

ALENA LEDENEVA

## Future Challenges of Corruption Studies

**Abstract.** Despite decades of international efforts against it, corruption continues to present multiple challenges to governments, businesses, academics, and the public. This article highlights the importance of complexity, ambivalence and context-sensitive approach to understanding and tackling corruption, and suggests an agenda for future anti-corruption research and policy.

**Alena Ledeneva** is a Professor of Politics and Society at the School of Slavonic and East European Studies, University College London, UK.

This thematic section addresses the multiple challenges that corruption presents to governments, businesses, academics, and the public. Despite two decades of international efforts, national governments' focus on corruption, and significant investment in anti-corruption capacity-building, systemically corrupt countries remain at least as corrupt as before.<sup>1</sup> Since 2010, the European Union (EU) has launched a number of projects to revisit existing anti-corruption policies. These initiatives explore factors behind the resilience of corruption, attempt to create a new generation of indicators that could monitor change, and take a closer look at corruption within the EU. The tendency is to move away from the view that corruption is associated exclusively with political, social, and economic underdevelopment, location on the world's periphery, poverty, and restricted human rights.<sup>2</sup> Rather, the global corruption paradigm of the 1990s, based on the definition of corruption as 'misuse of public office for private gain', perception-based measurement methodologies, and top-down policy design, has given way to approaches integrating complexity, big data, and context-sensitive

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<sup>1</sup> Anna Persson / Bo Rothstein / Jan Teorell, Why Anticorruption Reforms Fail. Systemic Corruption as a Collective Action Problem, *Governance* 26, no. 3 (2013), 449-471, DOI: 10.1111/j.1468-0491.2012.01604.x. All internet references were accessed on 15 June 2018.

<sup>2</sup> Alina Mungiu-Pippidi, The Good, the Bad and the Ugly. Controlling Corruption in the European Union. Advanced Policy Paper for Discussion in the European Parliament, Berlin, 2013, <https://www.againstcorruption.eu/wp-content/uploads/2013/03/ANTICORRP-Policy-Paper-on-Lessons-Learnt.pdf>.

policy advice.<sup>3</sup> Paul Heywood argues that corruption is better understood as a spectrum containing a number of different types of activities, not as dichotomies of ‘petty vs grand corruption’, ‘need vs greed corruption’, or ‘systemic vs individual’ corruption. Our understanding of corruption is furthermore hindered by the focus of research—including prominent corruption-perception indicators—and policy responses on nation-states and government action rather than on regional and context-bound levels. This special issue offers a number of context-rich cases and comparisons that address the key challenges facing those keen on rethinking corruption.

### Challenge 1: Definition

Corruption means different things to different people. A specific idea of corruption can vary greatly across countries, societies, and even individuals (for example, whether they perceive gifts to teachers or doctors as corruption). This complexity could become a source of more sophisticated modelling by scholars, who tend to explain corruption as transgression of the public/private divide and view it within the remit of a principal-agent or collective action model.<sup>4</sup> Apart from the theoretical challenge of defining an abstract and de-contextualized concept, there is the challenge of studying the subject empirically. Corrupt practices are not easy for observers to grasp, and their meaning could be ‘lost in translation’ between those for whom impartiality means fairness and those for whom impartiality means unfairness, or even betrayal of community (consider, for example, ‘kula’ practices).<sup>5</sup> Moreover, being included, or excluded, distorts the perception of such transactions and offers multiple strategies of self-deceit. The so-called misrecognition gap, whereby the majority of respondents acknowledge the pervasiveness of corruption while not acknowledging their own personal involvement, points to the need to take double standards into account. We have no definition, or model, to date that would be able to accommodate the ambivalence of respondents who express a general moral stand against corruption, yet at the same time engage in corrupt practices in specific contexts. In the same vein, the idea of suspending moral judgement in order to give a voice to participants of corrupt transactions runs against the adopted anti-corruption wisdom.

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<sup>3</sup> Paul M. Heywood, Rethinking Corruption. Hocus-Pocus, Locus and Focus, *The Slavonic and East European Review* 95, no. 1 (2017), 21-48, DOI: 10.5699/slaveastorev2.95.1.0021.

<sup>4</sup> Alina Mungiu-Pippidi, *The Quest for Good Governance. How Societies Develop Control of Corruption*, Cambridge 2015.

<sup>5</sup> Richard Faustine Sambaiga, ‘Kula’ (Tanzania), in: Alena Ledeneva, ed, *The Global Encyclopaedia of Informality. Understanding Social and Cultural Complexity*, vol. 2, London 2018, 354-357, <http://discovery.ucl.ac.uk/10041172/1/The-Global-Encyclopaedia-of-Informality-Volume-2.pdf#page=386>.

## Challenge 2: Measurement

Measurable dimensions of corruption, such as bribery, do not allow for good metrics, capable of monitoring the outcome of anti-corruption policies or providing a basis for meaningful measurements of complex settings. Paradoxically, new generations of indicators emerging from the ‘big data’ analysis, developed to supersede the existing ones, often get validated by their correlation with the perception-based indicators.<sup>6</sup> Less measurable forms of corruption, such as exchange of favours, nepotism, clientelism, or conflict of interest, are difficult to measure because they are often context-bound, elusive, and grounded in ethical and cultural specifics. In systemically corrupt environments, such ‘deviant’ forms of behaviour often represent both a social norm (such as taking care of the family or ‘feeding’ the community) and a ‘practical norm’<sup>7</sup> (what is appropriate in the circumstances). Apart from the difficulties of ‘measuring the immeasurable’<sup>8</sup> and shifting the focus to context-bound practical norms, the ambivalence of practical norms presents an additional challenge: on the one hand, these practical norms reproduce the systemically corrupt environments and thus present a huge problem; on the other hand, those very same practical norms are often a solution for a personal problem or particular circumstances. Thus, a practical norm for teachers, unable to survive on their salary in the public sector in Tanzania, is to skive off their official employment in order to earn additional income in the private sector, while the deserted class is looked after by another teacher. Teachers help each other in covering for absenteeism, while the head teacher ‘cooks the books’ for the purpose of satisfying the anti-corruption reform, while also attending to local community needs not covered by the budget. ‘Doing their best under the circumstances’ involves practices of problem-solving (often on the basis of the double standards that actors apply to themselves and to others), which are themselves a problem. Measuring the outcome of the ambivalent practices—supportive yet also subversive—is a numerical challenge. For the time being, however, even an acknowledgement

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<sup>6</sup> Alina Mungiu-Pippidi / Ramin Dadašov, Measuring Control of Corruption by a New Index of Public Integrity, *European Journal on Criminal Policy and Research* 22, no. 3 (2016), 415-438, DOI: 10.1007/s10610-016-9324-z; Mihály Fazekas / Luciana Cingolani, Breaking the Cycle? How (Not) to Use Political Finance Regulations to Counter Public Procurement Corruption, *The Slavonic and East European Review* 95, no. 1 (2017), 76-116, DOI: 10.5699/slaveastorev2.95.1.0076.

<sup>7</sup> Jean-Pierre Olivier de Sardan, Africanist Traditionalist Culturalism. Analysis of a Scientific Ideology and a Plea for an Empirically Grounded Concept of Culture Encompassing Practical Norms, in: Tom De Herdt / Jean-Pierre Olivier de Sardan, eds, *Real Governance and Practical Norms in Sub-Saharan Africa. The Game of the Rules*, New York 2015, 63-94.

<sup>8</sup> Frederik Galtung, Measuring the Immeasurable. Boundaries and Functions of (Macro) Corruption Indices, in: Charles Sampford et al., eds, *Measuring Corruption*, London, New York 2006, 101-132.

of the ambivalence of corrupt practices and targeting the double standards surrounding them are not on the anti-corruption agenda.<sup>9</sup>

### Challenge 3: Public/Private Borderline

The public/private divide lies at the heart of most conceptualizations of corruption, and yet informal governance, based on a smooth crossover between the public and the private spheres, and exercised routinely within the workings of network-based systems of governance, is hardly understood, let alone taken into account when devising effective anti-corruption reforms. In systemically corrupt contexts, informal tools and practices allow politicians to stay in power and to provide citizens with access to services and resources. Further research on 'what works' in informal governance—and how—is necessary and can offer potential alternatives to the capability-building approach in policy.<sup>10</sup> Our understanding of informal governance is somewhat limited and influenced by analogies with the functions of formal governance: to redistribute resources and tie strategically-relevant actors to the regime; to mobilize people through personalized loyalties and extra-legal pressures; and to manipulate façades of formal (democratic) institutions in order to serve private interests. The challenge here is to explore grey zones and elusive borderlines between the public and the private in order to identify functioning modalities of informal governance that not only work but work so effectively that anti-corruption reforms fail to hit their targets.

### Challenge 4: Legal Corruption

Anti-corruption policies tend to focus on the public sector because government action is presumed to be the driving force behind change (the principal is presumed to be principled). This bias means that scholars often disregard 'private sector' corruption, legal corruption, offshore zones, and tax optimization, and do not envisage a role for corporate leadership in mitigating corruption. The main challenge for anti-corruption policies is to find a way to transcend the binary oppositions between public and private,<sup>11</sup> formal and informal, legal and illegal, good and bad, prey and victim, and so on. The relative nature of the 'legality' line (whereby an identical act, depending on the state of legislation,

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<sup>9</sup> Alena Ledeneva, *Open Secrets and Knowing Smiles*, *East European Politics and Societies* 25, no. 4 (2011), 720-736, DOI: 10.1177/0888325410388558.

<sup>10</sup> Claudia Baez-Camargo / Alena Ledeneva, *Where Does Informality Stop and Corruption Begin? Informal Governance and the Public/Private Crossover in Mexico, Russia and Tanzania*, *The Slavonic and East European Review* 95, no. 1 (2017), 49-75, DOI: 10.5699/slaveasteurorev2.95.1.0049.

<sup>11</sup> According to Susan Rose-Ackerman, the very idea of a sharp distinction between public and private life seems alien to many people (Susan Rose-Ackerman, *Corruption and Government. Causes, Consequences and Reform*, Cambridge 1999).

can be either corrupt or non-corrupt, and it is presumed that, where acts are not illegal, they are not corrupt) can be illustrated by the 'double Irish' strategy used by multinationals.<sup>12</sup> It allows US and European corporations to channel profits from high-tax countries to lower-tax constituencies and thus reduce their tax liability.<sup>13</sup> Although the strategy of 'double Irish' is a legal practice within the global system of taxation, US companies using 'double Irish' to increase their profits have come under special scrutiny by the EU and several substantial settlement payments have been made, presumably on ethical grounds. In early 2016, Google's parent company Alphabet Inc. settled with the UK on paying an additional £130 million in taxes.<sup>14</sup> There is increasing concern about offshore jurisdictions and corruption in the West.<sup>15</sup> Paradoxical concepts such as legal corruption, legislative corruption, state capture, and business capture point in the direction of the unfitting nature of dichotomies for grasping the complexity of corrupt behaviour. Understanding corrupt behaviour in its complexity, the blurring of boundaries and the grey zones in which it resides, the ambivalence of its drivers and implications, is a major challenge for corruption studies, as is the integration of behaviourist approaches into the anti-corruption policies.<sup>16</sup>

### Challenge 5: Formalization

Governments attempt to control corruption, but formalization and increased regulation are unlikely to succeed in overcoming complexity, elusiveness, and the runaway nature of corrupt behaviour. Anti-corruption policies create formal constraints that generate compliance (i.e. additional agencies get a job), but also facilitate the search for new loopholes. Formal constraints themselves can be used as façades for corrupt practices, with very little change in substance.<sup>17</sup> Countries that commit to legal and organizational reforms often continue to

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<sup>12</sup> For more details, see Julia Schmalz, 'Double Irish' (Ireland), in: The Global Informality Project, [http://in-formality.com/wiki/index.php?title=Double\\_Irish\\_\(Ireland\)](http://in-formality.com/wiki/index.php?title=Double_Irish_(Ireland)).

<sup>13</sup> Jeremy Kahn / Jesse Drucker, Google Lowered Taxes by \$2.4 Billion Using European Subsidiaries, *bloomberg.com*, 19 February 2016, <https://www.bloomberg.com/news/articles/2016-02-19/google-lowered-taxes-by-2-4-billion-using-european-subsidiaries>.

<sup>14</sup> House of Commons, Committee of Public Accounts, Corporate Tax Settlements, Twenty-fifth Report of Session 2015-16, London, 23 February 2016, <http://www.publications.parliament.uk/pa/cm201516/cmselect/cmpubacc/788/788.pdf>.

<sup>15</sup> Laurende Cockcroft / Anne-Christine Wegener, *Unmasked. Corruption in the West*, London, New York 2017.

<sup>16</sup> Svetlana Barsukova / Alena Ledeneva, Concluding Remarks to Volume 2. Are Some Countries More Informal than Others? The Case of Russia, in: Ledeneva, ed, *The Global Encyclopaedia of Informality*, 487-492.

<sup>17</sup> See INFORM, Closing the Gap between Formal and Informal Institutions in the Balkans. Exploring Tactical Maneuvering between Formal and Informal Institutions in Balkan Societies, <http://www.formal-informal.eu/home.html>.

experience high levels of corruption.<sup>18</sup> Alina Mungiu-Pippidi has noted the paradox of how scores on the control of corruption keep worsening, even as the United Nations Convention Against Corruption gets ratified and specialized anti-corruption authorities are instituted by an increasing number of countries. The ineffectiveness of anti-corruption policy leads to a decline in institutional legitimacy—from trust in the EU and national governments to particular politicians and the media. At the same time, it creates a fertile ground for populist politicians, who use anti-corruption as an election platform and promise that, if elected, they will make dramatic changes to the political and economic systems to break the cycle of corruption.<sup>19</sup>

### Challenge 6: Global Façades

Anti-corruption policies serve the moral cause but at the same time are perceived by many as an extension of hegemonic discourses and policies. The Potemkin façades of anti-corruption reforms perform a double function. They satisfy donors, that is, national governments and international organizations that promote ideological frames such as democracy, the market economy, the rule of law, and the Washington Consensus. They also serve local interests by being adapted. Anti-corruption policies are driven by the normative stance of ‘zero tolerance’, which in itself exacerbates the distance between official discourse and daily practices of playing out competitive advantage where possible. In systemically corrupt environments, anti-corruption discourses are viewed as top-down, funded from the outside, and often remain non-interiorized, as they rarely relate to local practices. Moreover, the logic of fighting ‘corruption’ normally applies elsewhere: to corrupt politicians, to bureaucracies that need reorganization, to political regimes that need to be changed, while ‘change oneself’ types of policies remain a challenge. A widespread practice of ‘eating’ in Kenya, expressed in the maxim ‘you eat where you work’ (you get what you can from your position), is a perfect example of the challenge presented by ambivalence to the anti-corruption campaigns.<sup>20</sup> ‘Eating’ is considered moral because it is about sharing, and there is enormous pressure from the community to eat and to share. Yet ‘eating’ is also considered immoral because you ‘steal’ from those excluded from your community. A policy of targeting such corrupt

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<sup>18</sup> Alina Mungiu-Pippidi, ed, *Contextual Choices in Fighting Corruption. Lessons Learned*, July 2011, <https://www.oecd.org/countries/zambia/48912957.pdf>.

<sup>19</sup> Finn Heinrich, *Corruption and Inequality. How Populists Mislead People*, *Transparency International*, 25 January 2017, [https://www.transparency.org/news/feature/corruption\\_and\\_inequality\\_how\\_populists\\_mislead\\_people](https://www.transparency.org/news/feature/corruption_and_inequality_how_populists_mislead_people); Seán Hanley / Allan Sikk, *Economy, Corruption or Floating Voters? Explaining the Breakthroughs of Anti-Establishment Reform Parties in Eastern Europe*, *Party Politics* 22, no. 4 (2016), 522-533, DOI: 10.1177/1354068814550438.

<sup>20</sup> Michela Wrong, *It’s Our Turn to Eat. The Story of a Kenyan Whistle-Blower*, London et al. 2009.

practices so strongly embedded in social norms and working well for so many is unlikely to be effective if such ambivalence is not taken on board.<sup>21</sup> Where it may not be practical to go against ‘eating’, it may be possible to ‘manage’ the expectations and transform social norms of sharing in the community. Challenging the predominant neoliberal ideological frames and their tenets—such as ‘democracy reduces corruption’, ‘corruption stalls growth’, and so on—from a local perspective, while also being a recipient of anti-corruption funds, is currently hardly an option.

### Challenge 7: Leadership Trap

Political leaders are in charge of anti-corruption efforts, but often they are also most protected from scrutiny. Is it even possible to identify an agency for change in systemically corrupt environments? If political leadership is driven by international pressure and ratings, corporate leaders have a different agenda.<sup>22</sup> There are four prevailing attitudes towards corruption held by corporate leaders in systemically corrupt environments: toleration (held by a majority of respondents), exploitation, avoidance, and management of corruption.<sup>23</sup> In managing corruption, synonymous with proactive leadership, it is essential to target practices identified through the bottom-up approach, but also to implement mitigation strategies top-down. Systemically corrupt environments are generally conducive to tolerance and passive attitudes towards corruption among business leaders, yet preventive and controlling leadership action via formal hierarchies as well as informal networks can nevertheless provide for effective ‘management’ of corruption, despite the pressures of the corrupt environment.

### Challenge 8: Ambivalence of Trust

People distrust corrupt officials, yet they entrust their lives/security/safety/health/education to them. Human nature is about a struggle between good and evil. It is common for corruption to be associated with the dark side of human nature, such as greed and evil, whereby one has to fight temptation and enhance

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<sup>21</sup> President Magufuli of Tanzania (2015-present) has launched powerful anti-corruption reforms that have starved those supported by sharing/eating practices, with drastic outcomes for people’s welfare and loss of popularity for the leader.

<sup>22</sup> The entry into force in 1999 of the Organisation for Economic Co-operation and Development (OECD)’s Convention on Combating Bribery of Foreign Public Officials in International Business Transactions brought the non-corrupt act of bribing officials abroad into the realm of corruption in many countries. The UK Anti-Bribery Act of 2010 placed responsibility for the use of intermediaries in corrupt transactions on the beneficiaries of these transactions.

<sup>23</sup> Stanislav Shekshnia / Alena Ledeneva / Elena Denisova-Schmidt, *Managing Business Corruption. Targeting Non-Compliant Practices in Systemically Corrupt Environments*, *The Slavonic and East European Review* 95, no. 1 (2017), 151-174, DOI: 10.5699/slaveasteurorev.2.95.1.0151.

goodness within oneself. In practice, however, many corrupt practices emerge on the basis of mutual help, understanding, trust, and care for a dear friend, brother, or cousin, driven by goodness, altruism, and selflessness. Emotional commitment (trust, sympathy, love) can also facilitate corruption, especially in oppressive and systemically corrupt environments. The betrayal of trust (in a principal-agent model) is thus only one side of the story in contexts where the principal is not principled. Trust-building against the regime, solidarity of 'us' vs 'them', constitute grey zones where anti-corruption policies do not reach. Trust-based informal networks, just as other forms of belonging, solidarity, and identity that stand for inclusiveness, also produce exclusiveness, with the consequence of double standards for insiders and outsiders. Trust in public institutions, or impersonal trust, is often compensated by the misuse of personal trust in the public domain. In this thematic section, and in the *Global Encyclopaedia of Informality*, contributing authors often highlight paradoxes, ambivalence of corrupt practices, and multiple moralities existing around trust-based informal practices.<sup>24</sup>

### Challenge 9: Normative Approach

The normative approach, associated with a moralist stance vis-à-vis corruption, understood as a deviation from the norm, itself presents a problem. In societies with systemic corruption, where corrupt practices are more of a norm than a deviation, the term 'corruption' becomes unusable. In order to contextualize it, one has to figure out the blurred boundaries between what we assume corruption is (the misuse of power for private gain), what is perceived as corruption in a particular locality, and what is being routinely reproduced as a practical norm. The only way this can be done is by 'going local' and suspending moral judgement in order to comprehend social and cultural contexts in colloquial terms and acquire 'vernacular knowledge'.<sup>25</sup> However, to call for embracing the complexity of what one simplistically calls 'corruption' and the multiplicity of its practices essential for the coordination and functioning of economies and societies is not the same as their justification or critique. To apply the idea of suspended judgement as part of scientific inquiry is an important methodological challenge associated with the collection of data on corrupt practices in the field.

#### CORRESPONDING AUTHOR

**Alena Ledeneva** University College London, School of Slavonic and East European Studies, 16 Taviton Street, London, WC1H 0BW, UK. E-mail: a.ledeneva@ucl.ac.uk

<sup>24</sup> Ledeneva, ed, *The Global Encyclopaedia of Informality*. See also INFORM, *Closing the Gap*.

<sup>25</sup> Jan Kubik / Amy Lynch, eds, *Postcommunism from Within. Social Justice, Mobilizations and Hegemony*, New York 2013.