

THE CONCEPT OF CORRUPTION

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Presentation Outline

To understand

- The meaning and manifestations of corruption
- The causes of corruption
- The effects of corruption
- Signals of corruption
- Role of the individual in the fight against corruption

What is corruption?

- There is no single precise definition of corruption
- **Abuse of public power for private gain**
- **Misuse of public power, office, or authority for private benefit**
- World Bank defines it as *'The abuse of power for personal gain or for the benefit of a group to which one owes allegiance'*
- KACA defined it as *'The abuse of authority for personal advantage/for the advantage of another person/group...includes bribery, theft, embezzlement, fraud & evasion of payment of govt revenue/taxes'*

Definitions cont.

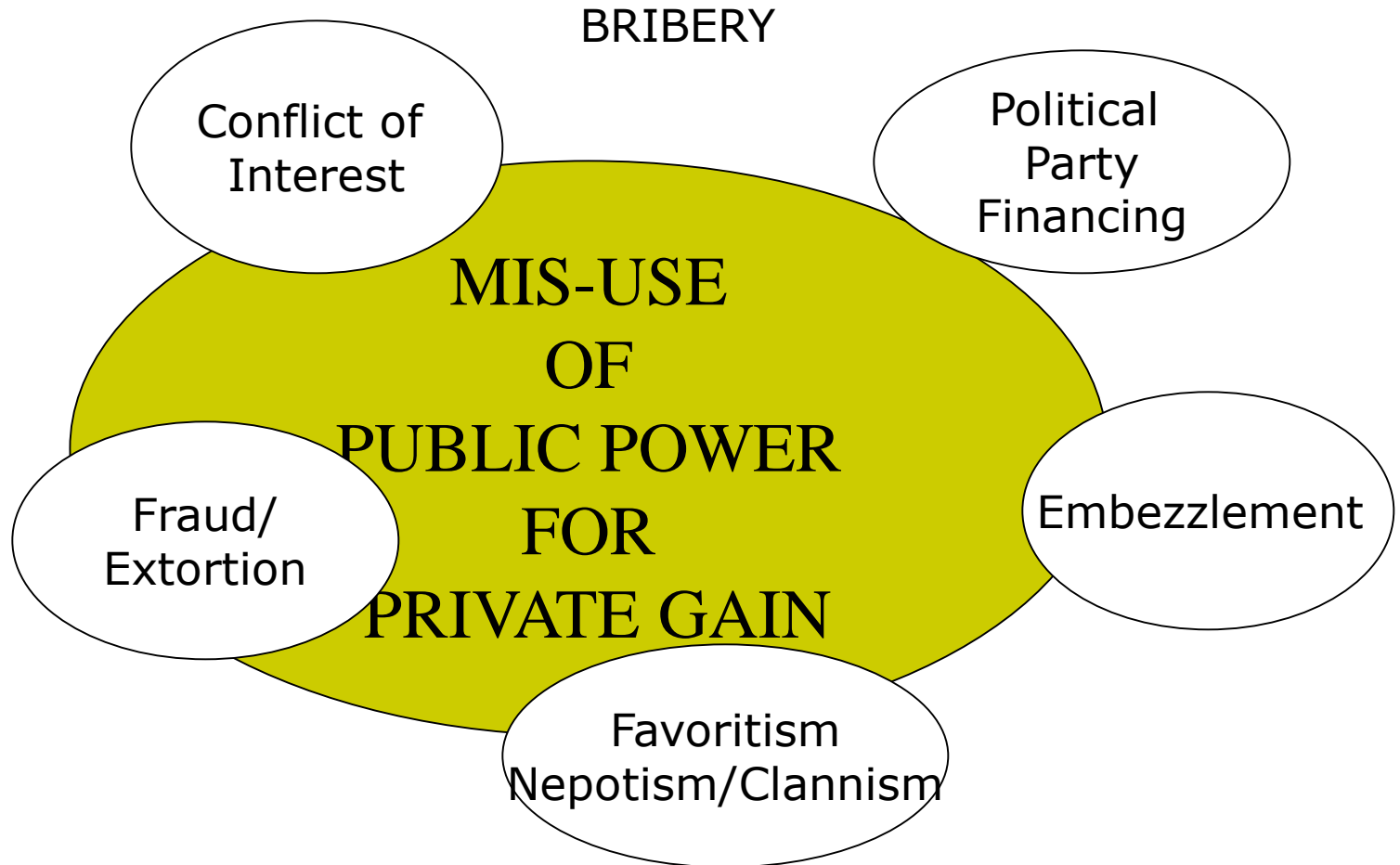
- *Types of corruption-Grand, petty, systemic, active and passive corruption.*
- *Corruption is not primarily a problem of bad people, but of bad systems.*
- *Officers Integrity VS Systems Integrity*

Anti-corruption and Economic Crimes Act, 2003

The Act above does not define Corruption but states the offences that constitutes corruption and economic crimes;

1. Bribery
2. Breach of trust
3. Fraud
4. Abuse of office
5. Embezzlement
6. Tax evasion
7. Extortion
8. Grabbing of public property etc
9. Favoritism

Types of corruption

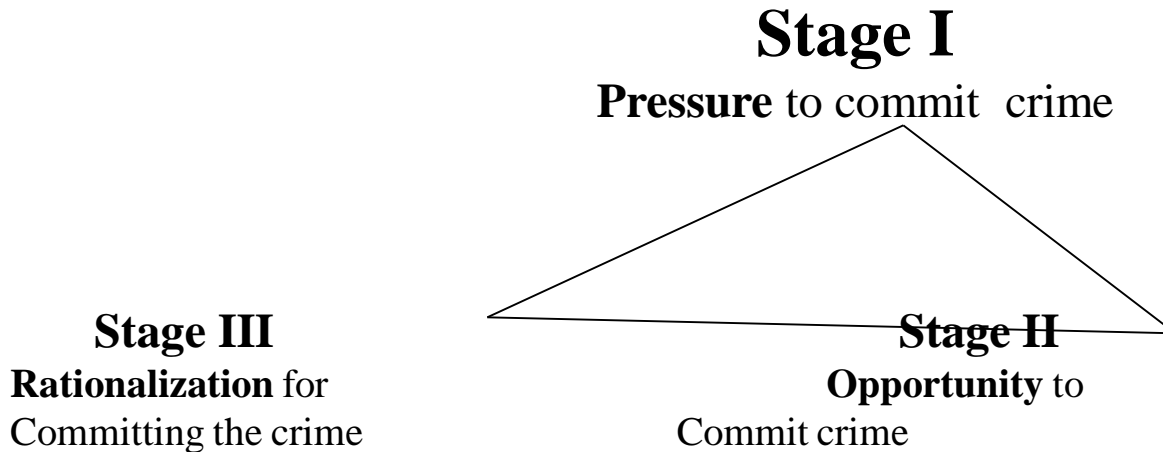




PROFILE OF A WHITE COLLAR CRIMINAL

- ❑ Well educated
- ❑ Physically healthy
- ❑ First offender/No past crime
- ❑ Worked in the same company/department for several years
- ❑ A versatile and persuasive individual
- ❑ Very often a key player in the organization with ability to find solutions
- ❑ A popular and trusted member of the team
- ❑ Loyal, respected and trusted officer

STAGES OF WHITE COLLAR CRIME



What drives officers to commit financial fraud

- ❑ Greed
- ❑ Moral blindness/decay of social norms
- ❑ Eroded business ethics
- ❑ Weak systems/non existent controls

In sum $C=M+D-A$

Stage I – Pressure to Commit Crime

- Pressure to supplement income due to living beyond their means. Examples include:
 - Maintain expensive vehicles-4x4s
 - Extravagant lifestyles – holidays abroad, suave dressing,golf,private clubs etc
 - Family pressure e.g. children university education abroad, high class residence among others
 - Extra marital affairs – require more funds to finance their mistresses/-----
 - Gambling and drug addiction

Stage II – Opportunity to Commit the Crime

Once the fraudster is financially stressed, he finds an opportunity to commit the crime through.

- Segregation of duties and assignment lacking/control gap.
- Access to physical cash or payment process
- Trust and loyalty to his boss/no suspicion.
- Weak or non-existent internal controls
- Weak approval systems
- Discretionary powers
- Lack of operational/procedure manuals

Stage III- Rationalization for Committing the Crime

- ❑ Un authorized borrowing – (a loan) which will be repaid.
- ❑ A commission for doing his job well.
- ❑ Undervalued and under-rewarded by the organization.
- ❑ No promotion/ No increment/no future prospects.
- ❑ Unfairly treated and deserve more money
- ❑ A rogue organization to be robbed.

SOME CAUSES OF CORRUPTION

- ❑ Bad governance
- ❑ Political patronage, influence & favoritism
- ❑ Weak civil society and media
- ❑ Lack of professional integrity
- ❑ Lack of transparency & accountability
- ❑ Inefficient public sector
- ❑ Poverty/low salaries
- ❑ Disregard to professional ethics
- ❑ Impunity/non enforcement of the law regulations
- ❑ Erosion of cultural/traditional values, etc
- ❑ Greed
- ❑ Obsolete or weak laws and regulations/insufficient penalties and law enforcement

SOME EFFECTS OF CORRUPTION

Corruption affects both the individual and the nation.

- ❑ Poor economic performance
- ❑ Disregard for standards & pillars of integrity
- ❑ Withdrawal of international aid & lack of investments
- ❑ Looting of public resources & capital flight
- ❑ Conspicuous consumption
- ❑ Loss of confidence in the public service to deliver
- ❑ Increased insecurity
- ❑ Exorbitant prices for goods and services
- ❑ General moral decay
- ❑ Impunity
- ❑ Poor physical and social infrastructure – medical, roads etc



BENEFITS OF PREVENTING CORRUPTION

- ❑ Economic growth & conducive business environment
- ❑ Poverty eradication & job creation
- ❑ Increase in domestic & foreign investments
- ❑ Improved social behaviour/moral standards
- ❑ Fidelity to the laws, regulation etc
- ❑ Renewed confidence of our development partners
- ❑ Effective, responsive, responsible, fair & efficient public service.
- ❑ More resources available to govt for health care, infrastructure, education, security etc
- ❑ Increased revenue
- ❑ Reduced crime

ROLE OF MANAGERS IN THE FIGHT AGAINST CORRUPTION

- ❑ Provide **leadership** not ‘dealership’
- ❑ Impose **discipline**/strict supervision
- ❑ Strengthen probability of detection
- ❑ Create a disadvantage for the corrupt remember up to 60% staff need to be watched, else they steal.
- ❑ Protect highly vulnerable areas
- ❑ Permit proper management & oversight
- ❑ Facilitate audit-(independence)
- ❑ Regular staff rotation/ HR policies
- ❑ Adherence to policies and procedures

THE RED FLAGS

- ~~□ Staying in office till very late unnecessarily~~
- Speaking in low tones on phone/conversations
- Overfriendliness with clients
- Buying small items frequently-same supplier
- Buying in large quantities of certain items to last for years
- Flying vouchers
- Creating emergencies in order to buy
- Requests for authorizations late in the day/Friday at 4.00pm
- Not taking leave
- Extravagant lifestyle
- Senior officers doing menial assignments

ROLE OF THE INDIVIDUAL IN THE FIGHT AGAINST CORRUPTION

- ❑ Respect and protect public property
- ❑ Avoid engaging in corrupt practices
- ❑ Never give or receive a bribe
- ❑ Never falsify a claim
- ❑ Name and shame corrupt people/stigmatize corrupt people
- ❑ Talk to every one about the evils of corruption
- ❑ Appreciate and reward hard work, honesty and integrity
- ❑ Give advise and suggestions to management on how to fight corruption in your organization



CONCLUSION

“The only thing necessary for the triumph of evil is for good men to do nothing”

Edmund Burke, Anglo-Irish statesman