Coetzee, Johan

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Dr Johan Coetzee

PO Box 5714

WINDHOEK

Namibia

Senior Lecturer

University of Science and Technology

jcoetzee@polytechnic.edu.na

09264 61 207 2192

09264 81 237 5003

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Johannes Jacobus Coetzee   27 August 2014

THE IMPACT OF CORRUPTION ON DEVELOPMENT

Introduction

During the last two decades the debates around corruption and ways to contain it have acquired a new intensity and concentrated focus. Corruption rose to the top of the development agenda. An example of this new intensity and 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 has a direct impact on development. The theme of the bulletin is 'Controlling Corruption: A Key to Development-Orientated Trade', in which the following is said, "The economic and social costs of corruption-induced market distortions are widely recognised. In this response, civil society groups, government, and international institutions all are taking steps to put a stop to corruption's corrosive effects on development" (Eigen, 2002: 1). 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), talked about a "holistic approach to the fight against corruption". By implication, Klitgaard referred to a systemic approach, where the sum of the efficiency of all the elements (the whole) in a system determines the success of a system.

Research objective, methodology and problem situation

The research objective of this article is to discuss the impact of corruption on development aspirations. The description of the corruption problem situation, which consists of sets of problems without a root cause, in this paper is in itself a methodological element. The unit of analysis is systemic corruption. The research methodology applied in this paper is the systems thinking methodologies and specifically the soft systems approach. Checkland's soft systems approach is an outstanding method for scoping of the specific system that needs to be investigated. Ackoff's interactive planning approach is a good design for involving stakeholders in the planning process, while his idealised design approach is a good framework to tackle complex and systemic corruption strategically, tactically and operationally. The idealised design approach of Ackoff is based on the premises that in complex systems such as societies, it is of no value to remove or prevent problems. The

environment must be developed to make problems impossible to occur and to dissolve problems.

Within the sphere of socio-economic, development management and public management studies, the concept of 'development' is normally associated with any improvement which enhances the capacity (ability) of an entity to perform its functions. The systems view of development is more specific. It defines the development of a social system as a learning and creative process "by which a social system increases its ability and desire to serve its members and its environment by the constant pursuit of truth, plenty, good, beauty and liberty" (Ackoff, as cited by Gharajedaghi, 1982: 54). The underlying systemic logic in this definition should be clear, namely for effective and efficient behaviour, any system (human and otherwise) should have efficient elements as well as effective interactions between these elements (the contribution of each element to the whole must be according to the design of the whole).

The systemic definition of development moves beyond the enhancement of ability by pointing to the crucial role of human behaviour ('desire to serve') in a multidimensional development process. By contrast, self-serving behaviour is the hallmark of corruption. Corruption is thus the antithesis of a 'desire to serve', as specified in the systems definition of development. Corruption is also the antithesis of integrity (Spies, 2003: 9), because a breakdown of integrity means a systemic breakdown. Corruption breaks down integrity and can 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).

However, the World Bank (WB) defined corruption as the use of "public office for private gain" (World Bank, 1997; and 2007: 9). This is one of the most commonly used definitions of corruption within the public domain. In the 2007 publication the WB still maintains the definition of the 1997 publication, but when read in context the definition acknowledges the complex nature of the phenomenon (Worldbank, 2007: 434). The expanded definition of the WB distinguished 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; it is a condition 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 prevails 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 (also called a "systemic corruption trap").

Corruption can be a concept, a condition, a manifestation and/or a co-producer that contributes towards poverty and under-development. Corruption can also impact on poverty and under-development. The multidimensional dynamics of corruption enable it to take on various 'masks', which makes it an elusive phenomenon. As a complex subsystem, corruption takes on a life of its own that is self sustaining – corruption strengthens corruption.

The central theme of this article is that corruption is generally a systemic problem. The co-producers, various manifestations and devastating impacts of corruption can best be understood by contextualising them within a systemic and complex system perspective. Complex systems (or complexity) exist where there are more possibilities than can actually be realised (Luhman, as cited by Cilliers, 2005: 2). Cilliers noted that complexity cannot be described by a definition, but rather by a 'general description'. Corruption's intricate relationships with other variables, such as poverty and development, are an instance of complexity.

In any complex system, impacts are co-produced that act as primary obstructions to development. Impacts cannot be separated from co-producers, because all impacts also act as co-producers and vice versa. The concept of 'impact' includes "effect, brunt, burden, shock, thrust, implication, repercussion" (Shepherd, 2006: 419-420). For the purpose of this article, the concept of 'impact' includes any effect, burden, shock, thrust, implication and repercussion, measurable or immeasurable, occurring in all five interactive dimensions of human aspirations, namely economics; politics; knowledge, science and technology; morality; and beauty or inspiration. Corruption is a social subsystem that can change its own subculture; it can also change the relationships between, and behaviour of, elements such as people within subsystems, e.g. the economic subsystem. Therefore, corruption can also be an instrument of those it affects or has an impact upon.

The principal purpose or function of a social system is to enable the development of those it influences. Enabling means "to encourage and facilitate" the development of those the system affects (Gharajedaghi, 1982: 15). However, corruption is also a social pathology, of which the purpose is not to develop the whole but to serve the particular, to impair or corrode the integrity of social systems and subsystems as a whole. The purpose of corruption is not to destroy the whole, but to utilise it to serve the corrupted selfishly and exclusively. The result is the destruction of the integrity of the whole, which in turn amounts to an obstruction for development.

In terms of the systems approach to development, Ackoff emphasised two characteristics of purposeful social systems behaviour (Ackoff, 2009a: 7-11). The first is to act purposefully. A purposeful system refers to a system that can produce the same outcome in different ways in exactly the same environment, and it can also produce different outcomes in the same as well as different environments (Gharajedaghi, 1982: 11). Such a system has the ability to change ends (purpose or outcome) under constant conditions. This is called 'free will' (choice), which depends on a person's own motives and abilities that he/she exercises independently. The second characteristic of a system is the potential for change and development as result of a person's position in an institution.

In order to make development possible, resources are needed. Resources are always limited. Corruption makes resources scarcer. The next section focuses on why and how corruption prevents the unlocking of resources for achieving self-fulfilment.

Impact on resource unlocking for self-fulfilment

Corruption undermines development by creating scarcity, scarcity of access to services, scarcity of service providers to provide goods, and scarcity of competition in a market by limiting competition for tendering, limiting competition for the appointment of people, and limiting qualifying for subsidies, for grants and for starting a business. The moment that a scarcity of competing service providers is created, competition for service provision is reduced and corruption can occur unchallenged. In reducing competition among service providers, corruption creates service provider monopolies that not only have no competition, but also lack the motivation for improvement of the quality of those services. Corruption also reduces the efficient use of scarce resources. Less can be done with the limited resources available.

Corruption can restrict or impair the ability of people to become less dependent on certain scarce primary resources, such as land, minerals and fish. The impairment of the ability to become less dependent on primary resources can also restrict the ability of society or an institution to develop other resources that are more available, e.g. social services, rather than exploited, e.g. minerals. The more developed a person is, the more resources he/she can create or extract from primary resources (Gharajedaghi, 1982: 13).

Corruption negatively affects the ability of people not only to develop themselves, but also their ability to become less dependent on 'given' or provided resources and more dependent on 'taken' resources'. 'Given' resources include resources and abilities that a person receives without doing anything to acquire them, e.g. through inheritance. 'Taken' resources include resources that a person acquires by means of deliberate and planned effort of his/her own account. This means that corruption impacts negatively on the ability of a person to create and manage resources through the exercising of entrepreneurial activities, as well as on the aspiration to design a system that is both attractive and inspirational for change.

Corruption thus impacts negatively on the ability of people to become autonomous and self-reliant. Over the long term corruption can decrease a person's motivation to such an extent, that it can negatively affect their free will or ability to act independently. Such individuals can then develop a dependency relationship in which they can no longer rely on their own abilities. This means that their ability to develop is reduced and they cannot carry out their responsibilities optimally. Institutional support and assistance to them is reduced, because they are no longer performing as expected or required. Corruption negatively affects or reduces the ability and desire of individuals to perform, and hence in effect also their 'quality' as people, their character – whether they are corrupt themselves or have the deal with the impact of corruption. The next section focuses on the detrimental impact of corruption on institutional integrity and trust.

Impact on institutional integrity and trust

The quality of institutions and people determines the quality of the relationships and interactions between their members. From Spies' (2003: 4-5) definition of social capital, it is deduced that social capital has a strong relationship with the interdependence of people in society or in an institution (sense of belonging and identity), and with the potential of such a well-ordered society to ensure the dependence of its individuals on each other. An example of such a sense of belonging is ubuntu. Ubuntu is an old African term for 'humanness', for caring and sharing

(Gildenhuys & Knipe, 2000: 271). Ubuntu may be literally translated as 'brotherhood' and this collective morality is best expressed by the Xhosa proverb 'Umuntu ngumuntu ngabantu', which means 'I am because we are'. 'Corruption breaks down or 'impairs' this interdependency relationship between individuals in society.

Corruption impairs the development of economic quality and affects the quality of interactions between individuals in a society to develop institutional trust. One of the unproductive costs of the impact of corruption is its impairment of trust between individuals in society and within an organisation. Corruption "distorts poor people's relationships with and trust of public officials…" (World Bank Group, 2001: 1).

The concept of 'trust' "is the belief that somebody or something is good, sincere, honest, etc. and will not try to harm or trick you" (Hornby, 2005: 1586). Trust implies honesty in individual actions. Trust is a means and an outcome of social capital. Corruption impairs the development of interpersonal and institutional trust. To do business in or with an institution where, there is very limited trust, is economically not cost effective; because relationships do not form the backbone of such a business, but the shrewdness of those who can afford the best lawyers who can identify the loopholes in the fine-print.

To summarise this section: corruption affects the development of institutional integrity and the trusting relationships that are needed to fulfil the institutional purpose with efficiency and effectiveness. The next section focuses on institutional integration and differentiation.

Impact on institutional integration and differentiation (second-order development)

Development requires participation, through generation and dissemination of shared knowledge; adaptation is the process of learning; innovation is the creative process of discovery of new alternatives with all their implications; organisation is "the painful process of re-conceptualisation, reformulation and integration of all the variables involved in a new ensemble with entirely new relationships and characteristics of its own" (Gharajedaghi, 1982: 59-60). The integration of society, and its members' actions and interactions are negatively affected by corruption. Corruption impedes or impairs the emerging processes associated with social and institutional integration, e.g. participation. These emerging processes cannot stand alone, but together they form the whole of what is called 'integration' and "co-produce the process called development" (Gharajedaghi, 1982: 59-60). Corruption impacts negatively on the integration of social systems. It also impedes the maintenance of the structure of society or of an institution. Integration in an institution is essential for social cohesion. Corruption can impact on all the

components or elements that make a contribution towards integration in society. Corruption negatively affects institutional integration, where the emphasis is on instrumental value systems (integrity, honesty, fairness and justice); the pursuit of increased order (enforcement of rules for rewards and penalties); increased uniformity (standardisation for increasing efficiency); conformity (creating a shared image); collective choice (desired future or vision); and stability (maintenance of structure, meaning interactions and relationships of components).

Corruption negatively affects the ability to create institutional differentiation, because an institution is hampered in its ability to renew and transform itself to adapt to changes in its environment. Corruption negatively affects differentiation (Gharajedaghi (1982: 60) in that it impedes the pursuit of increased complexity, increased variety (such as choice of public services), increased individuality (such as choice to satisfy legitimate desires and self-actualisation), and the creation of new structures. Differentiation in society is important because it makes provision for the pursuit of innovation and excitement (such as entrepreneurship), renewal and change (such as subcultural changes).

The ability of an institution to integrate and differentiate is second-order development. Thus, corruption impairs second-order development. The next section focuses on the impact of corruption on cultural integrity.

Impact on cultural integrity

Corruption affects the culture of a society, because it locks people into a corrupt condition, where they become dependent on the benefits of corruption. This dependence maintains and sustains the corrupt culture and resists renewal or change. If corruption is led or shared by politicians and top officials, any reform efforts will be resisted and may be doomed for failure. This is because no politician will support reform, if this risks loss of the support and power of his/her corrupt followers who also share in the benefits of corruption. In a corrupt culture people are tolerant of corruption. This tolerance exists because people either benefit from it, or they are alienated and do not have influence, or they do not participate in corruption.

The more people who participate in corruption, the more their experiences are shared and endorsed, and the more their perceptions change negatively. A typical illustrative cliché is that 'I am going to be corrupt, because everybody else is corrupt' and 'Why should I wait for two months for my business licence if, like John, I can get it in one week?' If the institutions that are supposed to regulate, administer and control corruption (financial regulators, anti-

corruption agencies, police and judicial system) become corrupt, people have nowhere to go to lodge a complaint and can lose all hope of changing such a corrupt culture.

From the discussion on the impact of corruption on cultural integrity, the following may be deduced: any attempt to change a corrupt culture must reduce the incentives for or benefits of corruption through increasing the costs – punishment for and risks of participating (such as multimedia exposure of scandals and jail) – and create incentives for reporting corruption (such as a financial reward to whistle-blowers as a percentage of moneys recovered). The reduced incentives and increased costs could determine the probabilities that corruption will or will not take place. The next section focuses on why and how the probabilities of corrupt opportunities co-produce impacts.

Probabilities of impact

Corruption as a human subsystem of a social system, as described earlier in terms of its systemic context, can change its own environment and subculture, and, therefore favours people with no reservations about corrupt behaviour as well as with connections over people who are the most efficient. The need to pay bribes is an entry barrier in an expectation of unlocking opportunities for corrupt behaviour, because of privatisation, inefficient subsidies and monopoly benefits (Rose-Ackerman, 1999: 9-26). These opportunities are 'lucrative' because the costs – such as payoffs, risk of being caught, exposed, fired, or penalised – are lower than the benefits, or the monetary and other values received from corrupt activities.

The impact of corruption on development aggravates the availability of these lucrative opportunities. Such opportunities are closely related to administrative behaviour within the environment. Some conditions, e.g. the potential (such as discretion) from the position of a person, are just more favourable than others for promoting corruption. Components in the administrative environment, the nature of which determines the favourability of opportunities for corruption, include responsibility, power, competence, discretion, accountability and transparency. The bigger the difference between great responsibility, extensive power and wide discretion *vs* limited competence, limited competition, limited accountability and limited transparency, the more lucrative these opportunities are. The more lucrative or enticing the opportunities, the more severe their impact is.

The absence, availability, excessiveness (efficiency with limited discretion) and inconsistent (inefficient and unequal) application of administrative control mechanisms can increase or reduce the impact of corruption. Corruption flourishes at certain 'hot spots', such as the

application of control mechanisms when rules are applied slavishly and without discretion to customers (i.e. monopoly of approval, excessive control and no discretion). These 'hot spots' also involve control mechanisms that are not applied, or applied in a skewed or in an improper way, in order to extract payoffs (i.e. unlimited discretion and limited accountability).

The creation of control mechanisms as a response to corruption increases its impact as an 'add-on cost' to administration. This is similar to an additional tax (but it leads to greater profit loss) and increases inefficiency (unproductive costs explained later in this article). The hidden costs are the distortions created and the detrimental impact on the increasing tolerance of people when they hear about or are exposed to actual experiences of corruption (non-productive cost explained later in this article). Examples of administrative and regulatory control mechanisms can include the following: licences (e.g. fishing and transport), permits (e.g. passports and identification documents), regulations (e.g. environmental, occupational health and safety, and labour regulations) and inspections (e.g. of tax returns and construction sites), (Rose-Ackerman, 1999: 18, however, examples in parentheses added by paper author).

The discussion in this section focuses on how a combination of incentives and costs can increase the probability of corruption taking place. Those who have the power to design, manipulate and steer administrative behaviour are the leaders. Corruption impedes those qualities needed to change administrative behaviour. The next section focuses on how corruption impacts on moral leadership.

Impact on moral leadership

The celebrated words of Lord Acton, "Power tends to corrupt; absolute power corrupts absolutely" (New Dictionary of Cultural Literacy, 2002), describe the impact of corruption on power most appropriately. In a developing country with weak administrative control mechanisms, the possibility of corruption occurring and its negative impacts predominating escalates as a strong casual relationship develops amongst a series of variables, described below.

The first variable is the centralisation of power in the leadership of any arm(s) of government. If power is not balanced between the executive, legislative and judiciary, also known as the *trias politica*, the danger is that any arm(s) of government can dominate the other(s), as happens with authoritarian and kleptocratic leaders. If any institution in the executive, legislative or judiciary becomes too powerful, the balance of power shifts and such

unchallenged and unchecked all-too-powerful institution(s) can dominate all the other institutions. For example, a legislative system with one dominant party with a two-thirds majority can take unilateral decisions in parliament.

In the USA multiple sources of authority ensure that no single group has absolute power. The legislative power, for example, has various veto points. Institutionalised checks and balances in the USA are part of the accepted culture, developed over hundreds of years, that makes it unlikely for corruption to remain unchallenged. The more that the challenging of power is institutionalised and becomes part of the culture of a society, the more difficult it is for corruption to occur, and if it occurs, to remain unchallenged.

The impact of the centralisation of power also applies to the relation between revenue and expenditure in decentralisation. The more income-generating power is decentralised and/or is economically viable to be decentralised, the higher the possibility of corruption. If officials and/or an institution have authority to spend money but not to generate it, or if decentralised units do not have the revenue to function on a self-sufficient basis, there will be no realistic or 'balanced' prospect for aligning expenditure with income. It can also happen that the centralisation of power is used as an additional motivation for excuse by immoral leaders to base appointments on patronage, nepotism and favouritism at sub-national level, as seen in the current centralisation of local government in the Republic of South Africa (RSA).

The second variable is whether transparency is limited and decisions are made in secrecy. The role of the media is perceived as an important fourth pillar for the *trias politica* to report on and to evaluate the work of the legislative, executive and judiciary. The media need to be independent and free from government to enable unlimited reporting on government activities. However, the higher the levels of illiteracy, the lower the possibility that the media can play a valuable role in creating transparency (as is not uncommon in developing countries). Illiteracy is generally associated with poverty. If the government does not identify the concerns of the poor, (the poor tend to have higher levels of illiteracy than the rich do) then the poor and illiterate will not have the ability and the confidence to speak out, partly because of their own vulnerability.

The third variable is the nature of the judiciary. An independent judiciary is imperative to ensure that the executive and legislative powers remain under scrutiny. Problems with the nature of the laws, where laws are vague, contradictory, difficult to locate, written in the language of the colonial power, or where it is difficult to divine what the law says are

conducive to corruption. Problems with the nature of the laws also create an uncertain business climate. Investors do not have certainty that discretionary power will not be abused and that contracts will be honoured. Weaknesses in the administration of justice, where court cases are delayed, or where there is a backlog of years, are conducive to the creation of an informal judicial sector. People do not make use of the courts, because they have lost trust in the judicial system. A judicial system that is not independent from the executive and legislative cannot serve as a constitutional watchdog and cannot be a guarantor of impartiality to investors (Rose-Ackerman, 1999: 152-158). An independent judiciary is imperative for securing fairness in governance. The next section focuses on the impact of corruption on good governance.

Impact on good governance

Governance is "the manner of directing and controlling the actions and affairs of an entity" (King, 2006: 1) and it "involves fairness, accountability, responsibility and transparency on a foundation of intellectual honesty" (King, 2006: 15). The United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP, 2009: 1) said governance is "the process of decision-making and the process by which decisions are implemented (or not implemented)". In essence, governance is about decision making, how decisions are made and how they are implemented or not.

Governance will be good when a government achieves its ultimate goal of creating the conditions for a good and satisfactory quality of life for all citizens (Gildenhuys & Knipe, 2000: 91). Good governance includes sound corporate, public sector and moral governance. Corruption impacts on and impedes or weakens the quality of governance of companies and institutions in both the public and private sectors. This means that all civic institutions, such as churches, sports organisations, taxpayers associations, trusts and close corporations, are affected by the negative impact of corruption. Corruption also impacts on moral governance. It has an impact on moral and transformational leadership. Corruption impacts on the ability of leaders to make a distinction between right and wrong, to apply values consistently, to lead with fairness, accountability, responsibility, transparency and intellectual honesty. Corruption impairs the ability of leaders to be competent and moral, and to transform a systemically corrupt institution into a just and fair institution with integrity. The next section focuses on categorising the costs of the impacts of corruption.

Categorising the costs of the impacts of corruption

The discussion in this article covers a comprehensive variety of impacts. From what has been discussed thus far, it is now possible to categorise the costs of the impacts. These costs can be categorised as unproductive and non-productive. Unproductive costs are serious and undesirable costs, such as waste of resources; equalising demand and supply for services; clearing the market of competition, enabling corrupt players to benefit unfairly; and incentive payments to bureaucrats for taking on the risk associated with corruption. Other examples include inefficiency (such as unresponsive behaviour), higher transaction costs and reduced tax revenue, reduced company and economic growth, and higher costs and risks for small entrepreneurs. Unproductiveness in a system is recognisable when a system does not function optimally and efficiently during the process of generating and disseminating commodities of value such as essential public services.

The second type of cost is non-productive costs, what Rose-Ackerman (1999: 2-26) called "the most severe costs", the underlying distortions that reveal corruption. Non-productive costs include implementing of control and monitoring systems; an increase in policing; deterioration of the social concept of belonging; and reducing those interactions in society that bind people together for the creating and sustaining of the common good or social capital. Other examples include fiscal distortions; increase in public spending, reduced foreign direct investment (FDI) and domestic investment; environmental damage; macro-economic instability; increase in the unofficial economy; increase in drug and people trafficking and the associated violence; political favouritism and conflict of interests; failure of the legislative to convene; ignorance and misgovernment; erosion of legitimacy; erosion of morals, common values and family values; mistrust; loss of faith; and lack of creativity.

In the light of discussing the costs of the impacts of corruption, it is now appropriate to focus on increased complexity as another immeasurable cost.

Increased complexity

The discussion so far has focused on a variety of unproductive and non-productive costs of corruption and their impacts on development. The impacts and the co-producers are so intertwined that it is not possible to categorise them without posing some questions about their relationships and interactions. For instance, poverty can act as a co-producer of corruption. However, corruption can also co-produce poverty. Both poverty and corruption can impact on each other as well as on development. Poverty is also a complex problem

situation. If two complex problem situations form a 'knot', each with its own components that interact, the complexity and impacts increase exponentially.

To understand corruption as an interactive subsystem of a social system, one must not only know what the purposes or ends of the parts, system and containing systems are, but how these purposes affect their interactions (Gharajedaghi, 1982: 11). Corruption, as a purposeful subsystem, can change the relationships within the subsystem and the behaviour between its elements (such as distrust between people), can learn and adapt and change its subculture, and it can also create and change its own supportive environment (such as corruption strengthens corruption) – a process resembling a cancerous growth which can destroy social development.

In order to understand the impact of corruption on an institution, it needs to be contextualised in terms of its purpose, processes (e.g. behaviour of corrupters as initiators and corruptees as less active participants), structure (e.g. interactions of strategy, people and management style), context and governance (e.g. centralising power and limits participation) for a systematic illustration, see Table 1.

Table 1: Impact of corruption on a social system

Interdependent components of a social system	Impact of corruption
Purpose	Breaks down the integrity of the system
Process	Self-supportive behaviour of segment(s) of society
Structure	Interaction of strategy, people (e.g. abuse of power) and management style (e.g. autocratic)
Context	Adapts and changes its own environment
Governance	Limits participation and sharing of a common concern

Source: Author's design, based on Gharajedaghi (1982: 6-11)

The next section focuses on the interaction of components of corruption and their recurrent relationships.

Interdependence of co-producers, impacts and manifestations of corruption

With an awareness of the various components of corruption, it is appropriate to look at its structure and the interaction between some of the components. There is a recurrent relationship between the impact of co-producers and the manifestations of corruption. Co-producers can impact on corruption and their impacts can, in turn, also act as co-producers. The impact can also manifest itself in terms of different symptoms or 'faces', also known as dimensions or forms of corruption that are recognisable for identification. This double-loop interrelationship amongst co-producers, impacts and manifestations is a knot or tangle that represents the complexity of the problem situation of corruption. This knot is an indication of the complexity of developing strategies for managing corruption in an institution.

Removing one co-producer that impacts on development is not necessarily going to lead to an improvement within the larger system of an institution. For example, if delays and inefficiency in a bureaucratic licence application system are removed, and the number of officers is reduced from ten to two (based on improved procedures and smaller workload), the whole system can become more efficient. However, the two remaining officers now have less competition as 'service agents', but have more lucrative opportunities to ask for higher bribes. This example is an indication that removing or improving only one set of elements or components of a systemic problem needs to be carefully considered in terms of its 'new' impact on the larger system.

Removing a co-producer(s) could actually increase corruption if only efficiency and economic aspirations are taken into account, for example, dealing with delays by reducing the number of officers dealing with licence applications. 'Recurrent' impacts cannot always be anticipated with certainty, because the other variables such as cultural values, sociological, legal-institutional, and knowledge and technological – can also play a role. One of these human aspirations is social and or cultural aspirations. Not only the collective spirit, but also the individual behaviour (psychology) plays a role in human behaviour. This is what was called 'free will' (choice) at the beginning of this article, which depends on a person's own ability that he/she exercises independently. The next section focuses on conclusions and recommendations for managing corruption.

Conclusion and recommendations

This article discussed the notions of 'development' and 'corruption' as systemic concepts, and the impact of corruption on developmental aspirations, such as leadership and good governance. The article also focused on the probabilities of impact, the increased complexity due to increased interactions between co-producers, the double-loop interrelationship amongst co-producers, impacts, manifestations and the costs of corruption.

The emerging interactions between the various impacts that also act as obstructions to development are of greater significance than just the impact of corruption on social systems. The more these obstructions are created, the bigger the opportunity for them to interact, the more severe their impact will be and the more complex the task of 'dissolving' them becomes. Measuring the impact of corruption can be useful for developing and prioritising change-management strategies.

Where the biggest impact of corruption occurs and where the impact is most severe (social harm) can determine the best places to intervene in the system, so that the least amount of effort can produce the greatest change possible. However, this process must be executed with caution. Just tampering by means of small and temporary acts of improvement must be evaluated systemically in terms of anticipating the impact on all other components (the whole system), their anticipated interactions, and keeping them under control and manageable. If this is not done, change can be counter-productive and a waste of resources over the long term.

For sustainable change and transformation of systemically corrupt institutions, the pointers created in the discourse with regard to the relevance of the systems approach to understand systemic corruption, its co-producers and its impact on development can be used for removing obstructions to development and reducing corruption. It is recommended that any attempt to change a corrupt culture must reduce the incentives for or benefits of corruption, increase the costs – punishment for and risks of participating (e.g. scandals) – and create protection and incentives (e.g. financial) for taking the risk of reporting corruption.

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