CHAPTER 1: INTRODUCTION

1.1 Purpose

Corruption has increasingly become a global concern and a subject for serious scientific study over the past few decades. The impact of such corruption, its extent and the efficacy potential of various measures to reduce it are usually given wide coverage. In undertaking this study I shall pay particular attention to the role, relevance and priority of costs for the task of fighting corruption in the South African public sector. My working hypothesis is that such costs must first be calculated in monetary terms as a fiscal end in order for the impact that will eventually accrue to society for such an effort to be effective. While it will be shown that South Africa is mostly committed to reducing corruption in all sectors of public life, such commitment is often echoed for public consumption and is not translated into budgetary allocations. Both political and government leaders are noted for their pious prattling against corruption, but are reticent to commit substantial resources towards its control. This is largely due to a faulty analysis of the problem of corruption and its corrosive impact on society generally. It is also a misconception to assume that South Africa can afford to 'fight' corruption 'at all costs', or, for that matter, adopt a policy of 'zero tolerance' towards it. My purpose will consequently also include an attempt to offer an evaluation of the corruption fighting efforts of the current South African government.

In terms of my purpose as outlined above, I will also try to show that a developing country like South Africa cannot actually afford to budget for a zero tolerance approach and that the costs of fighting corruption must be balanced against the impact that this would bring to society. The struggle against corruption should consequently not be directed towards its total elimination, as this of itself is not possible. The challenge is not to aspire towards an optimal point of zero in fighting corruption but to ensure that a carefully formulated strategic approach is adopted which must be based on the ability of a country to harness available resources, human capacity and political will. As corruption is as much a question of reality as it of perception, evaluating the impact of the efforts to fight corruption requires that tangible benefits accrue to the citizenry such that public confidence in a government's ability to govern is bolstered.

In some instances discussed in this study it will be observed how additional resources are inappropriately committed, resulting in a lack of coherent implementation and impact. Political immaturity and lack of foresight will also be revealed in showing how certain key decisions are rashly taken that severely tarnish the country's own record of fighting corruption. Ultimately though, South Africa's programmatic attempts since 1997 to confront the problem of corruption compare favourably with those of other African countries like Botswana and might offer a best practice model for some developing countries. Still, the absence of management controls, adequate information, overall policy, monitoring mechanisms and effective co-ordination will also be discussed as

critical retarding factors, especially on the part of national government. In the course of this study I shall therefore show how these factors are serving to diminish the likelihood of reduced corruption for South Africa's future. It is in any case imperative that a country's national strategy to fight corruption is fully supported from the top echelons of political authority downwards to instil confidence among all citizens that government shares a serious concern to address the problem. We shall later observe the extent to which such a commitment holds true for South Africa.

My purpose arises in part from the observation that while the matter of the costs of corruption are extensively mentioned and studied, usually for measurement's sake, little attention has been given to calculating the costs of fighting corruption. This might seem odd to the casual observer, but not if one considers the political import that public officials attach to their rhetoric against corruption. The attention increasingly being given to the problem of corruption in the developing world by economists has not helped, as their attempts continue the focus on establishing the extent of the negative impact on a country's economy. One is also treated to a plethora of solutions, often informed by public sector experts, but which mostly fail to address the problem of the lack of resources that hamper implementation of most anti-corruption plans. Such plans often collapse because of political interference, lack of independence, inadequate skills, and poor co-ordination with other state agencies as well. Throughout this study, therefore, I shall attempt to highlight the lack of attention being given to the issue of 'adequate' financial

resources, without which the costs of fighting corruption effectively will not be possible. 'Adequate' is of course a relative term contingent upon the availability of such resources and the priority given to fighting corruption within a country's budgetary framework. Condemning public sector corruption might be a fashionable preoccupation for many in all spheres of government but if such rhetoric is not accompanied by a commitment of resources, the fight against it will be rendered ineffective.

1.2   Motivation

My interest in this study has arisen out of practical experiences I have gained in trying to combat and prevent corruption in South Africa, dating back to 1998 when I joined the civil service as a senior manager of professional ethics. The rich experiences gained in this position were supplemented by wide exposure to anti-corruption debates internationally, discussions with numerous professional associates, and playing an active role in the work of Transparency International. It has also been motivated by my involvement in the Ethics chapter of the South African Association of Public Management and contact with a range of local academics and public sector managers who share an interest in issues of good governance. My motivation also arises from the sense of frustration and dissatisfaction one experiences as a civil service manager who is required to be faithful to the government of the day. On the basis of thorough study and scientific investigation, one often arrives at recommendations meant to improve

the management of a certain problem afflicting society, only to be thwarted by political actors who share 'broader' concerns related to party loyalty and the need to placate their constituencies. Open discussion of competing options to fight corruption is limited within the governmental environment to the formal programme already in place with little room and time to explore radical alternatives. The results of a scientific study of corruption can in any case be quite discomforting to those entrenched in positions of power and threatening to others with insecure jobs. The 'safe and value-free' confines of university study were therefore chosen as the means to explore a possible original contribution to scientific knowledge about fighting corruption.

It became clear to me over time from my personal experiences in public life and regular study of the most recent literature on corruption that a thorough study of efforts to fight public sector corruption in the South African context was required. There is a paucity of studies on evaluating the prevalence and practice of corruption in South Africa, let alone the measures taken to combat its spread, as we shall observe. A further motivating factor has undoubtedly been a sense of moral outrage towards corrupt behaviour that has had an enormous detrimental impact on the poor. In South Africa one often reads numerous stories of petty corruption involving public officials who are seldom disciplined. If and when such officials are eventually disciplined, they seem to escape criminal prosecution as a rule. Such a scenario prevails despite the repeated pledges by those in authority to 'come down hard' on those guilty of corruption. Sometimes those showing

strong public intent on fighting corruption turn out to be implicated in questionable practices. It is difficult, however, to provide adequate solutions to solving an age-old problem afflicting humankind if one does not fully comprehend the unique exigencies. All South Africans, especially those in government, are ostensibly fervent supporters of action being taken against corruption except perhaps in certain selected cases. These concerns aside, the enduring solution of a perplexing problem would require a carefully considered analysis of its nature and properties. This study was therefore initiated as a means toward achieving such an objective.

1.3 Scope and Limits

The context for this study is the public sector of South Africa. This is a large sector that, for the purposes of this study, will comprise the political and administrative arms of government, the national executive (Cabinet), Parliament, provincial forms of government (provincial executives and provincial legislatures), the civil service, state institutions created in terms of the Constitution and state enterprises. Local or municipal forms of government would ordinarily be included in the public sector, but are not included for discussion in this study, as it would require a far more extensive research project than the one attempted here. From initial observation it would appear that information on local government efforts to curb corruption is very limited, as it does not appear to be a priority concern at this level. State enterprises are included for discussion in view of their role in

formulating the national strategy against corruption, but again, it is not possible to include the initiatives of each and every state enterprise within the scope and limits of this study.

While this is a study of the costs and impact of fighting corruption in the South African public sector, there are certain restrictions that are imposed which require explanation, as does the scope of the contents. Many individuals, institutions and organizations would qualify to have their names being included on a list of those engaged in fighting corruption since South Africa's transition to democracy. In this study we shall see this to be the case, especially where evidence is procured of activities and initiatives undertaken broadly in support of the struggle to create a new national order free of crime, corruption and violence (as far as this is itself possible, of course). Depending on one's definition of corruption, though, it would be incorrect to assume that there are currently a large number of projects in the public sector that share an explicit aim of fighting corruption. State institutions like the Public Protector, Auditor-General, Receiver of Revenue, and the National Prosecuting Authority all engage in anti-corruption work incidentally from time to time in fulfilment of their constitutional mandates. But there are, or were, only a limited number of initiatives across the country's public sector that would qualify as being in existence for the sole purpose of fighting corruption. These would include the South African Police Services Anti-Corruption Unit (which, as we shall see, has been disbanded), the anti-corruption units of various national and provincial departments, the Special Investigating Unit (when it was headed by

former Judge Willem Heath), and to a lesser extent, the Chief Directorate of Ethics in the Office of the Public Service Commission and the anti-corruption directorate in the Department of Public Service and Administration. While the scope of this study will not be restricted to the anti-corruption efforts of these bodies alone, it is inevitable that greater attention will be paid to them nonetheless. In each case above, the institution mentioned owes its existence mainly to direct or indirect allocations from the National Revenue Fund. The critical issue therefore is whether the next rand for fighting corruption is better spent by a cluster of such units or by a single one, which can assume most of the multiple functions involved in fighting corruption.

The timeframe of the investigation is quite restricted because only since the 1990s has corruption become a matter for significant public scrutiny, prosecution and debate. The first event of significance for discussion in this study will therefore be the enactment of the Corruption Act No 94 of 1992, followed by all other efforts since then to the promulgation of the new Prevention and Combating of Corruption Activities Act No 12 of 2004. Such efforts will for the most part include the holding of important consultations and conferences, the reform of the public service and other public institutions, changing rules and regulations, joining international initiatives against corruption, forming partnerships, introducing new legislation, offering ethics and anti-corruption training, and arresting corrupt persons. One therefore envisages a period corresponding to about a decade of activities (1994–2003) that, directly and

indirectly, and often unwittingly, contributed to the national effort to fight corruption. As the focus is on fighting public sector corruption, mention will only briefly be made of private sector efforts and those of civil society. Yet as we shall see later, a public sector strategy involving in-house activities will matter little unless all of society is jointly engaged in the national project of fighting corruption.

Practical studies on fighting corruption[1] generally put much emphasis on the role of important institutions that, for the purposes of this study, cannot be discussed in any great detail. The independence of Parliament and the judiciary are paramount to ensuring transparency and accountability in any society seeking a reduction in corruption. In the South African context, the assumption will be made that such institutions exist, are quite independent, and contribute in their unique ways to limit the spread of corruption. Neither is it possible to argue in this study that public sector reforms, specifically measures to improve salaries and employment conditions, can contribute towards reduced opportunities for corruption, or that tax reforms in the tax structure of a country will have the same effect. Again, these are relevant issues that fall outside the ambit of this study. Nor will any attention be given to the specific challenge of fighting corruption at the local governmental level as that is not covered specifically by the national strategy against corruption, in addition to reasons mentioned earlier. Governance

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[1] See, for example, J Pope (ed) 1996, National Integrity Systems: The TI Source Book, Berlin: Transparency International, and also, Anti-Corruption in Transition: A Contribution to a Policy Debate, 2000, Washington DC: World Bank.

in the civil society sector of South Africa may also be another important challenge in view of the collapse of many community-based organizations through mismanagement of public resources. But as the focus of this study is the public sector, these matters can only be mentioned in passing. Studies have appeared in South Africa about the way in which corruption thrives through the harmful activities of organised crime[2], but again, it will not be possible to discuss the details and ramifications of such activities in terms of the confines of this study.

While the focus of this study is on costs, more particularly, those that arise in fighting corruption, my intention is not to devise a formula or method to assist any government to precisely calculate such costs. Neither will I attempt to measure the budgeted costs (if allocated) that may or may not provide adequate resources to stem the tide of corruption. It is in any case a task of immense difficulty, if at all possible, to measure the total costs of fighting corruption when the extent of corruption itself defies measurement (see 2.5). Using the 'analytic hierarchy process' of Thomas Saaty, it may be possible to use mathematics and measure just about anything, including corruption, despite his belief that perfect measurement, even with the finest instruments, is not likely for one to attain in practice.[3] It is also possible to use the economic choice model of cost-benefit analysis in the public sector to provide better solutions to the problems of resource allocation and offer methodologies to measure particular categories of

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[2] For a list of publications on this topic, visit www.iss.co.za
[3] T L Saaty 1990, *The Analytic Hierarchy Process: Planning, Priority Setting, Resource Allocation*, Pittsburgh, Pa: University of Pittsburgh, RWS Publications.

costs and benefits as some have done.[4] My purpose, however, as stated earlier, is to draw attention to the priority of costs involved in fighting corruption, without going into any detail about its measurement as this is a complex matter probably requiring a separate concentrated study. My focus on costs will therefore serve to alert those seeking budgetary reforms that allocations to fight corruption must be made mandatory. The issue of costs will also be elaborated upon to the extent that it is a critical albeit neglected driver in the formulation of the national strategy against corruption. The failure to budget for the costs of fighting corruption will render the impact of such a strategy ineffective as we shall see.

1.4 Method and Model

To achieve my purpose I shall use a participant observation case study approach for a number of reasons. One accepts in a study of this nature that methods can impose their unique perspectives on reality. The method one employs will reveal slightly different facets of the same reality, as '[e]very method is a different line of sight directed toward the same point, observing social and symbolic reality.'[5] Hence the advantage of triangulation where several lines of sight can be combined, allowing the researcher to obtain a fuller picture of reality, a richer array of symbols and concepts, and a means of verifying many of these

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[4] See for example Trevor Newton's *Cost-Benefit Analysis in Administration*, George Allen and Unwin Ltd., London, 1972.
[5] B L Berg 1995, *Qualitative Methods for the Social Sciences*, Needham Heights, Mass: Allyn & Bacon, p 4.

elements.[6] The collection of data will be important, but the purpose of this research study requires answers to questions through the application of systematic procedures. Relevant samples of the literature on corruption as a global problem will be consulted; however, in view of this study being restricted to a particular context and a country's management of a phenomenon without adequate experience, a case study approach is preferred. The use of government reports, legal statues, documentary evidence, newsletters and newspaper articles will be the main sources of information.[7] Interviews were not conducted with public sector managers and leaders *per se*, but information from such sources will nevertheless be reflected.[8] This would be quite necessary as this study involves an investigation of groups more than the behaviour of individuals. An extended variety of data sources is therefore to be used which will require divergence in methodological application.

The systematic conceptual organization of knowledge often involves the use of 'models'. These may be viewed as likenesses of something, but usually consist of symbols rather than physical matter, that is, 'the characteristics of some empirical phenomenon, including its components and the relationship between

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[6] Ibid, p 5.
[7] Government files to be used in this study are all located at the Office of the Public Service Commission in Hamilton Street, Pretoria, Room 343, and are indicated according to their file numbers.
[8] When Office of the Public Service Commission: Chief Director of Professional Ethics and Human Resource Reviews (abbreviated as OPSC/CD:PEHRR) is reflected as a reference in the text of this study, it implies that information (usually confidential) has been obtained through the interviewing technique. Note that the OPSC/CD:PEHRR is also the writer of this study.

the components, are represented in logical arrangements among concepts'.[9] The model is therefore 'an abstraction from reality that serves the purpose of ordering and simplifying our view of reality while still representing its essential characteristics'.[10] A model can be of use in delineating aspects of the real world that are relevant to a problem being investigated, as it will provide information about the critical relationships among the aspects, and it will allow for empirically formulated propositions to be tested about the nature of these relationships. The real world will thus be better understood as the model will provide insight into phenomena that cannot be observed directly. Models for this reason can be used to estimate the consequences (or the costs and impact) of various alternative courses of action possible and obviously provide a more systematic basis for policy choices than subjective judgments. Models can serve as 'tools for explanation and prediction' in the public policy process, provided they can be tested.[11] In this study it will be necessary to examine the models of fighting corruption that have been advanced in the relevant literature. Such models may dovetail with the standard policy implementation model of Thomas Smith where the public policymaking process produces the ideal policy for a target group (those impacted the most by the policy) and is implemented by a responsible agency (usually of government). But this usually happens with various 'environmental factors' causing tensions and conflicts which in turn give rise to

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[9] C Frankfort-Nachmias & D Nachmias 1992, *Research Methods in the Social Sciences*, Sevenoaks, Kent: Edward Arnold, p 44.
[10] Ibid
[11] Ibid, p 46.

varying responses by institutions and other role-players, thus influencing future policymaking.[12]

In view of the above, the qualitative paradigm in research methodology will dominate this study as it will allow for methods of gathering information that are flexible and sensitive to the social context. In the broad field of public administration, 'the discipline of the social sciences is widely regarded as most prominent'.[13] The social science methods do not need to involve the exclusion of the participation action paradigm since the writer and the subjects of this study are closely related in a number of ways. Quantitative methods are of course largely ignored as it has reference to how properties are measured, while the concern of this study is about what, when, and the where of developments, their nature, essence and ambiance. The political aspects of knowledge production are critical, hence the need for this study to facilitate action and more useful knowledge about curbing corruption. The active involvement of the researcher with the activities of the researched is therefore a strategic vantage point, which will prove useful. The aim of the methods used will thus be not to formulate generic best practice but to offer insights specific to the local context that might serve as catalysts for policy shifts. As has been observed, 'Damage occurs when the commitment to generalize or create theory runs so strong that the researcher's attention is drawn away from features important for understanding

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[12] Ibid, pp 44–46, where Thomas Smith's model is discussed in more detail.
[13] J S Wessels 1999, *Social Science Methods In Public Administration, in Reflective Public Administration: Views From The South*, (eds) J S Wessels and J C Pauw 1999, Cape Town: University of Oxford Press, p 410.

the case itself.'[14] The temptation to engage in 'grand generalization' will thus be avoided, not least because of the difficulty that this itself would present in discussing corruption in different contexts.

The case study methodology that is used in this study will not suffer, as sometimes happens, because it is presented by someone who has a lesser regard for the particular. Thus also, with the requirements for real triangulation to take place, the qualitative case research on offer will constantly seek orientation 'to complexities connecting ordinary practice in natural habitats to the abstractions and concerns of diverse academic disciplines'.[15] But the broader purview is of significance only if applied to the single case. The advantage of the case study approach is of course that '[case studies] are often used as a form of investigation aimed at informing development policy and public action'.[16] Because they tend to provide more of a framework for research investigations rather than being a specific method, it is possible to use several methods within the framework. The case study has the potential to offer 'an account and an analysis of particular events and decisions' and can be used to 'illuminate a decision or set of decisions, why they were taken, how they were implemented, and with what result'.[17] Much in line with what the aim of this case study is about, that is, 'a question of assessing potential policy interventions in advance of

[14] R E Stake 1994, Case Studies, in N K Denzin & Y S Lincoln (eds), *Handbook of Qualitative Research*, Thousand Oaks, Ca: Sage, p 238.
[15] Ibid, p 239.
[16] A Thomas 1998, Challenging Cases, in A Thomas, J Chataway & M Wuyts (eds), *Finding Out Fast: Investigative Skills for Policy and Development*, London: Sage, p 307.
[17] Ibid

implementation, the study might concentrate on existing "coping" strategies or on inter-relationships, with a view to asking how these might be affected by the new policy'.[18] Yet this is by no means solely an 'intrinsic case study' where one is seeking a better understanding of this particular case, but rather, an 'instrumental case study' where a particular case is investigated to provide insight into a related issue: 'The case is of secondary interest; it plays a supportive role, facilitating our understanding of something else.'[19] The costs and impact of fighting corruption represent this other interest, of course, but as Stake also observes, '[b]ecause we simultaneously have several interests, often changing, there is no line distinguishing intrinsic case study from instrumental; rather, a zone of combined purpose separates them.'[20] The case of the South African public sector, wherein I have been a participant observer, will consequently provide the context to facilitate our understanding of fighting corruption in no less significant a way.

The reference technique best suited to assist in the use of the above method and model of research is one that requires continued engagement with original sources. As these are not ordinarily accessible to the public, repeated references are made in the text to the office of the Chief Director of Professional Ethics and Human Resource Reviews in the Public Service Commission, where most of such sources can be found. In instances where this office was able to confirm the

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[18] Ibid, p 315.
[19] Stake, Case Studies, p 237.
[20] Ibid

veracity of statements made in this study (at the time of writing), this is also indicated. In most other cases references are made to legal statutes, reports, newspapers and secondary sources which in the latter case are mentioned with reference to the author(s) first. Sources are only fully referenced once in the text after which they are abbreviated by *ibid* and the relevant page of the source where necessary. Where this does not occur in immediate succession, only the author's surname when required and abbreviated title of source is used together with the relevant page. The above technique thus allows for all references to be substantiated by easy access to the bibliography without having to first establish when or where the relevant source was first used.

1.5 Outline

This study will be undertaken in eight chapters, which make up three separate parts. Part I is the *introduction,* which begins with chapter 1, which includes a brief discussion of the purpose, scope and limits, method and motivation underpinning this study. It will be supplemented by a discussion in chapter 2 of the definition, form and effects, origin and context, and the measurement of corruption before consideration is given to the historical background to corruption in South Africa. This latter cursory historical sketch will be limited to events before 1994, as those afterwards will be covered later. Thereafter, chapter 3 provides a *survey of the relevant literature* on the subject of corruption. As will be shown, this can by no means be comprehensive in view of the limits imposed by

the title of this study. Greater attention is given to studies that address the issue of 'fighting' corruption rather than the somewhat abstract study of corruption itself. Chapter 4 should also be seen as part of the introductory thrust, in which an attempt is made to scope the policy considerations that should impinge on any national effort to fight corruption with limited resources. Some models of how corruption has been successfully controlled, the elements of a national integrity system and the impinging international anti-corruption agenda, are also discussed here.

Part II consists of the next three chapters (5–7), which offer a detailed discussion of the actual *case study* of South Africa's scorecard as a developing nation intent on fighting corruption. As required, the main emphasis throughout is on locating this discussion in terms of a preconceived framework, which in this study is the costs and impact of fighting corruption within a public sector context. Even with such a limitation, it is not possible to include every aspect of corruption in the South African public sector. As will become evident, the problem of corruption has engaged the attention of the public sector, more especially government, to a considerable extent since 1994. Numerous reports and action plans have emerged as a result to inform policymakers of the way forward toward corruption control. However, for the purposes of the case study, a restriction is made to include for discussion only those measures designed to fight corruption within the framework of the national strategy to fight corruption. This strategy was articulated for the first time at the National Anti-Corruption Summit in April 1999

and was subsequently adopted by the country's leading representatives of the public and private sectors, together with civil society. The national consensus reached at this event would serve as a stimulus to henceforth spur the public sector towards implementation of the strategy. In this effort government, and the public service in particular, would play a leading role in initiating a series of measures to comply with the strategy and thus keep corruption in check. There was of course a wide range of measures against corruption that were contemplated before and after the national summit. These will be mentioned in the course of the case study, but the level of detail in terms of which they will be discussed will depend not on their efficacy in controlling corruption but in relation to their relevance to the national strategy. In short, therefore, the costs and impact of the ways and means of fighting corruption in the public sector are analysed only insofar as the framework throughout remains the one national strategy. This strategy was the means designated through national consensus of fighting corruption and for that reason is regarded as the authoritative framework for this study.

Part III begins with chapter 8, which is an *evaluation* of the above case study. An overview of the entire discussion up until then will first be offered before consideration is given to the policy instruments that may or may not be lacking for effective implementation of the national strategy. The need for a costs and impact calculation in terms of resources available, and the most effective approach to reducing corruption as a result, will be intrinsic to the evaluation of

this study. Indirectly, the efficacy potential of the national strategy will be questioned as well as its potential value for adoption by other countries. Methods of fighting corruption that have originated elsewhere will also be evaluated to ascertain their potential for further relevance in the future. Chapter 9 is the *conclusion,* which, among other matters, will point to further avenues for scientific research, as far as fighting corruption is concerned, and is followed by the *appendices* and *bibliography*.