic Data Reporting	Electronic forms give respondents option to answer via paper questionnaire or electronically.	Flexibility	Expensive to maintain up-to-date and secure technology
Electronic Data Reporting via the Internet	Electronic Data Reporting via internet website	Convenient	Cannot guarantee confidentiality, privacy and data quality.

Source: <http://www.statcan.ca/english/edu/power/ch2/methods/methods.htm>

sensitivity of the information, geography of the survey population, to cost and time frame. Often researchers will combine data collection methodologies. In the case of corruption data, researchers will use a variety of methods to collect diagnostic survey results depending on the circumstances of the population and the budget for the project.

When collecting data, corruption and good governance researchers might focus the surveys towards firms, public officials, and individuals, as well as views of outside

observers, NGOs, multilateral donors, the private sector, and investment experts and think tanks. The questions and survey format vary depending on the audience.

**Box 3**  
**Disclosing Corruption: The Case of Kenya**

Diagnostics/Measurement Tool Used: Kenya Bribery Index

Objectives: To provide knowledge and obtain data on the size and the nature of bribery in Kenya; to generate public awareness and discussion of the issue; to use the data and findings to advocate reforms.

The Process of Dissemination of Findings: The results of the study, which ranked organizations in Kenya by corruption levels, was preceded by a campaign in which small ads announcing the bribery report were placed in all national newspapers. Advance copies of the study results were provided to newspaper editors to prepare analyses of the report. Following a press conference, the report received widespread coverage in the local and international press.

The worst performing organizations, such as the police, which ranked lowest, were unhappy with the Index.

The Results: The survey generated a tremendous response from the public and created new opportunities for advocacy, networking and coalition building with public organizations. New partnerships were also built with the private sector. In at least one ministry (Public Works) an official circular was published alerting staff to the 2001 Index's findings and requiring corrective action. Unauthorized police traffic roadblocks disappeared from the country's highways in the weeks after the Index came out.

*Source: <http://www.u4.no/helpdesk/helpdesk/queries/query28.cfm>*

**Box 4**  
**Sample Stages to Diagnosing Corruption in a Country**

**Preparation** - Identify team and develop a detailed work program.

**Promote Partnership** – Coordinate stakeholders in country.

**Development** – Assess institutional weaknesses, design and revise diagnostic instruments to collect governance data, and train staff to carry out the required field work.

**Fieldwork** – Sample design, fieldwork, data capture and coding, to be carried out jointly by local and external experts.

**Analysis** – Data is analyzed, resulting in a policy report to address questions about the costs to the various stakeholders, the consequences, the impact to the poor, public service delivery, institutional vulnerabilities, and the fundamental issues on which a reform should focus.

**Dissemination** – The available datasets are disseminated to local and central governments and research agencies, Internet sites are developed for further data access, and a series of seminars and training activities will be organized on the use of the data in the policy making process.

## **Conclusion**

Without data to back up the presence of corruption it is just an accusation that runs the risk of being deemed politically motivated. With data, a hunch becomes a fact. With factual information on corruption a country is better equipped to target its specific responses to corruption problems and understand the extent of the problem in a country.

## Unit 4 Questions

Please answer each of the following questions. If you are taking this course in a group you may then meet to discuss your answers.

1. Considering the indicators that you studied in this unit, how well do you think your parliament and government can make and implement sound policies?
2. Based on what you read in this unit, is there a link between private sector success and good governance?
3. How is foreign investment related to the good governance of a nation?
4. How are both diagnostic and perception surveys each important in the fight against corruption?

## Select Bibliography

Stapenhurst, R., Johnston, N., and Pelizzo, R. The Role of Parliament in Curbing Corruption. Washington, DC: The World Bank, 2006.

## Internet Resources

Statistics Canada

<http://www.statcan.ca/english/edu/power/ch2/methods/methods.htm>

