Collective Action and Systemic Corruption

Heather Marquette & Caryn Peiffer[1]

Paper presented at the ECPR Joint Sessions of Workshops, University of Warsaw 29 March-2 April 2015

Workshop 19 - The Intricacies of Accountability: Horizontal, Vertical and Diagonal Mechanisms to Combat Corruption

Abstract

A growing body of research argues that anticorruption efforts often fail because of a flawed theoretical foundation, where collective action theory is said to be a better theoretical lens for understanding corruption than the dominant principal-agent theory. We unpack this critique and advance four new arguments. First, the application of collective action theory to corruption has thus far been both incomplete and narrow. Second, a collective action theory-based approach to corruption is in fact complementary to principal-agent approaches, rather than contradictory as is claimed. Third, both theoretical approaches share in common a 'blind spot', which is that corruption often persists because it sometimes provides solutions to problems in resource-poor contexts. We conclude by arguing that anticorruption effectiveness is difficult to achieve because it requires insights from all three perspectives, which may allow us to better understand how to harness the political will needed to fight corruption.

Key words: Corruption, anticorruption, collective action, principal-agent, political will

Heather Marquette, Reader in Development Politics and Director, Developmental Leadership Program, University of Birmingham, email h.a.marquette@bham.ac.uk. [1] Caryn Peiffer, Research Fellow, Developmental Leadership Program, University of Birmingham, email c.peiffer@bham.ac.uk.

In the past decade and a half, the effort to control corruption in the developing world has grown seemingly exponentially; it has attracted support from all major aid agencies and has inspired hundreds of reform projects, action plans, anti-corruption agencies and a growing class of in-demand experts. Depending on the source consulted, it has drawn anywhere from hundreds of millions to billions of dollars in investment (Sampson 2010, Michael 2004; Michael and Bowser 2009; Mungiu-Pippidi 2006), leading to what has been called the birth of an 'anti-corruption industry' (Sampson 2010; Michael 2004; Mungiu-Pippidi 2006). Despite this investment, there seems to be few successful cases where countries have significantly reduced corruption in this time period (Johnsøn, Taxell & Zaum 2012: 42). In short, most systemically corrupt countries are considered to be just as corrupt now as they were before anti-corruption interventions were rolled out (Mungiu-Pippidi 2006; Persson, Rothstein & Teorell 2013; Hough 2013).

For a growing number of authors the wide-scale failure of anti-corruption programming lies in the inappropriate theoretical foundations that underscore its design. Anti-corruption programming is overwhelmingly influenced by principal-agent theory, which depicts corruption as occurring when public officials who have discretion over the provision of public services lack accountability. When applied to anticorruption, this lens emphasizes the rational choices that take place in individual incidents of corruption, implicitly assuming that corruption is 'solvable' with policies that can alter these individual calculations. Critics have recently argued that this assumption is flawed, especially in systemically corrupt contexts, where corruption is best understood to be a collective action problem instead (Persson, Rothstein & Teorell 2013; Mungiu-Pippidi 2011; Bauhr & Nasiritousi 2011; Rothstein 2011; see also Marquette, Pavarala & Malik 2014). From this critical perspective, the application of principal-agent theory mistakenly assumes that there will be 'principled principals' in civil society and in positions on power to actively oppose corruption and enforce anti-corruption reforms. Instead, for these authors, systemic corruption persists because corruption is widely perceived to be the norm in such contexts, and individuals gain little from abstaining from or resisting corruption if they cannot trust that others will do the same. The roots of this insight are attributed to collective action theory.

In this paper, we start by unpacking this critique further. In doing so, we first aim to set out how principal-agent and collective action theories have been applied so far in the literature

on corruption and anti-corruption, and describe in more detail the critique made that the application of principal-agent theory "mischaracterizes" the nature of corruption in systematically corrupt contexts and the ways in which a collective action theory lens is said to better capture the dynamics of corruption in that context. Additionally, this paper advances several new arguments. First, we argue that the application of collective action theory, thus far, to the issue of corruption has been both incomplete and narrow. In addition to the insight that trust and perceptions of how others act influence decisions regarding whether to engage in or to resist corruption, the rich collective action theory literature also highlights the potential importance of a host of other factors, like the salience of the good for the group and the feasibility through which members can monitor each other in contributing towards the collective good. Moreover, we assert that the two theories are not at all mutually exclusive; once the scope of potential contributions from collective action theory is widened, instead of the two theories being diametrically opposed, as they have been portrayed, they prove to be in fact complementary. This is particularly important, given the growing development policy interest in translating this research into practical policy recommendations.[2]

Our third argument is that, as they have so far been applied to the issue of corruption, both principal-agent theory and collective action theory share in common a 'blind spot'. Both theoretical applications have framed corruption only as a 'problem,' which has failed to recognize that, in some contexts and for some people, corruption functions to provide solutions to problems that they face. In acknowledging the social, political and economic functions that corruption sometimes serves, a different light is shed on why there is often a lack of political will to undertake meaningful anticorruption reforms, in systemically corrupt countries in particular. Reluctance is understood politically as a way to maintain a status quo that works for those actors involved.

Finally, each perspective—corruption as a principal agent problem, corruption as a collective action problem or corruption as fulfilling important functions—has something to add to our understanding of the scope and scale of challenges that anticorruption efforts face, and that leaving one perspective out hollows this understanding. Corruption is difficult to deal with not only because monitoring and sanctioning corrupt behavior presents technical challenges

---

[2] See, for example, studies commissioned by the UK Department for International Development (Rao 2013; Rocha Menocal et al 2014), the Norwegian Agency for Development Cooperation (Mungui-Pippidi 2011); and several papers by the World Bank (e.g., Gauri, Woolcock & Desai 2011; Keefer 2012; WBI 2008).

(principal-agent theory), or that when corruption is perceived to be 'normal' few may be willing to abstain from participating in corrupt exchanges or be reluctant to take the first step to enforce anticorruption reforms (collective-action theory), but also because corruption is the means through which many solve real problems that have deep social, structural, economic and political roots.

A principal-agent approach to corruption

The predominance of principal-agent theory in corruption research has been clearly demonstrated by Ugur and Dasgupta through a meta-analysis of 115 studies looking at corruption's impact on economic growth (2011: 43). They found that all studies considered 'adhered to an explicitly-stated principal-agent approach to corruption, or their account was closely related to that approach'. It is no wonder then that, as Persson, Rothstein and Teorell (2013) argue, the design of most anti-corruption programs reflects a principal-agent understanding of corruption, rather than any other alternative view.

According to theory, a principal-agent problem stems from two assumptions: that the principal and agent have diverging interests and that the agent has more information than the principal (information asymmetry). Due to asymmetric information, the principal is unable to perfectly monitor the actions of the agent, and so the agent has some discretion to pursue their own interests. Moral hazard occurs when the interests of the principal and the agent are not aligned, and the agent pursues their own interests at the expense of the interests of the principal (hence the 'problem') (Ross 1973; Harris & Raviv 1979).

Corruption is often described to exist in society as a *double* principal-agent problem. In the first instance, a political leader is cast as the 'principal'; they are tasked with monitoring the actions of bureaucrats (agents) in order to keep them accountable. Without the ability to perfectly monitor their actions, however, rationally minded bureaucrats use their discretion over resources to extract rents when the opportunity arises. The second principal-agent problem occurs when public officials (bureaucrats or politicians) are conceptualized to be the 'agents' and the public, more generally, as the 'principal.' As the agent the public official is able to abuse their office and discretion over public services to secure private rents from members of the public, and the public is unable to perfectly monitor or hold public officials accountable

(Ugur & Dasgupta 2011; Bardhan 1997; Klitgaard 1988; Rose-Ackerman 1978).

In either case, viewing corruption through a principal-agent lens emphasizes the rational choices of individuals that take place in discrete incidences of corruption. This focus implies that corruption is 'solvable' with policies that alter the degree to which principals are able to monitor and sanction their agents and the level of discretion given to agents and their individual incentive calculations. Consequently, anti-corruption interventions, guided by principal-agent models, have focused on reducing the discretion of civil servants, increasing monitoring mechanisms, promoting transparency in government, supporting anti-corruption civil society groups to serve as watchdogs, and strengthening sanctions on those who engage in corruption, so as to better align the incentives of potential 'agents' with those of their respective 'principals'.

However, a recent paper on mapping evidence gaps in anti-corruption provides stark reading. The review found that '[o]nly in the case of [public financial management (PFM)] does the evidence clearly suggest that such measures reduce corruption' (Johnsøn, Taxell & Zaum 2012: 42). In terms of public sector reforms (other than PFM), oversight institutions, civil society, budget support, donors' own systems and multilateral agreements, all interventions in keeping with the principal-agent model, the evidence of their efficacy is weak or fair at best. One answer given to the question of why the record of anti-corruption interventions has been so poor is that anti-corruption interventions are based on a theoretical misunderstanding of the nature of corruption; in other words, the application of principal-agent theory to the issue of corruption has fallen short in providing viable anti-corruption solutions.

A different explanation found in the principal-agent corruption literature is that the fault rests with the political or bureaucratic leaders who have been unwilling to fully implement them (e.g., Kpundeh 1998; Brinkerhoff 2000). However, in treating political will as an exogenous factor to the design of what is otherwise defended to be effective anticorruption interventions, the application of principal-agent theory to the issue of corruption has thus far taken for granted that principals have the 'will' to serve the functions of monitoring and keeping agents to account.

It's a collective action problem, *instead*?

Several authors (e.g., Persson, Rothstein & Teorell 2013; Mungiu-Pippidi, 2011; Bauhr & Nasiritousi 2011; Rothstein 2011) have recently criticized the principal-agent view within anti-corruption policy, as well as governance more generally (Booth & Cammack 2013), on these grounds that, in certain contexts, corruption should instead be viewed as a problem of collective action, and that especially in a context of systemic corruption, viewing corruption as a principal-agent problem 'mischaracterizes' the issue of corruption completely (see Persson, Rothstein & Teorell, 2013, for this particular turn of phrase).

While the study of collective action predates, and has developed significantly since Mancur Olson's (1965) book, *The Logic of Collective Action,* its influence on framing the issue is still very prominent. In his book, Olson specifically referred to the ability of collectives to work towards the production of public goods, which are both non-excludable (impossible to exclude people from using) and non-rivalrous (one person's use of the good does not reduce its availability for others to enjoy). Olson's analysis has since been applied to other types of goods, like common pool resources, which share in common with public goods their non-excludability, but not their non-rivalry (Ostrom, et al 1992).

Because both types of these goods are non-excludable, people who do not contribute towards their production can still benefit from them; beneficiaries of this sort are called 'free-riders.' The potential for free riding is at the heart of an Olsonian collective action problem. Viewing individuals as maximizing rational agents, Olson argued that whenever a user cannot be excluded from enjoying the benefits of collective action, the individual incentive to contribute towards the production of that collective benefit is reduced. Put differently, it is predicted that people will opt to free ride when they know their level of contribution towards the collective good does not impact their beneficiary status. Moreover, individuals feel less inclined to contribute towards the collective benefit when they know or anticipate that others will free ride on their efforts.

The resultant free riding is the collective action problem. When some free ride, and others do not, the collective benefit is not provided to its fullest potential; of course, if everyone decides to not contribute at all, than the collective benefit never materializes. In the case of common-pool resources, where the consumption of the good by one reduces what is available for others, copious free riding can lead to the depletion of the resource, which harms

all users in the long run. This phenomenon is commonly referred to as the 'tragedy of the commons' (Hardin, 1968).

What impacts people's perceived interests and calculations to contribute towards the common good has been the subject of dozens of studies. One potentially important factor that has been highlighted is the influential role that perceptions of how other group members act or in other terms, trust within the group (see Seabright, 1993; Ostrom, 1990; Elster, 1985, for examples). It is from this insight that the authors cited above root their application of collective action theory to the conceptualization of corruption. The following, from Persson, Rothstein & Teorell (2013: 456-457), typifies the argument made: "insofar as corrupt behavior is the expected behavior, everyone should be expected to act corruptly, including both the group of actors to whom the principal–agent framework refers to as 'agents' and the group of actors referred to as 'principals.'"

Viewing corruption in this way highlights the collective, rather than individual, nature of corruption and the very difficult challenge that anti-corruption efforts face in changing levels of distrust in society and norms that reinforce persistent patterns of systemic corruption. There is much intuitive logic to this analysis, but two issues have not been fully explored in the corruption-collective action theory literature. First, to our knowledge, it has not been established what actual collective good corruption is precluding or reducing, nor how, through the lens of collective action theory, participating in corruption should be framed. Second, collective action theory has potentially much more to contribute to our understanding of corruption and the efficacy of anti-corruption interventions than on just the important role that a lack of intra-group trust plays in sustaining systemic corruption. Collective action theorists have highlighted the potentially important role of several other variables in influencing whether a group acts collectively.

Ostensibly, in using collective action theory when thinking of corruption, corruption is the manifestation of free-riding itself, as the motivation for engaging in corrupt behavior is usually depicted as coming from putting personal interest ahead of the larger group's collective interest. The group's collective benefit, in this case, can be conceptualized as being either abstract or quite concrete. In the case of the former, the choice to engage in corruption robs the group from having a 'corruption-free environment' or a good quality of government. According to Rothstein (2011), a good quality of government is one where all citizens are

treated impartially, according to the established rule of law. A good quality of government is positively associated with a number of tangible health, economic and other social outcomes; however it also represents something more abstract, which is a governance environment that citizens and (foreign) investors trust to be fair and reliable, and is associated with greater life satisfaction. Through this prism, the absence of corruption and the presence of an impartial government is a public good in and of itself (Rothstein, 2011).

In a more concrete sense, corruption is charged with causing the depletion of tangible resources, which is typical of a common pool resource. Corruption can lead to the bankrupting of the state or at least reduce its ability to provide public services effectively and efficiently. One might conceptualize the collective benefit here to be the percentage of the public purse allocated to the provision of services, and free riding—engaging in corrupt behavior—as reducing or depleting the capacity of the state to take care of all citizens to its actual financial potential.

As noted earlier, trust/perceptions of free riding are only two potentially important variables of the many explored in collective action literature. Agrawal (2002) listed more than thirty that scholars have identified as likely to affect whether a group will be able to overcome a potential collective action problem. While it is outside of the scope of this paper to review all of these, we present a smaller list of nine in Annex One. Drawing from Ostrom's (2010) list of variables most frequently cited in the collective action theory literature (see also Ostrom 1998, 2007), these include: group size, repeated interaction, trust/good reputation, group interdependence, heuristics/norms, monitoring/transparency, long time horizons and the salience of the collective good. Ostensibly, each of these variables can be important to the issue of corruption.

The potential importance of any one of the variables listed here is acknowledged to be completely contextual in the broader collective action theory literature (see Ostrom, 2010: 164, for example). Moreover, it is also clear that any one of the potential influences on collective action is most certainly impacted by the influence of others. This not only means that the variables' interactive effects likely matter but that their own causal relationships to each other matter as well. For instance, trust or distrust that people will abstain from corruption is influenced by the heuristics people have formed about how others will behave in society, which are in turn largely shaped by one's repeated interactions with others. Also, leaders with longer

time horizons have long been assumed to be more 'developmental' (see Olson, 1993: 567-77; Clague et al. 1996). For example, the Kagame regime in Rwanda is said to have spearheaded the taming of corruption because it not only has a perceived long time horizon of holding office, but also because corruption is understood by the regime to be a highly salient obstacle to the country's broader developmental goals and fighting corruption is key for avoiding a return to genocide (Kelsall, 2011; Chene, 2011).

Transparency International's Integrity Pacts are arguably an archetypal example of a 'theory-based' collective action anticorruption approach. They involve written agreements between government and private bidders to refrain from bribery and collusion during the process of procurement bidding and a monitoring system that provides for independent oversight from civil society over the public contracting process (Transparency International, 2009). In bringing all actors together to make a formal agreement, such exercises acknowledge that the most precarious risks for corruption often lie in collective dynamics. Consistent with the expectations set out by the literature on corruption and collective action theory, successful Integrity Pacts are built on trust within the group of actors involved (Transparency International, 2009). However, as the wider collective action theory literature suggests (see Annex One), the success of an Integrity Pact is often challenged when other factors are also not in place, such as: transparency of information and the ability of actors to monitor each other throughout the process of procurement bidding; continuity of actors with time horizons long enough to last the process of procurement (i.e. low public service turnover); and the political will of the government to be involved at all (Transparency International, 2009).

The challenges facing this 'real world' example suggest a need for more critical reflection on the limits of a collective action theory approach to anti-corruption. The current treatment of collective action theory by corruption/governance circles may leave readers with the sense that collection action tends to equal inclusive community engagement, working with civil society to build trust in society and so on. A collective action approach to anti-corruption programming may involve these things, but Annex One's variables illustrate that successful collective action also may be exclusive, exclusionary and hierarchical. After all, having a small group size is often seen as beneficial to finding a resolution to a collective action problem, and collective action problems are thought to arise when there is no clear and legitimate leadership that can regulate public or common goods. Common norms around a 'good public order'

(Warren 2004: 332) are key to limiting political corruption in democratic theory, but how does this apply to weak democracies with limited resources where there may be different common norms or where norms may be conflicting?

Throwing the theoretical baby out with the bathwater?

Those that criticize the principal-agent approach to corruption and think that collective action theory brings a fresh insight often emphasize how these two approaches differ. For instance Persson, Rothstein and Teorell (2013: 450) tell us: 'as a collective action problem, systemic corruption reveals radically different characteristics than predicted by principal-agent theory'. As such, they argue that it also demands 'radically different solutions'. On two issues are these theories thought to differ. Firstly, principal-agent theory, from this critical perspective, mistakenly assumes that there will always be 'principled principals' who are willing to hold officials accountable for engaging in corruption; as discussed earlier, this is rightly not assumed by those that have applied collective action theory to the issue of corruption. Secondly, unlike principal-agent theory, the application of collective action theory is able to make sense of the fact that in an environment where everyone is believed to be engaging in corruption, there are few incentives for individuals to abstain.

There are some fundamental flaws with this analysis, however, which have implications for the development of these 'radically different solutions'. Firstly, this is actually a misunderstanding of principal-agent theory, rife within the policy-oriented academic literature on corruption, in which principals are motivated not by principles but by interests. There is no such thing, in theory, as a 'principled principal'. The problem in applying the principal-agent model to government is that (in principle) officials do not own public assets or have a material stake in them. This is why the response to the principal-agent problem is to find ways of creating (a sense of) ownership and property rights in public management, and aligning the interests of agents with those of principals.[3] Principal-agent theory does not assume that (a) either the principal or the agent is principled (but does assume they have interests), or (b) the principal is willing to hold the agent accountable for not acting in their own interests. Put

---

[3] Paradoxically, perhaps principal-agent approaches could be most relevant to patrimonial systems. We are grateful to Richard Batley for this insight, among others.

differently, it is not at all inconsistent with principal-agent theory to suggest that where principals do not have a stake in the intended outcome they will not be willing to play this role.

Second, the logics underscoring collective action theory and principal agent theory are not at all mutually exclusive. Some have observed, for example, that principal-agent problems exist within collective-action problems and vice versa (e.g., Booth and Cammack 2013: 15). Their logical overlaps are clear when applied to the issue of corruption. In the first instance, both theoretical lenses describe the same individual calculations made when deciding whether or not to engage in corruption. As both theories assume individual rationality, they both predict that people will engage in corrupt acts only when it is in their individual self-interest. Moreover, both theories recognize that the decision to engage in corruption is shaped by the perceived likelihood that one will not be held accountable for doing so. In collective action theory, with corruption as free-riding, the decision to engage in corruption is motivated by the free-rider's knowledge that they will not lose their beneficiary status to a good (i.e. be held accountable) because they chose to engage in corruption. Similarly, in principal-agent terms, the logic behind an agent choosing to engage in corruption is understood to be a function of the agent's perception that it is unlikely that the principal can hold them to account for doing so.

A logical conclusion from both theories is actually that more effective monitoring and sanctioning can increase accountability and reduce corruption. Those that criticize the principal-agent approach to corruption downplay this. Persson, Rothstein and Teorell (2013), for example, argue that the principal-agent framework has led anti-corruption strategies down the wrong path by implying that anti-corruption reforms should focus on reducing the discretion of civil servants, increasing monitoring mechanisms and strengthening sanctions on those that engage in corruption. These remedies are indeed tightly linked to the principal-agent vision of corruption; the inability of the principal to perfectly monitor and punish (or hold accountable) the agent's engagement in corruption is at the heart of a corrupt principal-agent problem. It follows from the application of principal-agent theory that when the principal is better able to monitor or sanction the agent, the incentive to engage in corruption will be reduced. Arguably, however, similar conclusions could be drawn from some examples in the collective action literature. As Annex One alludes, several examples within the collective action literature illustrate that when group members' actions are more easily and readily monitored, the incentive to engage in free-ridership becomes reduced (Agrawal & Goyal, 2001; Ostrom 1990).

In highlighting the ways in which the two theories overlap in their conceptualization of corruption, we do not mean to downplay the individual contributions of either theory. Rather, we suggest that, in different ways, each theory adds to the understanding of why corruption is sometimes so difficult to control. Persson, Rothstein and Teorell (2013) argue that it is best to evaluate the utility of each theory's interpretation of corruption dynamics as being context dependent. We would still caution any attempt to view the challenges of anticorruption through only one lens, regardless of context. In the first instance, even in systemically corrupt contexts, certain institutions may be relatively safeguarded from the types and extents of corruption that exist in wider society, and thus may benefit from a principal-agent theory inspired anti-corruption approach that emphasizes greater monitoring, oversight and higher sanctions. Thus, for us, it is important not to discard the usefulness of principal-agent theory's understanding of corruption *carte blanche* even in the context of systemic corruption.

It strikes us as much more useful to think about how the each theoretical lens can complement the other's contribution. For example, when taking into account different institutional and societal structures within society it may be useful to make room for an interlinked theoretical understanding of corruption. One way forward is to focus on what types of specific collective action problems influential principals face in deciding which anti-corruption reforms to pursue, as well as the challenges those principals face in implementation via their organizational agents. For example, in politicized bureaucracies recruitment patterns are usually rooted in clientelistic networking rather than meritocracy. There are a host of reasons, from a collective action theory perspective, why principals overseeing recruitment in a bureaucracy may not want to try to discipline reforms. They may believe that other people in similar positions are allowing un-meritocratic hiring, and therefore find some encouragement to do the same because 'everyone else is doing it'. Also, achieving a meritocratic bureaucracy may not be a particularly salient goal for them; as their own position is perceived to be subject to the political winds changing, they may not have a particularly long time horizon in their office. This will limit willingness to risk losing personal benefits from the status quo and/or exert energy to change things. Finally, the wider politicized organizational and even societal heuristics and norms may encourage them to allow this pattern of recruitment to continue. These issues address why some political will might be absent to implement meritocracy based reforms; but it is equally important to note that these principals may also face classic principal-agent problems

enforcing meritocratic recruitment patterns, such as not being able to monitor closely enough the specific recruitment procedures their agents are following. Those having the 'political will' to reform would still find this limitation in their capacity to manage their agents a significant challenge to overcome before achieving a meritocratic bureaucracy. Therefore, depending on the situation, both principal-agent and collective action lenses highlight different challenges present to anti-corruption.

Naidoo (2013), for example, argues that in several instances within and across South African state institutions, anticorruption efforts confronted both principal-agent and collective action theory type challenges. For example, the lack of effectiveness of South Africa's conflict of interest framework is found to be a function of confusion that people had around the 'legal definition of remuneration' and the fact that the financial disclosure forms did not require 'full disclosure of all interests', which are argued to be principal-agent type problems (Naidoo, 2013: 529). Additionally, several senior officials were indirectly encouraged to refuse to disclose, as they knew that non-disclosure in other cases elicited no institutional sanctioning, which highlights the collective nature of corruption risk assessments (Naidoo, 2013: 529).

Similarly, with respect to public financial management, Naidoo (2013: 529) summarizes the findings of South Africa's Public Service Commission, which found that negligence to enforce regulations was sometimes pressurized by superiors and encouraged by the belief that it was acceptable or neglecting to act would not be sanctioned—arguably, more collective action theoretical type reasons—but also because there was an 'absence of sufficient skills [within the bureaucracy] to effectively enforce financial management', which is arguable a principal-agent issue. Finally, no fewer than 10 government agencies in South Africa were given a role in anti-corruption, which introduced challenges around coordinating efforts (a clear collective action theoretical issue) as well as the delineation of responsibility within and across the agencies (arguably both collective action and principal agent type reasons) (Naidoo, 2013: 533).

The problem with viewing corruption as only a 'problem'

Though we argue that, in a complementary way, each theoretical lens has something different to lend to the conceptualization of corruption, we also argue that in at least in one of

their similarities there is a crucial blind spot: as both have thus far been applied, they have questionably framed corruption as only a 'problem.' Doing so has failed to recognize that in some contexts, corruption and patron-client networks persist because they function to provide solutions to problems that some people face. If we know little about the relationship between social networks and collective action (Siegel 2009), we know even less about it in weak governance environments. In acknowledging the functions that corruption sometimes serves, confronting a 'lack of political will' takes on a new light. It becomes more than a mere matter of there being no one willing or able to make the first step towards reducing corruption, but instead conceding that the present state of affairs may serve purposes that seem defensible to those involved. To fully get to grips with the functions that corruption and/or patron client relationships serve, we must start by better understanding the 'real' ideas and values behind these relationships, the functions that they serve and the resultant accountability relationships that actually exist.

Because of structural political-economy factors in many developing countries, many leaders rely on corruption for political mobilization and redistribution. Political leaders in most developing countries face a similar set of challenges in mobilizing political support and maintaining political stability. Unlike their colleagues in advanced capitalist countries, who usually maintain political stabilization primarily through legal fiscal budgetary transfers, the fiscal space in the budget available to political leaders in most developing countries for political redistribution is usually very limited (Khan, 2004; 2006; Herbst, 2000). Where there is high dependence on subsistence farming or informal sector employment, the taxable sector of the economy is often too small to serve as a source for redistribution through the budget (Khan, 2004; 2006; Stotsky & Wolde Mariam, 1997; Ghura, 1998). Moreover, because the potential political conflicts that political leaders in some countries have to manage are often deeply rooted in structural cleavages (Englebert, 2000; Hughes and Hutchinson, 2012), political leaders in these countries arguably face a more 'expensive' task of maintaining political stabilization than others (Khan, 2004; 2006).

However, polities do remain stable and politicians do consolidate and mobilize the needed support to maintain office, sometimes for decades, in this challenging fiscal environment. When achieved, political survival may necessarily depend on leaders using 'off-budget' redistribution measures through patron-client networks—transferring resources to powerful

clients in exchange for political support (Khan 1996; 2004; 2006; Chabal and Daloz, 1999; Englebert, 2000). Put differently, through corruption, leaders find and redistribute the resources needed to make their political tenure viable, which, as a by-product, ensures the public good of a sense of political stability for society more generally. As Chabal and Daloz (1999: 103-104) write, 'given that the state in Africa is not, and will not in the foreseeable future be in a position to garner the resources needed for an egalitarian distribution of resources according to social needs, (neo)patrimonialism continues to suit both patrons and clients.'

A similar argument can be made of the low capacity of weak state institutions, another common feature of most developing country governments. Unable to rely on defunct institutions to act as functioning political redistributive apparatuses, political leaders necessarily rely on informal neopatrimonial institutions for this purpose. Olivier de Sardan (1999:41) articulates nicely how these contextual factors—fiscal economic constraints and the low capacity of formal institutions—impact on the political opportunities leaderships have for mobilization:

> "…in the context of a dysfunctioning administrative and bureaucratic apparatus, and a dramatic scarcity of resources, the multiplication of interventions in favor of one person or the other progressively becomes the normal mode of management of such affairs and cases. But the omnipresence of `personal favors' (though often liable to legal action, if the law were to be applied, and while remaining an undebatable constituent of the corruption complex) is simultaneously a functional necessity (conditioning the effectiveness of all administrative undertakings), and a normative necessity (the foundation of all forms of sociability)."

Thus, it is no coincidence that arguably one of perhaps the best vehicles for mobilizing more inclusive grass-roots collective action against corruption – programmatic political parties with broad-based appeal – are least likely to emerge in neopatrimonial settings. Keefer (2013) explores collective action with regard to different types of political parties—programmatic, machine and patron-client—and finds that, in the latter, there is 'little ability to act collectively. The central characteristic of patron-client parties is the exchange of support by individuals (clients") for narrowly targeted benefits provided by candidates ("patrons")' (Keefer 2013: 10). Indeed, Keefer (2012: 6) points out that these sorts of relations produce leaders who 'favor

low public good provision; high rates of private good provision to those narrow groups; and to engage in high rates of rent-seeking'. Under these conditions, it is difficult to see where a collective action solution to the problem of corruption is likely to emerge, either spontaneously or following external actor intervention.

The fiscal constraints of the state not only represent a challenge for political leaders but also for citizens, who, in a weak state setting, are often faced with the patchy and uneven provision of state services. Though hardly ideal, in this context, citizens sometimes view corruption as a solution-mechanism, meaning that for many the only way to gain access to services is through corrupt channels. Walton (2013) found this in Papua New Guinea, where citizens excluded from state benefits tended to think of engaging in certain corrupt acts as the only way they could secure social services. Walton (2013: 187) concludes: 'in weak states such as PNG, some types of corruption can offer social protection mechanisms for those excluded from state benefits.' A similar point is made by Hickey and du Toit (2013: 144), who observe that in the form of election giveaways particularly, patronage can work to reduce poverty reduction by offering the very poor some resource security. Of course, without the loss of state resources to corruption, there would *eventually* be improved service delivery; to those individuals who need to access them today – for themselves or their family – that is scant consolation.

For citizens, patron-client relationships and corruption can serve many social functions as well. For example, Gauri, Woolcock and Desai (2011: 27) observe that in Honduras, a history of violent conflict has shaped the way in which patron-client relations are viewed; rather than simply understood as a way in which to (corruptly) access public funds, they are understood to provide security and safety in a highly violent and unstable environment. Moreover, participating in a network of patron-client relationships can reinforce social bonds and societal norms that are universally valued like the notion that people in powerful positions should give back and shared feelings of mutual obligation.

The challenges for anticorruption through multiple lenses

Those working within the principal-agent theory inspired anticorruption paradigm often blame the failure of an intervention on a lack of 'political will' to implement what is otherwise

perceived to be a good technical solution to the problem of corruption (e.g., Kpundeh 1998). By stopping there, however, 'political will' is treated as a black box, exogenous to the design of an effective anticorruption intervention. If corruption is a collective action problem, as it has recently been treated in the literature, the black box becomes partly unpacked; from this perspective, a leader will lack the 'political will' to make the first move to implement anticorruption reforms because they cannot trust that others will follow suit. The risk is that any first move is both wasted and not rewarded, or even that it could be punished.

One implicit message from this analysis is that an effective response to fight corruption requires the coordinated actions of several. This resonates well with observations made by others that episodes of effective anticorruption action have hinged upon the presence of an anticorruption reform coalition (Johnston and Kpundeh, 2002; Klitgaard and Baser, 1998; Chene, 2010). Reform coalitions are coalitions of usually elite actors within and across the state, oftentimes with actors from the private sector and civil society that share in common overlapping goals. In this case, this means controlling corruption and actively cooperating with each other to achieve this goal (Peiffer, 2012; Johnston and Kpundeh, 2002). Johnston and Kpundeh (2002: 3) argue that anticorruption reform coalitions represent the 'best strategy we have for creating a visible, legitimate [anticorruption] reform movement quickly'. Reform coalitions are said to be particularly useful for their potential to moderate the costs and risks for 'those that take the first steps against corruption in the face of both popular apathy and entrenched opposition from corruption interests' (Johnston and Kpundeh, 2002: 3); this is the very concern of those advocating a collective action theory-inspired understanding of the problem of corruption.

The point made is not controversial: if transformational change is to occur, it will not rely on the action of one or a few individual elites or disparate and small citizen groups speaking out against pervasive patterns of corruption. Even if they had the motivation to 'stick their necks out', in the face of systemic corruption especially, a collective and coordinated effort will be required. In accepting this mantra, the collective action problem that should draw our attention is not just, or necessarily, one of systemic corruption, but instead that of sourcing/harvesting a true anticorruption reform coalition with enough capacity to coordinate efforts and make a difference.

To assess the chances of a reform coalition arising, we must return to the black box of

'political will', and unpack it even further. Recognizing that corruption sometimes functions to 'solve' the political problems of maintaining stability, providing access to state services and serving as a mechanism for political redistribution in a challenging environment, does this. It helps to makes sense of why 'principled principals' are often absent. The 'political will' needed to enforce anticorruption reform is often missing, perhaps because corruption is (sometimes necessarily) relied upon to solve problems.

This acknowledgement makes the political and social dynamics that give rise to corruption more visible. Political factors are ever-present in shaping the interests and incentives of leaders and citizens to engage in meaningful anticorruption reform. Rather than simply being seen as venal and extractive, it also follows that patron-client relationships should be examined for what purposes they serve and what they mean for those involved, whether that be a source of social bonding, a sense of safety and/or how they might work to reinforce other desirable societal norms like gift giving and reciprocity. This is not a call to romanticize those relationships, but instead to point out that—as researchers, practitioners and policy-makers— we often willfully misunderstand them in the drive to condemn corruption. As Roll (2014: 5) argues in his work on 'pockets of effectiveness' in the public sector in developing countries, 'Instead of thinking about what the world should look like it is perhaps better to analyze it as it is in particular places and under specific conditions, paying attention to the underlying political dimension, and then build on that. Doing all that in a systematic comparative perspective even allows us to arrive at findings that apply to a much wider range of cases.'

Finally, through an explicitly political lens we may also start to understand why certain principal-agent or collective action problems exist in anticorruption in the first place. Coordination issues, for instance, do not always arise spontaneously, as merely a function of the multitude of actors involved. Instead, for political reasons, collective action problems can be carefully crafted, maintained or harnessed, as a way of undermining the effectiveness of institutions meant to challenge corruption. Revisiting Naidoo's (2013) examination of anticorruption in South Africa, he forcefully argues that due to political impulses, South Africa's ineffective multiagency approach to anticorruption, which suffered heavily from coordination issues, was maintained. To this effect, Naidoo writes (2013: 538), 'more overt displays of intra-party political motives were shown to have thwarted efforts to both institutionalize robust and specialist anticorruption capacity within the state, as well as undermine the effectiveness of

South Africa's existing multiagency framework'.

The three lenses represent different but overlapping challenges that anticorruption campaigners face in promoting effective interventions. Technically speaking, effective anticorruption interventions must be designed to take into account potential principal-agent problems that may harvest individualized incentives to engage in corruption, as well as coordination (collective action theoretical) issues that might arise in trying to implement an intervention. Conversely, implementation, or rather the reluctance to implement a reform, is not only a potential collective action issue—no one wanting to make the first step—but also is likely to find its roots in the perceived or actual functionality of corruption. In other words, changing peoples' mentalities or perceptions of their colleagues or wider society's behavior will not necessarily change the structural necessity for elites to use corruption as a mechanism to ensure political survival, for example, or for ordinary citizens to depend upon corrupt networks in order to access what services exist. In accepting the need to better understand this logic, especially in the case of systemically corrupt contexts, the combined challenges to control corruption admittedly become incredibly daunting.

Moreover, the will to implement a reform should be dealt with before time and energy is expended in designing a technically savvy intervention. This implies that the functionality of corruption must be understood and confronted head on. Truly effective anticorruption efforts, therefore, may not even attempt to directly tackle corruption in the first place. Instead, the logical extension of our argument would imply that serious attempts to control corruption would have to start by trying to gain an understanding of what solutions corruption provides those who engage in it, and then try to deal in the business of providing those solutions through other means. To draw on an earlier example, if we understand that corrupt patron-client networks in Honduras are defensible to many because of the sense of security and safety they provide in a highly violent environment (Gauri, Woolcock & Desai, 2011), serious efforts to control corruption must address the rule of law and security, before or along with addressing individual incentives or other collective dynamics.

Conclusion

In this paper, we have shown how principal-agent and collective action explanations for

the persistence of corruption are not necessarily competing but are usefully complementary. When conceptualizing corruption as a problem, the two theories emphasize different sets of important dynamics. Principal-agent theory's take on corruption highlights the rational calculations made by individuals at discrete points in time in a specific type of hierarchical structure. While collective action theory has been so far used to point to the role intra-group trust can play in influencing individual decisions, it has more to contribute than just this insight. A collective action theory lens applied to corruption emphasizes the fact that the same individual decisions on whether or not to engage in corruption occur within a wider society, rather than in isolation of the behavior of others. Thus, monitoring, transparency and sanctioning—all variables that impact upon individual calculations of whether or not to engage in corruption—should also be weighed against the potential influence of group dynamics that may impact on the likelihood of free-riding. Collectively, the two theoretical approaches to corruption teach us that corruption persists in highly corrupt countries because it is not only difficult to monitor and therefore difficult to prosecute, but also because, when it is systemically pervasive, people may lack the incentives to initiate either countermeasure.

When recognizing that corruption persists because it solves problems, the 'corrupt equilibrium' in countries with pervasive and systemic corruption is not just depicted as a social trap—maintained and reinforced by low levels of generalizable trust—but as a political one as well. Together, all three of these lenses highlight the multifaceted challenges that anticorruption reformers face. They imply that effective anticorruption efforts need to not only target wide-scale perceptions that corruption is 'normal', but that corruption may possibly serve an important set of functions. Corruption is often used as a tool by political actors to win and maintain political office. Without recognizing this and engaging in the political dynamics that underscore corruption, anti-corruption efforts will continue to fail. Thus, anticorruption reformers should ask themselves, what functions does corruption serve as well as what obstacles exist to eradicating it? Arguably, without answering the first question, one cannot begin to adequately answer the second.

Most importantly our analysis suggests that effective anti-corruption efforts need to be tailored to context, which also means that investment must be made so that contextual factors are deeply understood, without prejudice. The context should drive efforts to tackle corruption, *not* the theory or model, regardless of whether interventions are inspired by

principal-agent or collective action theories, or something else altogether. For example, monitoring, transparency and sanctioning measures may have big impact in contexts where incidences of corruption are relatively isolated; however, as Persson, Rothstein and Teorell (2013) note, transparency efforts in an environment of systemic corruption could expose the fact that corruption is wildly pervasive, and this may compel people to engage more in corruption, rather than fight against it. Put differently, collective action theory-inspired anti-corruption approaches, such as values-based training or public awareness raising, should not be viewed as universally appropriate solutions to apply in all contexts. The lesson here is that we should learn from the history of (mis)applying principal-agent theory inspired models of anti-corruption to inappropriate contexts, where political will was missing to implement the fixes prescribed. Cracking open the black box of political will should be the next challenge for researchers and practitioners alike.

References

Agrawal, A. 2000. Small is beautiful, but is larger better? Forest management in the Kumaon Himalaya, India. In C. Gibson, M. M, & E. Ostrom, *People and Forests: Communities, Institutions, and Governance.* (pp. 57-86). Cambridge, MA: MIT Press.

Agrawal, A. (2002). Common Resources and Institutional Sustainability. In E. Ostrom, T. Dietz, N. Dolsak, P. Stern, S. Stonich, & E. Weber, *The Drama of the Commons, National Research Council, Committee on the Human Dimensions of Gloabl Change.* (pp. 41-85). Washington, D.C.: National Academies Press.

Agrawal, A., & Goyal, S. (2001). Group size and collective action: Third-party monitoring in common pool resources. *Comparative Political Studies , 34*, 63-93.

Bardhan, P. (1997). Corruption and Development: A Review of Issues. *Journal of Economic Literature , 35* (3), 1320.

Bauhr, M., & Nasiritousi, N. (2011). *Why pay bribes? Collective action and anti-corruption efforts.* QOG institute.

Bendor, J., & Mookherjee, D. (1987). Institutional Structure and the Logic of Ongoing Collective Action. *The American Political Science Review, 81* (1), 129-154.

Booth, D., & Cammack, D. (2013). *Governance for Development in Africa: Solving Collective Action Problems.* New York, NY: Zed Books.

Brinkerhoff, D. (2000) Assessing Political Will for Anti-Corruption Efforts: An Analytical Framework. *Public Administration & Development*, 20(3), 239-252.

Chabal, P., & Daloz, J.P. (1999). *Africa Works: the Political Instrumentalization of Disorder.* Bloomington, IN: International African Institute in association with James Currey and Indiana University Press.

Chene, M. (2011). Anti-corruption progress in Georgia, Liberia, Rwanda. *U4 Expert Answer.* Number 288.

Clague, C., Keefer, P., Knack, S., & Olson, M. (1996). Property and Contract Rights in Autocracies and Democracies. *Journal of Economic Growth.* 1(2): 243-276.

Cook, K., & Hardin, R. (2001). Norms of cooperativeness and networks of trust. In M. Hechter, & K. Opp, *Social Norms* (pp. 327-357). New York, NY: Russell Sage Foundation.

Crawford, S., & Ostrom, E. (2005). A grammar of institutions. . In E. Ostrom, *Understanding Institutional Diversity* (pp. 137-74). Princeton, NJ: Princeton University Press.

Ekeh, P. (1975). Colonialism and the Two Publics in Africa: A Theoretical Statement. *Comparative Studies in Society and History , 17* (1), 91-112.

Elster, J. (1985). Rationality, morality and collective action. *Ethnics , 96*, 136-155.

Englebert, P. (2000). Pre-Colonial Institutions, Post-Colonial States, and Economic Development in Tropical Africa. *Political Research Quarterly , 53* (1), 7-36.

Gauri, V., Woolcock, M. & Desai, D. (2011). 'Intersubjective Meaning and Collective Action in "Fragile" Societies: Theory, Evidence and Policy Implications'. World Bank Policy Research Working Paper 5707, June.

Ghura, D. (1998). *Tax Revenue in Sub-Saharan Africa: Effects of Economic Policies and Corruption.* Washington, D.C.: IMF.

Hardin, G. (1968). The tragedy of the commons. *Science , 162*, 1243-1248.

Harris, M., & Raviv, A. (1979). Optimal Incentive Contracts with Imperfect Information. *Journal of Economic Theory.* 20: 231-259.

Herbst, J. (2000). *States and Power in Africa: Comparative Lessons in Authority and Control.* Princeton: Princeton University Press.

Hickey, S & du Toit, A. (2013) Adverse Incorporation, Social Exclusion, and Chronic Poverty. In Shepard, A. & Brunt, J (eds.) *Chronic Poverty. Concepts, Causes, and Policy.* Online Service: Palgrave. p.134-160.

Hough, D. (2013). *Corruption, Anti-corruption and Governance.* New York: Palgrave Macmillan.

Hughes, C., & Hutchinson, J. (2012). Development Effectiveness and the Politics of Commitment. *Third World Quarterly , 33* (1), 17-36.

Johnsøn, J., Taxell, N. & Zaum, D. (2012). 'Mapping evidence gaps in anti-corruption. Assessing the state of operationally relevant evidence in donors' actions and approaches to reducing corruption.' U4 Issues Paper No. 2012:7.

Johnston, M. & Kpundeh, S. (2002). 'Building a Clean Machine: Anti-corruption coalitions and sustainable reform.' *World Bank Institute.* Stock Number: 37208. Accessed: http://siteresources.worldbank.org/WBI/Resources/wbi37208.pdf

Keefer, P. (2012). 'Why follow the leader? Collective action, credible commitment and conflict'. World Bank Policy Research Working Paper 6179, August.

Keefer, P. (2013). 'Organizing for prosperity: collective action, political parties and the political economy of development'. Draft prepared for the *Oxford Handbook of the Politics of Development*, Carol Lancaster and Nicholas van de Walle, editors, March.

Kelsall, T. (2011). Rethinking the relationship between neo-patrimonialism and economic development in Africa. *IDS Bulletin* 42(2): 76-87,

Khan, M. (1996). The Efficiency Implications of Corruption. *Journal of International Development , 8* (5), 683-96

Khan, M. (2004). State Failure in Developing Countries and Strategies of Institutional Reform. In B. Tungodden, N. Stern, & I. Kolstad, *Toward Pro-Poor Policies: Aid Institutions and Globalization.* Oxford: Oxford Universit Press and the World Bank.

Khan, M. (2006). Determinants of Corruption in Developing Countries: The Limits of Conventional Economic Analysis. In S. Rose-Ackerman, *International Handbook on the Economics of Corruption.* Cheltenham: Edward Elgar.

Klitgaard, R. (1988). *Controlling Corruption.* Berkeley: University of California Press.

Klitgaard, R. & Baser, H. (1998). *Working together to fight corruption: state, society and the private sector in partnership.* Santa Monica: RAND Corporation.

Kpundeh, S. (1998). Political Will in Fighting Corruption. In *Corruption & Integrity Improvement Initiatives in Developing Countries*, New York: UNDP.

Marquette, H., Pavarala, V. & Malik, K.K. (2014). Religion and Attitudes towards Corruption in India: A Collective Action Problem? *Development in Practice*, 24(7), 8854-66.

Marwell, G., & Oliver, P. (1993). *The critical mass in collective action: a micro-social theory.* New York: Cambridge University Press.

Michael, B. (2004). Explaining organizational change in international development: the role of complexity in anti-corruption work. *Journal of International Development.* 16: 1067-1088.

Michael, B., & Bowser, D. (2009). The Evolution of the Anti-Corruption Industry in the Third Wave of Anti-Corruption Work. Proceedings from the Konstanz Anti-Corruption Conference. Constanz:,(pp. 1-13).

Miller, B. (1992). Collective Action and Rational Choice: Place, Community, and the Limits to Individual Self-Interest. *Economic Geography , 68* (1), 22-42.

Mungiu-Pippidi, A. (2006). Corruption: Diagnosis and Treatment. *Journal of Democracy.* 17(3): 86-99.

Mungiu-Pippidi, A. (2011) 'Contextual Choices in Fighting Corruption: Lessons Learned', NORAD, Report 4/2011, July 2011, available at www.norad.no/en/tools-and-publications/publications/publication?key=383808

Naidoo, V. (2013). The politics of anti-corruption enforcement in South Africa. *Journal of Contemporary African Studies.* 31(4): 523-542.

Olivier de Sardan, J. (1999). A moral economy of corruption in Africa? *The journal of modern African studies , 37* (01), 25-52.

Olson, M. (1965). *The Locig of Collective Action: Public Goods and the Theory of Groups.* Harvard University Press.

Olson, M. (1993). Dictatorship, Democracy, and Development. *American Political Science Review.* 87(3): 567-576,

Ostrom, E. (1990). *Governing the Commons: The Evolution of Institutions for Collective Action.* New York, NY: Cambridge University Press.

Ostrom, E. (1998). A behavioural approach to the rational choice theory of collection action, *Presidential Address, American Political Science Association, 1997. American Political Science Review*, 92(1): 1-22.

Ostrom, E. (2000). Collective action and the evolution of social norms. *Journal of Economic Perspectives , 14*, 137-158.

Ostrom, E. (2007). Collective action and local development processes. *Sociologica*, 3: 1-32.

Ostrom, E. (2010). Analyzing collective action. *Agricultural Economics , 41*, 155-166.

Ostrom, E., Walker, J., & Gardner, R. (1992). Covenants with and without a sword: Self-governance is possible. *American Political Science Review , 86* (2), 404-417.

Peiffer, C. (2012). 'Reform Coalitions.' Patterns and hypotheses from a survey of the literature. *Developmental Leadership Program Concept Paper* No. 3.

Persson, A., Rothstein, B., & Teorell, J. (2013). Why anticorruptino reforms fail--systemic corruption as a collective action problem. *Governance , 26* (3), 449-471.

Rao, S. (2013) *Interventions for accountability and collective action.* GSDRC Helpdesk Research Report 904. Birmingham, UK: GSDRC, University of Birmingham

Rocha-Menocal, A. et al. (2014). 'Corruption Evidence Report', draft produced for the UK Department for International Development.

Roll, M. ed. (2014) *The Politics of Public Sector Performance: Pockets of effectiveness in developing countries.* Abingdon: Routledge.

Rose-Ackerman, S. (1978). *Corruption: A Study in Political Economy.* New York: Academic Press.

Ross, S. (1973). The economic theory of agency: the principal's problem. *The American Economic Review.* 63(2): 134-139.

Rothstein, B. (2011). Anti-corruption: the indirect 'big bang' approach. *Review of International Political Economy , 18* (2), 228-250.

Sampson, S. (2010). The anti-corruption industry: from movement to institution. *Global Crime.* 11(2): 261-278.

Schlager, E. (1995). Policy making and collective action: Defining coalitions within the advocacy coalition framework. *Policy Sciences , 29* (3), 243-270.

Seabright, P. (1993). Managing local commons: Theoretical issues in incentive design. *Journal of Economic Perspectives , 7* (4), 113-134.

Seligson, M. (1999). *Nicaraguans talk about corruption: a follow up study of public opinion.* Arlington, VA: Casals & Associates.

Siegel, D. (2009). Social Networks and Collective Action. *American Journal of Political Science*, 53(1), 122-138.

Simon, H. (1955). A behavioural model of rational choice. *Quarterly Jorunal of Economics , 69*, 99-188.

Simon, H. (1957). *Models of Man.* New York: Wiley.

Simon, H. (1999). The potlach between political science and economics. In J. Alt, M. Levi, & E. Ostrom, *Competition and Cooperation: Conversations with Nobelists about Economics and Political Science* (pp. 112-119). New York: Russell Sage Foundation.

Smith, D. (2007). *A culture of corruption: Everyday deception and popular discontent in Nigeria.* Princeton: Princeton University Press.

Stotsky, J. and Wolde Mariam, A. (1997). "Tax Effort in Sub-Saharan Africa." *IMF Working Paper,* No. 107.

Transparency International (2009). Integrity Pacts. http://archive.transparency.org/layout/set/print/global_priorities/public_contracting/integrity_pacts. Accessed 31 October 2014.

Ugur, M., & Dasgupta, N. (2011). *Evidence on the economic growth impacts of corruption in low-income countries and beyond.* Found at: http://eppi.ioe.ac.uk/cms/LinkClick.aspx?fileticket=wrCtuggn-IQ%3D&tabid=3108&mid=5787, accessed 21/1/15

Walton, G. (2013). 'Is all corruption dysfunctional? Perceptions of corruption and its consequences in Papua New Guinea." *Public Administration and Development.* (33) 175-190.

Warren, M. (2004). What Does Corruption Mean in a Democracy? *American Journal of Political Science*, 48(2), 328-343.

World Bank Institute (2008). 'Fighting Corruption Through Collective Action: A guide for business', available at http://info.worldbank.org/etools/docs/antic/Whole_guide_Oct.pdf.

Yamagishi, T., & Cook, K. (1993). Generalized exchange and social dilemmas. *Social Psychology Quarterly , 56* (4), 235-248.

Annex One: How Variables May Affect Collective Action

Variable	Why?
Group size	In large groups, free riding is not easily noticed and group members may feel like their potential contribution will not make much of a difference to producing the collective benefit (Olson, 1965). With more people, it may be more difficult to come to an internal agreement about how to coordinate activity to arrive at a collective benefit (Olson, 1965).
	Groups of a very small size may not be able to mobilize the resources needed to engage effectively in collective action (Agrawal, 2000; Marwell & Oliver, 1993).
Repeated interaction	Repeated interaction between group members facilitates learning. Group members have the ability to figure out what strategies were successful or unsuccessful in garnering collective action (Schlager, 1995; Ostrom, 2000; Miller, 1992).
Trust/good reputations	Group members who feel that they can trust other group members to act collectively, based on a good reputation of past collective action or on something else, will be more willing to contribute towards the common good (Seabright, 1993; Ostrom, 1990; Elster, 1985).
Group interdependence	When a person knows that their access to resources is dependent on others' contributions and/or that others are depending on their contribution, they will be more inclined to contribute (Cook & Hardin, 2001; Yamagishi & Cook, 1993).
Heuristics/norms	Through personal experiences and from other people, individuals learn heuristic strategies for how to get certain outcomes, and norms, which attach a certain value on any given strategy or outcome. Depending on the heuristics and norms learned, they can either work to enhance a person's willingness to forgo immediate individual goals in the interest of pursuing the collective good or not (Simon 1955, 1957, 1999; Crawford & Ostrom, 2005; see Ostrom, 2010 for a discussion on norms).
Monitoring/ transparency (contributions & collective good)	If contributions towards the collective good can be easily monitored, individuals will be less likely to free ride, out of a fear that their free riding will be detected (Ostrom, 1990).
	Monitoring could reveal that free riding is the norm and that the collective good is far from being achieved; if that is the case, than group members will be less likely to contribute towards the collective good.
Long-time horizons	Contributing towards the collective benefit usually means that individuals forgo their immediate individual interests for the long-term interests of the group. Thus, individuals who have long time horizons, are more likely willing to contribute towards the collective good (Bendor & Mookherjee, 1987; Ostrom, 1990).
Salience of collective good	If the collective good is vital to group members' livelihood or survival, than group members have a greater incentive to act collectively (Agrawal, 2002)