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The International Journal of Sustainable Human Security (IJSHS) provides a forum for sharing practical analytical knowledge about crosscutting issues on human security. We seek and promote knowledge sharing from multidisciplinary expert perspectives addressing emerging complex conflict situations, humanitarian emergencies and systemic insecurities. With the editorial assistance of a large network of international scholars and seasoned practitioners associated with the World Engagement Institute (WEI), the Journal offers a forum for sharing applied research surrounding the multifaceted and integrated concept of ‘sustainable human security’. Applied international scholars and experienced human security specialists will recognize the importance of collecting, analyzing and disseminating practical knowledge in the practice of international, sustainable human security.

The International Journal of Sustainable Human Security provides an internationally dynamic public service space for knowledge dissemination and intellectual sharing for the purpose of stimulating more effective strategies and practices through the critical re-examination of existing approaches to human security. The Journal does this by developing new perspectives on the theory and practice of human security, as well as new empirical approaches to the study and experiences of sustainable development values applied to the field of human security. The Journal is committed to theoretical and ideological diversity in the study of human security, thus expanding the discourse on human security to include a variety of international, multicultural and multi-sector voices. The editor welcomes ideas for special issues, symposia and reviews from scholars and practitioners of human security. Each issue will be editorially organized into special thematic and regional numbers providing useful analytical insights, policy recommendations and effective strategies cases. The Journal aims to provide valuable knowledge sharing for international practitioners and scholars engaged in rule of law development, human rights development, 3-D approaches (diplomacy, defense, development), humanitarian emergency management (refugee and IDPs), sustainable development and international human development - among other interconnected fields. The focus of the Journal is on the analysis of the complex interrelationships between human security, as a comprehensive integrated framework with sustainability values and paradigms applied to institutional capacity development.

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If the answer to the question posed by the title of this note is “yes”, it means that we have at least created more collective awareness around what is now a worldwide disease: Corruption! However, in my view, the debate does not end there. This is why the first issue of the IJSHS is so relevant. It ‘raises the bar’ in the way we now need to address national socioeconomic development and the form we may provide useful and practical policy recommendations to decision makers.

Today, we know that human security is neither the affair of the State nor just an issue of protecting the national borders of a given nation. Our society is fully aware of the fact that empowered citizenship is beyond the traditional concept of the nation state. Human security is an issue anchored in people and, therefore, it is the value of empowered citizenship and the strength of democracy that will make sustainable human security a reality.

On the one hand, citizenship includes all those issues related to the sovereignty of national borders and other forms of sovereignty (ecological, social, human) and, on the other hand, it embraces issues related to human welfare, justice, equity, solidarity, peace, and cooperation. Human security is fundamentally a concept that refers to a society as a collective entity. This is why the theme of sustainable human security is so intimately linked to growth, development, ecology, sustainability, empowerment and social capital expansion. These are the elements that make sustainable human security relevant to people. It is not just drawing physical borders.

Corruption disharmonizes a society via the rechanneling of existing resources (including money and other forms of capital). In addition, it erodes the existing institutional framework for development opportunities, it reassigns power and concentrates decisions in the hands of the "haves" and not the "have nots", it eliminates important social actors (or marginalizes them).
including their customs and traditions, it allocates resources away from development and poverty alleviation into less priority opportunities including speculation and money laundering, it increases the transaction costs of many important exchanges in development (production, consumption, trade, technology development), it erodes and destroys our justice systems at all levels, etc.

Corruption acts as a cancer to sustainable human security because it weakens the foundation of collective citizenship and the core of any democracy; both fundamental for development, welfare improvements, human transformation, and empowerment.

In turn, the weakening of collective citizenship and democracy has profound effects on trust, expectations, hopes, social behavior, participation, private sector engagement, entrepreneurship, technological advances, and capacities of any political and institutional system to respond. And, as development experience demonstrates that transformation of our societies results from opportunities, security, and empowerment, then, corruption needs to be urgently eliminated.

It would be easy to say that there is a blueprint to solve this problem. At least, I do not have it. Nonetheless, we find in each of the articles presented in the IJSHS many of the possible courses of action that countries and the international community may adopt and implement. This note will not list those propositions. Instead, I would like to share some relevant thoughts which emerged from a major political presidential campaign which took place in Chile.

The first thought is that the ultimate point of correction and, in a sense, the point of departure to moving away from corruption lies in the empowerment of those who are not actively involved in corrupted practices. Fortunately, this is the majority of people in the country. Thus, my proposition is not just to adopt measures to disempowering the “corruptors” but also empowering very decisively and strongly the “corrupties” and all citizens. If the rest of society does not have the awareness and the level of consciousness regarding the negative impacts of corruption, then, this phenomenon will continue to deepen in our societies.

The second thought is that this correction process must be accompanied by an institutional-cum-organizational framework that is strong, coherent and responsive to a strong foundation for people and community based anti-corruption programs. This is necessary to enhance people’s participation at all levels of development including anti-corruption programs. For the moment the legal as well as the practical mechanisms for people’s participation are almost absent. Just to say that people should participate to strengthen collective citizenship is not enough. This participation must be financed just as any other development project. Participation has a cost and, as a public good, this participation must be financed by the state. For the moment, this proposal to finance participation remains outside the interests of governments.

The final thought is that there are many forms of corruption in all countries of the world. One of the most profitable forms of corruption is when governments give access to the private sector to exploit a given natural resource (mining, fisheries, and water) without asking
for a fee that reflects the true opportunity cost of that resource. Royalties are far from the true intrinsic value of the resources in question. In addition, there are formal and informal forms of corruption. It is central that we create the conditions to eliminate all forms of corruption. Information is the key to reveal to society in general about what is happening with our resources invested in development and what, who and why corruption is in the middle of this process.

There is nothing in development that replaces the value and powers of human consciousness. At the basis of any development process and behind any act of corruption there is a person or a group of people. It is the level of consciousness of those people that will end up transforming our development process and eliminating existing inequality, poverty and suffering.

In most cases corruption needs to be battled by a conglomerate of countries. One country working on its own will not be able to attain the major objectives of anticorruption programs and projects. Here, the interplay between national authorities and the international community is extremely important. Justice system reform programs must be a priority.

Empowered citizenship is the engine that will make human security sustainable.
Sustainable Solutions for Human Security and Anti-Corruption: Integrating Theories and Practices

Marco Tavanti
Agata Stachowicz-Stanusch

Abstract: Corruption is a real issue affecting the understanding and practices promoting human security. This article introduces the frameworks of sustainable human security in relation to anti-corruption. Human security is explored in its historical evolution and the more recent expansion of its frameworks, including the sustainability and systemic elements. The notion of sustainable human security is examined in relation to corruption and anti-corruption, as expressed in the current challenges and opportunities on sustainable development and human international development.

Keywords: Sustainable human security, world engagement, global compact, freedom.

“Freedom from want, freedom from fear and the freedom of future generations to inherit a healthy natural environment – these are the interrelated building blocks of human, and therefore national security”- Former UN Secretary-General, Mr. Kofi Annan

“Corruption undermines democracy and the rule of law. It leads to violations of human rights. It erodes public trust in government. It can even kill - for example, when corrupt officials allow medicines to be tampered with, or when they accept bribes that enable terrorist acts to take place. […] It has adverse effects on the delivery of basic social services. It has a particularly harmful impact on the poor. And it is a major obstacle to achieving the Millennium Development Goals” - U.N. Secretary-General Ban Ki-moon

Introduction

This volume shines a light on the relationship between corruption and human security; it similarly describes how they are key factors in promoting (or not) sustainable systemic development. Corruption has a deep impact on development and is often present in situations of human need. Yet, the systemic implications of corruption are not often encompassed in contemporary anti-corruption approaches and strategies. Likewise, human security is also often misunderstood in its systemic, sustainable and significance vis-à-vis development. Clearly, a comprehensive understanding of anti-corruption requires a new framework for analysis. And some work is being accomplished in this area. For example, Transparency International (TI) recently released its Global Corruption Barometer (2013), the largest survey ever undertaken tracking public opinion of corruption in over 107 countries.¹ In this regard, the perception of corruption documented in its annual “Corruption Perception Index (CPI)” has revealed how fragile states and transitional countries have been most affected by corruption. Furthermore,
while we generally associate corruption with illegal and immoral activities of public officials and private sector leaders, corruption is increasingly being viewed as a complex phenomenon that negatively affects various aspects of our global interactions, including development aid, humanitarian assistance and emergency response, as well as international judiciary and enforcement sectors, public procurement and security sectors.

What we now understand is that corruption has a direct negative impact on the social fabric, including in the provision of health and education, as well as in the protection of other basic human rights. It also has a detrimental impact on environmental factors and sectors, including energy, water, forestry, resources and land access. As a result of this growing awareness, the international community has responded to the plague of corruption with important achievements, including the UN Convention Against Corruption (UNCAC). However, notwithstanding these advances, additional national and cross-border anti-corruption measures must be established through aligned, appropriate and properly enforced laws. Indeed, increasing respect for the rule of law is at the core of most effective anti-corruption effective mechanisms. Yet, legal mechanisms, alone, are not enough; the international community must also help develop a more comprehensive and attentive analysis of the systemic elements of corruption, as well as more fully examine the extent to which corruption undermines human security and sustainable development.

Corruption of private businesses, public officials, and nongovernmental organizations is a major impediment to the administration of Official Development Assistance (ODA) in developing countries and other insecure contexts. More specifically, according to the Organization for Economic Co-Operation and Development (OECD)'s annual report, drafted by its Development Assistance Committee (DAC) through the International Network on Conflict and Fragility (INCAF), the issue of corruption is particularly alarming in post-conflict and fragile states. In fact, since the 1990s, the economic, social, and environmental vulnerability of states has been an ever-growing matter of concern on the emergency, development and security agenda. And yet, despite the numerous achievements in the reduction of worldwide poverty and other development issues – as highlighted in the Millennium Development Goals (MDGs) – on-going challenges to human security, sustainable development and anti-corruption continue to be an urgent priority in the Post-2015 development agenda. In short, vulnerable populations and fragile states continue to experience many levels of insecurity manifested through violence, poverty, inequality and vulnerability. Thus, defense, humanitarian and development interventions will continue to have a much higher risk of failure without the establishment of proper mechanisms for the prevention and prosecution of corruption activities. Unfortunately, corruption appears to be both an effect and a systemic reality, particularly difficult to eradicate in those contexts.

The present work addresses the need for more integrated sustainable approaches to human security, and does so through the lens of sustainability and anti-corruption. Indeed, corruption needs to be better analyzed in its relation to development and human security, especially in transitional and post-conflict societies. However, only sustainable, systemic and institutionally grounded solutions to both human security and anti-corruption will adequately address the complexity and diversity of today’s globalized societies. Therefore, the purpose of this and future publications exploring aspects of sustainable humans security is to highlight how systems thinking and pragmatic comprehensive solutions could represent more suitable development
methodologies. The analyses included in this volume attempt to explore some critical intersections and cases, while offering some practical insights and systemic solutions relevant to the implementation of good governance and responsible management practice.

The original call for papers emerged from the work of the World Engagement Institute (WEI) and its International Journal of Sustainable Human Security (IJSHS) as an attempt to provide critical, analytical and systemic practical reflection on these connections. Not pretending to be exhaustive of the many issues and examples, the selected articles offer some useful insights to better understand how corruption and human security affect each other. Some of the questions behind the creation of this Journal edition included: How do we move towards a more human security centered approach for anti-corruption? How can we consider anti-corruption analyses and solutions centered on the systemic, political, social and economic factors in addition to the moral responsibilities of individuals, organizations and institutions? What effective practices can be used as examples for establishing more feasible, sustainable and systemic solutions to promote anti-corruption? What examples are out there that can help us think about the connection between anti-corruption and human security from a sustainable and systemic standpoint? Our authors - who come from a diversity of disciplines, sectors and international experiences – have reflected upon these very questions.

**A Time for Sustainable Solutions**

It is not self-evident that the needed explorations of specific topics in the field of sustainable human security begin with anti-corruption. Yet, one is mindful that the non-malefice fundamental precept in medical ethics derived from the maxim ‘first, do no harm’ is relevant to the analysis of the relation between corruption and human security. Therefore, when the United Nations Global Compact (UNGC) was launched in 2000, the vision was to include companies in a shared development agenda around nine principles, including respect of human rights, labor rights and environmental rights. Leaders of the represented private companies understood their shared responsibility to promote transparency and anti-corruption, as part of their support of the UN mission. Consequently, the UNGC added Principle 10 on anti-corruption stating: “Businesses should work against corruption in all its forms, including extortion and bribery.”

Today, the UNGC’s Transparency and Anti-corruption Section has been providing numerous resources to corporations and other private sectors. In addition to various collaborative initiatives with Transparency International (TI) and the OECD’s Business and Industry Advisory Committee (BIAC), UNGC provides a useful list of anti-corruption tools stemming from convention documents, as well as from resources related to due diligence, compliance, reporting, trainings and whistle-blowing. Realizing that anti-corruption requires value formation and appropriate education of future leaders, UNGC has been instrumental to the development of the Principles of Responsible Management Education (PRME), which attempts to create a principled framework and worldwide academic community sharing a strong commitment to responsible, sustainable, accountable and transparent management practices. Academic institutions, in their diverse organizational identities as private, public and nonprofit institutions, play a fundamental role in educating future leaders for a better world. Likewise, the inclusion of anti-corruption principles and the promotion of anti-corruption practices in
global businesses, international cooperation, capacity trainings and academic programing is a vital factor for a sustainable, inclusive, and positive future.

The international community is at yet another crucial stage in history, and developing a consensus toward a more comprehensive human development agenda is critical. The Post-2015 development agenda - while building on the lessons learned during the implementation of the MDGs – also needs to consider other powerful forces and emerging issues. The relation between anti-corruption, sustainable development and human security offers the necessary integrated framework for addressing the complex issues of our global societies.

In the last five years, the fragility of states and human insecurity has emerged through tumultuous events, such as the 2008 food, fuel and financial crises, the 2011 Arab Spring, and other threats (and opportunities) intertwined in new technologies, democratic movements, climate change, systemic poverty and forced migrations. A sustainable future requires the involvement and participation of the international community with its diverse stakeholders working toward an agreed agenda for sustainable and inclusive development. This integrated direction was clearly exemplified in the year 2000 with the international community's commitment toward the implementation of the eight MDGs and it is now further specified and extended in the Post-2015 Agenda. The Outcome Document of the 2010 High Level Plenary Meeting of the General Assembly on the MDGs generated an important impetus toward a common agenda. The global Post-2015 development agenda has been fortified as an inclusive intergovernmental and multi-stakeholder process that has generated the Sustainable Development Goals (SDGs) and integrated them into a more comprehensive agenda with goals regarding development, sustainability and security.  

The Development of Sustainable Human Security

The notion of human security is quite recent. Although numerous documents have laid the fundamental relations between peace, security, development and the environment, it was the 1994 UNDP Human Development Report (HDR) that created and shaped the concept of human security. Ten years later, Kofi Annan’s 2005 report, entitled In Larger Freedom: Towards Development, Security an Human Rights for All, confirmed how the integrations of these fields were interlinked to other UN reforms. Unfortunately, numerous member states and scholars have failed to fully grasp the importance of modeling the international agenda and priorities toward human security. Twenty years after the HDR report, the notion of 'sustainable human security' appears to be a natural evolution and convergence of numerous achievements in the understanding and prioritization of human development, sustainable development and human rights. The recent inclusion of the Sustainable Development Goals (SDGs) that emerged after the 2012 Rio+20 Conference with the continuation of the MDGs in the Post-2015 development agenda is a promising sign. The integrated notion of sustainable human security represents the next stage in global responsibility for building a peaceful, secure, prosperous, and sustainable future for all. It integrates concerns for peace, poverty, pollution and participation with a human-centered perspective.

The notion of sustainable human security emerges from at least thirty years of reflection in line with sustainable development, human rights based development, human security and human development. The 1983 Brundtland Report, Our Common Future, was a groundbreaking
achievement in defining the concept of sustainable development – “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” The World Commission on Environment and Development (also known as the Brundtland Commission for the leadership of Gro Harlem Brundtland, former Prime Minister of Norway) insisted on the importance of going beyond the traditional economic and physical understanding of development and poverty, and it provided a definition for including social, environmental and political aspects. It also insisted that ‘development’ is about improving our common situation; for both developed and developing countries.

This human-centered understanding of development reached a fuller understanding with the publication of the first Human Development Report (HDR) and the introduction of the 1990 Human Development Index (HDI). Under the leadership and vision of Pakistani economist Mahbub ul Haq and Indian Nobel Laureate Amartya Sen, the report placed people at the center of the development process and reassessed development not only on economic terms, but also on health and education. Poverty was contextualized not simply in economic terms, but as a quality of life matter. Therefore, rather than simply concentrating on capital wealth, development began being envisioned in terms of providing choice and freedom, with ‘people’ representing “the real wealth of a nation.”

The sustainable challenges to - and opportunities in - development were further defined during the 1992 Earth Summit in Rio de Janeiro, together with the 2002 Rio+10 (or Johannesburg...
Summit), and the 2012 Rio+20 Summit. Analysis of documents that emerged from these summits clearly underscores the importance of integrating economic factors in development (prosperity) with social (people), environmental (planet) and governance (political) elements. The Agenda 21 document that emerged from the first Earth Summit further highlighted the governmental and intergovernmental responsibilities necessary for executing sustainable development at local, national and international levels. Additionally, the Johannesburg Summit most certainly contributed to the integration of governance into the economic, social and environmental pillars of sustainability. It also reaffirmed the governance commitment toward the Millennium Development Goals (MDGs) and further advanced understanding of sustainable capacity development. Unfortunately, the event was eclipsed by the heavy political, security and military pressures emerging from the War-on Terror in the immediate Post 9/11 period. The Future We Want documents emerging from the Rio+20, as well as the merging of the Sustainable Development Goals (SDGs) with the MDGs in the Post-2015 development agenda, reaffirmed the need for a sustainable, human centered development approach. In spite of the many shortcomings and setbacks, the global understanding and international commitment to a better world have converged into a more integrated approach. Sustainable human security is a paradigm that encompasses most of these understandings and developments.

The Intersecting Dimensions of Sustainable Human Security

President Franklin D. Roosevelt, who included ‘freedom from want’ and ‘freedom from fear’ in his celebrated 1941 State of the Union Speech, anticipated a broader understanding of human rights and what later came to be known as ‘human security’. Since then, our understanding of human security has been evolving, just as it has for human rights. It started with first-generation concepts of civil and political rights (e.g., right to life and political participation), morphed into a second-generation focus on economic, social and cultural rights (e.g., the right to subsistence), and emerged from the process as the so-called third-generation of solidarity rights (e.g., right to peace, right to clean environment). Since 1994, the notion of human security has expanded into four pillars and typologies of fear, sifting from an emphasis on nation-states to a human-centered perspective. For example, reflections emerging from the practices of human security in Japan have emphasized the ‘freedom from want’ aspect. Likewise, those emerging from Canada have emphasized ‘freedom from fear.’ Meanwhile, Kofi Annan’s In Larger Freedom (2005) introduced yet another expansion of traditional notions of human security: freedom to live in dignity – just as the 2005 introduction of the notion of environmental security expanded the paradigm, thus evincing a fourth expansion of human security that incorporates sustainable institutional reforms of global environmental governance. We emphasize, however, that just as with the expanding notion of human rights, human security is indivisible. Thus, no state or program should stress one aspect of human security at the expense of others.

Although the literature on human security is significant, more work is needed to deepen our understanding of the integrated notion of sustainability with human security and the implications on sustainable development, human rights, labor rights, environmental rights, anti-corruption, climate change, and international law among others. This said, the following is a brief overview of the four expansions (or four pillars) of the current concept of ‘sustainable human security.’

1. **Freedom from Fear (Human Survival):** Human security is about human emergency. It starts with the protection of individuals and communities from natural and
man-made disasters alongside other situations of violence and conflicts. However, this element of human survival cannot be dissociated from other forms of security, as violent threats are often strongly associated with poverty, lack of capacity, exploitation and inequity. Humanitarian emergency assistance, peace building, conflict prevention, management and resolution are part of the shared global responsibility to the foundation of human security. The difference with national security is that threats are perceived and evaluated not in relation to nation-states but to human beings and humanity. Personal security is integral to human security. Personal security is often interlinked with other forms of fear caused by community, political, national and public threats. The freedom from fear includes protecting people from physical violence, whether caused by governmental authorities, non-state actors, violent individuals, violent crime or other forms of abuse.

2. **Freedom from Want (Human Development):** Human security is about human development. It includes freedom from want often visible in extreme poverty, recurring poverty and systemic poverty. It is expressed by a subset of security fields well known in the development literature. These include economic security, food security, health security, educational security, and environmental securities. While ‘freedom from fear’ is foremost about human survival and emergency, the ‘freedom from want’ dimension of human security is foremost about human development and availability of opportunity. Economic security represents a system that guarantees a basic income for individuals and families through adequately remunerative work and ‘decent work’. A public policy system designed around the notion of economic security would also provide a publicly financed safety net as a last resort for unemployment and other situations in which basic income from remunerative work is insufficient. Food security is another central dimension of human security. It implies that all people at all times have both physical and economic access to basic food. According to the United Nations, food insecurity is not caused by food availability in itself, but by other factors such as food price speculation, poor distribution, lack of purchasing power, and inadequate policies, or deliberate strategies in violent contexts. Health Security is also integral to human security. It is a major priority in the MDGs and it aims to guarantee a minimum protection from diseases and unhealthy lifestyles.

3. **Freedom from Shame (Human Dignity):** Human security is about human dignity. Beyond the emergency and development foundation expressed in the freedom from fear and freedom from want, the third dimension of human security has to do with the recognition of the fundamental human rights of every individual. Hence respect for the rule of law and the body of international law that guarantee and promote quality of life in all its aspects is at the core of this dimension. This includes elements of diversity respect and human fulfillment in line with racial, ethnic, cultural, gender, socio-economic and other types of diversity. The respect, protection and preservation of human (biocultural) diversity in its intertwined dimensions of biological, cultural and linguistic is critical to diversity of life and the preservation of human life.

4. **Freedom from Vulnerability (Human Sustainability):** Human security is about human sustainability. The environmental challenges of our society have a human
security perspective. From this perspective, human security is closely related to environmental challenges and environmental security. The focus is the protection of people from short and long-term natural disasters, especially through the reduction and mitigation of man-made threats in nature. These include access to clean water and resources in developing countries and climate threats due to pollution, global warming, and greenhouse gases that threaten human survival in this planet. The objective and priorities of intervention are about diminishing human vulnerability while increasing resilience and building sustainable capacity.

An individual’s human rights and development revolve around the possession of these four fundamental freedoms. The sustainable human security movement incorporates the notion that every human being has the right to live in a secure environment, live with access to all necessary resources, and live with pride and dignity. The concept of ‘sustainability’ in regards to human security altogether focuses on the long-term solutions for the overarching aspects of human security, including the institutional, economic, social, and environmental aspects. Since human development is one of the most important issues in the world today, it is essential to have frameworks such as sustainable human security to create a foundation in which the fundamental freedom to human life can be fully exuberated and developed. The notion of human security is still in expansion and will surely be a central paradigm in peace, development and human rights in the years to come. Dr. Alfredo Sfeir-Younis, in his sustainable
development and human rights work at the World Bank has been instrumental to lay the foundations for the integrated notion of sustainable human security. 17

The sustainable human security framework offers essential guidelines for addressing the underlying causes of numerous levels of human insecurity. One of those insecurity levels rests in the social and political corruption plaguing many national governments today. Corruption, as further discussed below, systematically undermines the positive work being done through a sustainable human security framework. 18 In order for these essential human freedoms to become reality, anti-corruption methods must interlock and strongly reinforce the sustainable human security framework. The connection between these two frameworks can positively benefit each other while holistically and most effectively addressing the most destabilizing acts of corruption today. It is with this mindset we further inspect the characteristics of corruption.

Sustainable Human Security for Good Governance

In 2003, the United Nations Commission on Human Security reaffirmed how the increasing complexities of economic, social, political and environmental insecurity requires a paradigm shift. Co-chaired by Sadako Ogata and Amartya Sen, the report entitled Human Security Now, insisted that such insecurities effectively demands an integrated approach. 19 Human security was clearly recognized as the necessary integrated paradigm with interrelated frameworks in response to the challenges in today’s world. It presented human security as protection of vital freedoms and as shared responsibility on “creating systems that give people the building blocks of survival, dignity and livelihood.” 20 Therefore, human security was recognized in its dimensions of both ‘shielding’ people from acute threats and ‘empowering’ people to take charge of their own lives. The Commission report made clear policy recommendations in a number of interrelated areas of human security including “conflict and poverty, protecting people during violent conflict and in post-conflict situations, defending people who are forced to move, overcoming economic insecurities, guaranteeing the availability and affordability of essential health care, and ensuring the elimination of illiteracy and educational deprivation and of schools that promote intolerance.” 21

The achievement of human security in societies is interlinked to the establishment of good governance practices, based on long-term sustainable peace, reinforced by effective democratic institutions, rule of law, and inclusive economic opportunities. In post conflict and transitional societies a top priority should be the establishment of institutions that protect people, uphold the rule of law, and establish good governance systems for political, economic and social growth. Like emergency interventions should be linked to development plans, post-conflict governance capacity should be linked to sustainable institutional solutions. Unfortunately, peace settlements address governance as a short-term stability strategy rather than long-term sustainability solution. Hence, “holding elections and establishing a “legitimate democratic” regime become part of the exit strategy for international actors, rather than a realistic measure of good governance.” 22 In other words, to avoid superficial, short-term solutions and pursuing long-term sustainable human security solutions the key is empowerment and capacity development. This would require a coordinated, multilayered, multi-sector and multidisciplinary approach centered on accompanying the development of ‘sustainable’ capacities of individuals, communities, organizations and institutions. Good governance is closely linked to the empowerment of people and communities. Without the effective presence of good governance
mechanisms, people cannot fully participate and unless people and communities are empowered to let their voices be heard or to participate in decision-making, good governance is not possible. Good governance is therefore interlinked to all the aspects of ‘freedoms’ and ‘fulfillments’ of human security. The Commission defines Human Security’ as protection of “the vital core of all human lives in ways that enhance human freedoms and human fulfillment.”

“Human security means protecting fundamental freedoms—freedoms that are the essence of life. It means protecting people from critical (severe) and pervasive (widespread) threats and situations. It means using processes that build on people’s strengths and aspirations. It means creating political, social, environmental, economic, military and cultural systems that together give people the building blocks of survival, livelihood and dignity.”

Human security is inherently ‘prevention-focused’, that is, it addresses root causes and promotes structural (personal, community, organizational, institutional levels) and behavioral changes that can help prevent the crises from arising in the future. In this respect, human security is inherently ‘sustainable-oriented’ as it looks at creating the conditions that guarantee the systemic elements for protection and empowerment. While protection is a top-down process addressing norms, processes and institutions required protecting people from critical and pervasive threats; empowerment is a bottom-up approach and strategies that enable people to develop their ‘sustained’ capacities and resilience to difficult situations. The two dual mutually reinforcing pillars of protection and empowerment become a hybrid approach for implementing human security solutions. This approach “combines top-down norms, processes and institutions, including the establishment of the rule of law, good governance, accountability and social protective instruments with a bottom-up focus in which democratic processes support the important role of individuals and communities as actors in defining and implementing their essential freedoms.”

The international community has a responsibility to continue reflecting and implementing the notions and practices of human security. The UN 2005 World Summit recognized the importance of supporting a collective reflection on the opportunities that the integrated notion of human security to the ever increasing human threats from economic, social, political and environmental vulnerabilities. The UN Security Council has also recognized the importance of this integrated approach and addressed the core concerns of the human security concept along sustainable development and good governance.

That peace, security and development are mutually reinforcing, and that a broad strategy is needed to address the root causes of armed conflict and political and social crises in a comprehensive manner, including by promoting sustainable development, poverty eradication, national reconciliation, good governance, democracy, gender equality, the rule of law and respect for and protection of human rights.

It is within these integrated views and hybrid approaches of human security that the relation with sustainable solutions and good governance emerges. Rather than simply equate ‘sustainability’ with the prevention and mitigation of environmental threats to human security (sustainable security) the notion of ‘sustainable human security’ addresses the multiplicity of fears and complexity of human insecurities. It also re-centers the definition and its applications.
into a good-governance approach based in protection, empowerment and capacity development. In this respect, dysfunctional government institutions that may tolerate, foster, or legitimize corruption practices undermine human security efforts at its core. It is the responsibility of all of us to foster a culture of transparency, accountability and rule of law for achieving an equitable, inclusive and prosperous future for all.

The implementation of top-down and bottom-up human security approaches should centers the establishment of mechanisms, institutions and policies for good governance, transparency, accountability and participatory processes supporting people in their essential freedoms. Bad governance exemplified in misguided exercise of authority, abuse of power, corruption and bribery prevent a society working towards the common good. Such practices erode public trust, stifle development, increase inequalities, accelerate the environmental destruction, and frustrate the pursuit of justice. Instead, the promotion of good governance practices based respect for the rule of law, democracy, political accountability, government flexibility and responsiveness to its citizens increase human security. Increasing good governance capacity is generally identified beneficial for socio-economic development. However, not much studied have been produced to explore the theoretical relations and practical implications of good governance with human security. Good governance, at the local, national and international levels is perhaps the single most important factor in promoting development and advancing the cause of peace. Yet, it also depends on implementing effective political reforms, transparent institutional development, establishing adequate anti-corruption mechanisms, and building capacity to effectively and implement the rule of law.

**Anti-corruption Solutions for Sustainable Human Security**

Corruption is a phenomenon undermining international development efforts and it ultimately undermines human security. Transparency International (TI) defines corruption as “the abuse of entrusted power for private gain” at three levels: petty (management level), grand (leadership level) and political (systemic level).

> “Grand corruption consists of acts committed at a high level of government that distort policies or the central functioning of the state, enabling leaders to benefit at the expense of the public good. Petty corruption refers to everyday abuse of entrusted power by low- and mid-level public officials in their interactions with ordinary citizens, who often are trying to access basic goods or services in places like hospitals, schools, police departments and other agencies. Political corruption is a manipulation of policies, institutions and rules of procedure in the allocation of resources and financing by political decision makers, who abuse their position to sustain their power, status and wealth.”

Corruption, both in its grand and petty typologies, undermines humanitarian assistance, poverty alleviation, human development and human security. In emergencies, post conflict and transitional countries, corruption often takes the form of a systemic and endemic complex phenomenon linked to organized crime and correlated to weak institutions. Numerous studies have demonstrated how corruption contributed to the systemic vulnerability of people already affected by violence, disasters, poverty and inequality. The comprehensive and promising
The concept of human security needs to be reexamined in light of manifestations of corruption in humanitarian emergencies, peace-building, post-conflict, human rights and corporate participation in development programs among others.

During the past decade corruption has ranked highly on the agenda of multinational development agencies, private firms, and policy-makers; it has become one of the most prominent managerial issues at the individual, organizational, national and international level. The recent increase in interest in corruption is related to a couple of factors, the most important being that corruption has become more prevalent in the global economy and that the fight against corruption is central to the struggle for human rights and thus for human security. Corruption is the private gains of individuals and groups with the consequence of undermining social gains and proper democratic, accountable and transparent processes for nation building. For too long the anti-corruption and human security movements have been working in parallel rather than tackling these problems together.

Corruption, which is generally associated with weaker states and less investment, has been a global problem for many years now, and even with the recent international move to combat this issue, there lacks a complete and distinct definition of the term. However, some scholars suggest corruption to be the “private gains of individuals and groups with the consequence of undermining social gains and proper democratic, accountable and transparent processes for nation building.” From this definition, we conclude that corruption, in a broad sense, is a process that undermines proper democratic initiatives. More specifically, “corruption is behavior which deviates from the formal duties of a public role because of private-regarding (personal, close family, private clique) pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence. This includes such behavior as bribery, nepotism, and misappropriation.” The typical outcome of corruption undermines the good work being done by international nongovernmental organizations and other humanitarian efforts, reinforces insecurity, and completely dismantles the legitimacy of the state.

The next step in addressing this problem is to reexamine current human security initiatives, while keeping anti-corruption methods in mind. This option becomes a more comprehensive framework that effectively addresses human security issues and corruption. Anti-corruption scholars, as well, must fully understand the work of the human security framework and thus effectively integrate the two to produce a guideline to holistically and more effectively combat human security problems. We must explore the interlocking connections between human security and corruption in order to establish a sustainable human security model that will improve the issues of human survival (freedom from fear), human development (freedom from want), human dignity (freedom from shame), and human sustainability (freedom from vulnerability) at the national and international levels.

When confronting the issue of human survival and the freedom from fear pillar, the anti-corruption methods and the human security framework must interlock to create better opportunities for human development. For example, when addressing the human survival pillar, individual freedom from fear, the holistic approach needs to address issues of personal security (physical harm, pain, rejection, murder, crime) and political security (corrupt officials, unjust laws, inadequate judicial system) simultaneously. While addressing these issues independently may seem more practical, a tactic that will produce in depth outcomes is addressing these
problems together to create a sustainable impact that focuses on human survival from every angle. Other issues within the human survival pillar that must be addressed are community security, national security and public security.

In the human development pillar (freedom from want) the same tactic is necessary. Innovative leaders must address the underlying causes of security while addressing some seemingly unimportant aspects of human security. The sustainable human security framework combined with anti-corruption measures must simultaneously and with equal force address economic security, food security, and health security issues. Since these three development aspects heavily interlock with one another, they must be addressed simultaneously. In many situations, economic security depends on health and food security and vice versa. For example, in order for individuals to be able to work and sustain themselves they must be both physically and mentally capable. Furthermore, if people lack food or access to health care, they are unable to make an honest living to provide for themselves financially. If one of these issues in the human development pillar is not addressed to the fullest extent like other issues in the same pillar, the lack of effective development will most likely undermine the work being done to improve ones overall security.

With regard to the human dignity pillar that focuses on the human right to be free from shame, the same comprehensive, sustainable framework must be applied. Some of the primary security issues within this framework include human rights, rule of law, the state’s judicial system, democratic civil participation, and decent and wholesome work. While all of these issues are significant enough to address independently, that type of framework is no longer effective. Instead, the notion of combining human security initiatives to address both human rights and the judicial system is insisted. Furthermore, if an individual has human rights but has no substantial and honest judicial system, there is no point in having human rights if they cannot be used. On the other hand, if a state has a completely secure and functional judicial system meant to promote security for people, but the people do not possess other civil human rights the entire system becomes undermined and therefore ineffective in the long run. In order to stay away from initiatives that waste time, resources, and innovation we must create a sustainable framework that encompasses the entire wellbeing of an individual at all levels of development and from every angle of human security. ‘Sustainable’ solutions to the issue of corruption and human insecurity generally link back to creating and nurturing good governance initiatives. While good governance is a perfect solution, it is not an option for nations that lack institutional stability, social civility, and community security. The nations most affected by corruption are those that struggle with strong institutions and foundations. Other scholars believe that structural mechanisms that detect corruption, like Transparency International, will also assist in the effort to end corruption. These may seem like unreachable goals, but they are steps needed to be taken in order to have a sustainable impact on the lives of the poor and marginalized and to create a world of hope and security.

**The Purposes and Focus of the Studies**

The integrated dimensions of sustainable human security require a careful, inter-disciplinary and international analysis relevant to both the practices and theories of sustainability and human security. Such integrations are priorities for numerous inter-governmental and inter-organizational development initiatives, including those of the Post-2015 sustainable development
agenda. United Nations Secretary General Ban Ki-moon, recently reaffirmed the centrality that anti-corruption and good governance should have in the Post-2015 development agenda, poverty eradication and the promotion of human rights.

“Corruption defies and undermines fundamental human rights. It exacerbates poverty. It deepens inequality by diverting money sorely needed for health care, education and other essential services in our societies. And it in fact undermines institutions and the beliefs in the systems that we have created for these institutions. It is a very dangerous phenomenon. It increases the costs of doing business. It distorts markets. It impedes economic growth. It is driven by and feeds criminal activity. It results in malfunctioning state institutions and weak governance. It is a barrier to achieving the Millennium Development Goals, and our work for a more equitable and prosperous world. That is why anti-corruption measures, transparency, the rule of law and good governance should be taken into account as we set global development priorities for the post-2015 period.”

Good governance capacity, rule of law institutional development, and sustainable human security are also inherent to the mission of international non-governmental organizations that, like the World Engagement Institute (WEI), are committed to the programs, priorities and methods for dialogue and collaboration across diverse stakeholders and perspectives. Indeed, addressing the complex relations of these dimensions of human security require both analytical capacity intercepted by practical knowledge. This volume and its fit with the mission of the International Journal of Sustainable Human Security provides the academic, analytical and practically relevant space for understanding and divulgate the dimensions of sustainability in human security. The relation between human security and corruption also requires a careful articulation of its diverse dimensions, manifestations and long term consequences on human beings, communities, sectors, countries and international relations. In spite of the good contributions of other journals addressing human security, sustainable development and human rights, there is a gap in the analysis of these fields in relation to one another and to specific human security subjects.

The contributions included in this volume provide theoretically relevant and practically useful solutions to the implementation of anti-corruption practices in the context of human security. Their multidisciplinary identities and diverse perspectives reflect the needs for understanding the complexity of these issues in a collaborative, multi-dimensional and multi-sectoral framework. They offer systemic analyses and critical studies on the relation of corruption and human security from American, European, Asian, African and Middle Eastern perspectives.

Charles E. Tucker’s Corruption and Human Security: Prepare for the Rainy Day or be Prepared to Drain the Swamp offers a detailed and critical analysis of the impact that development aid has on government corruption. Through numerous examples and well-documented scrutiny on the responsibility to build capacity and causal effect that aid has in perverting a country’s governance system. Floods of money through either natural resources or development aid - but without adequate capacity development - risk of converting localized petty corruption into institutionalized grand corruption. A type of corruption that is probably impossible to reverse through traditional anti-corruption campaigns. The cases examined of grand corruption institutionalism offer the reason for the suggested systemic (perhaps sustainable) solutions
beyond punitive measures and with an *ex ante* anti-corruption approach based regularization through amnesty programs and other programs for bringing the underground economy into the open.

Angela Dettori and Ernestina Giudici’s *Sustainability: Towards an Anti-corruption Strategy to Protect Human Rights in Multicultural Societies* explores the notion of sustainable human security in relation to the workforce environment and the success of businesses. Through a review of organizational central dimensions trust, equality, respect, and multiculturalism, the study offers some solutions on the various initiatives that sustainable enterprises can undertake to combat human insecurity. In this line, the work shows how sustainability reduces corruption by working to prevent human rights violations within the working environment.

Claudia Melis and Ernestina Giudici’s *Corruption and Human Security: A Further Point to be Added on Multinationals Companies’ Corporate Social Responsibility Agenda?* explores the relation of human security and corruption in connection with Corporate Social Responsibility (CSR). They make an argument for how linking human security and corruption through the lens of CSR may improve our understanding about the possibilities for mitigating corruption. The examples and solutions provided are relevant to multinational companies practicing CSR and actively engaged in reducing corruption activities.

Paolo Canonico, Stefano Consiglio, Ernesto De Nito, and Gianluigi Mangia’s “*Garbage is Gold*: The Emerging Threat for Human Security” explores the consequences of corruption on human security, specifically on health conditions and the quality of life. Through an analysis of managerial corruption and the notion of human security, they present a case study related to the illegal trafficking of toxic waste from Northern Italy to the Campania region. The study is based on qualitative research and official judiciary sources.

Jae Eon Yu’s *The holistic educational approach for anti-corruption in human security: The case of Korean business education*, proposes a systems approach through a holistic business education centered on inclusiveness and co-operative human security. The study argues that unethical practices, including corruption practices, are best addressed through business education centered on ethical programs, participatory processes, and action learning aimed at increasing ethical sensitivity for human security. A systems approach is necessary for business ethics education as demonstrated in the cases of educational practices in Korean universities.

Kemi Ogunyemi’s *Human Security and Development: Anti-corruption Solutions* examines how human security is understood and how anti-corruption efforts could enhance it. Through short narratives of the human experience in Nigeria, the study explores the relationship between corruption and human security in the context of a developing country. Human security is considered in the context of human rights and development ethics. Local engagement and the consideration of narratives of people in specific situations constitute an invaluable resource for understanding and resolving the challenges of corruption and human security.

Dima Jamali, Alessandro Lanteri, and Amy Walburn’s *Corruption and Economic Security in the Arab Countries: The Role of Business Schools* provides a study of accountability and corruption and its positive or negative repercussions on human security in Arab societies. They suggest that business schools can actively fight corruption and promote economic security by showing how
corruption practices promote inefficient economic transactions and undermines economic security. They provide a convincing argument and practical solutions for business schools and what they can do to enhance human and economic security by reducing the occurrence and dependence on corruption in Arab states.

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Notes

9 The Government of Japan considers Freedom from Fear and Freedom from Want to be equal in developing Japan’s foreign policy. See http://www.mofa.go.jp/policy/human_secu/
10 Canada has been a critical player in the efforts to ban landmines and has incorporated the "Freedom from Fear" agenda as a primary component in its own foreign policy. See also the works and contributions of the Vancouver, Canada’s Human Security Report Project (HSRP) at http://www.hsrgroup.org/
13 The International Labour Organization (ILO) has embraced the notion of 'decent work.' “Decent work sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.” Read more at www.ilo.org/global/topics/decent-work
To further explore the human security dimensions of environmental challenges see the works of the International Human Dimensions Programme (IHDP) at http://www.ihdp.unu.edu and the United Nations University’s Institute for Environment and Human Security (UNU-EHS) at http://www.ehs.unu.edu/


General Assembly resolution 60/1, paragraph 143. “We stress the right of people to live in freedom and dignity, free from poverty and despair. We recognize that all individuals, in particular the vulnerable people, are entitled to freedom from fear and freedom from want, with an equal opportunity to enjoy all their rights and fully develop their human potential. To this end, we commit ourselves to discussing and defining the notion of human security in the General Assembly.”

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Corruption and Human Security: Prepare for the Rainy Day or be Prepared to Drain the Swamp

Charles E. Tucker, Jr.

Abstract: The paper makes three central arguments: First, sudden influxes of official development aid into countries with unprepared governance institutions hinder their long-term economic and structural development. I analogize to the "resource curse" of countries rich in natural sources that cannot effectively absorb newly realized resource rents stemming therefrom, highlighting recent international experience in this regard; Second, "raining" significant development aid on an economy before helping it develop basic capacity (i.e., competence) to govern is not only counter-productive, but is corrupting. In such cases, the aid is, in effect, a supply-side appeal to (and institutionalization of) monopolistic rent-taking tendencies. Thus, the aid does long-term damage to the country by perverting its governance system and converting localized petty corruption into institutionalized grand corruption – corruption that is difficult (or impossible) to reverse through traditional anti-corruption campaigns. Third, in situations where official development aid has induced the institutionalization of grand corruption, traditional cleanup efforts – focused on ex ante public awareness, anti-corruption committees, and punitive sanctions – have proven to be virtually worthless. Therefore, in cases of grand corruption institutionalism, rather than focus on ineffective punitive sanctions, I propose ex ante anti-corruption cleanup efforts concentrate on regularizing the rent taker’s future behavior. Such inducements to regularization could include amnesty programs designed to bring the underground economy into the open.

Keywords: development assistance; aid; natural resources; human rights; international law

Blow, winds, and crack your cheeks! rage! blow!
You cataracts and hurricanoes, spout
Till you have drench’d our steeples, drown’d the cocks!
You sulphurous and thought-executing fires,
Vaunt-couriers to oak- cleaving thunderbolts,
Singe my white head!
And thou, all-shaking thunder,
Smite flat the thick rotundity o’ the world!
Crack nature’s moulds, all germens spill at once,
That make ingrateful man!

“When you’re up to your (neck) in alligators, it’s hard to remember your mission was to drain the swamp.”
Introduction

In 2011 non-military foreign aid from official sources (i.e., Official Development Assistance, or “ODA”) to developing countries amounted to $133.5 billion, up from $128.7 billion in 2010. And – for the period of 1995 to 2009 – it exceeded $1.65 trillion (measured in 2009 dollars). Supporters of this type of aid have argued that it has been critical for worldwide economic development, poverty alleviation, and health improvement. Similarly, in the context of debating the proposed nature of the post-2015 Millennium Development Goals (MDGs), they have argued that this aid should be increased. However, whether it has generally promoted economic development and welfare, or enhanced human security, has been the matter of much academic – and political – debate. While this paper does not directly engage this debate, it does suggest that the way in which official development assistance has routinely been administered has had a corrupting influence on the societies in which it has been administered and, when left uncorrected, has inevitably led to grand corruption. In short, this paper argues that raining significant amounts of financial aid on the ill-prepared ground of ineffective local governance institutions inevitably leads to damaging floods for which only the most organized – and corrupt – are prepared to benefit. The greater the rain, the greater the flood, the greater the damage. And, once irreparably damaged, options for mitigating the damaging effects are few; so few that only the corrupt may be in any real position to mop up the mess.

Official Development Assistance (“ODA”)

Throughout the Cold War, western-funded bi-lateral non-military foreign aid was primarily linked to security-driven geo-political calculations, vice ideologically based social and economic development strategies. However, since the early 1990s, security-driven systemic foreign aid goals have gradually begun giving way to more ideologically focused state-centered models of development. These state-centric development initiatives substantially increased following the unsuccessful structural adjustment programs initiated in developing countries by international financial institutions during the 1980s; as well as in response to the adoption of the 2002 United Nations (UN) Millennium Declaration and its operationalizing Millennium Development Goals (MDGs), designed to attain certain development and poverty eradication benchmarks by 2015. It is in the context of this shift in emphasis to development, as well as in response to the substantial increase in the amount of post-Cold War ODA being administered, that a virtual cottage industry arose evaluating the putative (in)effectiveness of international aid practices.

One result of these myriad studies – and the international conversations they have provoked – has been an incremental shifting of aid administration ideology, leading to an increasing consensus that “good governance” is fundamental to the successful allocation of development aid. As a result, model foreign development aid policies have recently begun undergoing reconsideration and revision, as evidenced by the wide endorsement of international standards of practice, such as found in: the Monterey Consensus on Financing for Development (2002); the Rome Declaration on Harmonization (2003); the Paris Declaration on Aid Effectiveness (2005); the Accra Agenda for Action (2008); and the Busan Partnership Statement (2011). Taken together, adoption of these standards will ultimately require fundamental shifts in the way donors manage aid; particularly with regard to conceptualizing local governance capacity development.
Given this recent attention to good governance, we are currently seeing early indications that some states and global institutions are beginning to be more selective in their aid allocations; with a gradual shift toward requiring some level of good governance within developing countries as a prerequisite for receiving development aid. This said, geo-strategic security and commercial motives continue to matter for many donors. In fact, recent studies indicate that large bi-lateral aid disbursements continue to be determined – at least partly – by the commercial and political self-interests of individual donor countries. One recent study, for example, found that the United States, France, Japan, and certain other major donors, were continuing to make their aid allocations based primarily on their own trade-related interests, vice demonstrated determinations of basic recipient governance capacity. The report classified these countries as “egoistic donors.” Another study found that, “the direction of foreign aid (has been) dictated as much by political and strategic considerations, as by the economic needs and policy performance of the recipients.” And yet another noted, “(i)t is widely agreed in the aid allocation literature that donors are not purely altruistic but also pursue self-interests by using aid as a means to promote exports and gain political support from recipient countries.”

Given these circumstances – and notwithstanding repeated calls from within the “international aid community” for increased aid selectivity and/or conditionality – it is apparent that with current geo-politics being what they are, and with large-scale aid donors being who they are, countries exhibiting poor governance and weak institutions will continue to receive significant ODA. In fact, as was highlighted in one recent study, it seems the world’s most corrupt countries may well continue receiving the highest amounts of foreign aid. Therefore – unless donor aid administration policies, procedures and processes toward these countries improve – if the current governance-blind ODA trend continues, it will come as no surprise if and/or when the results of these future development programs prove less than optimal. Instead, just the opposite will be true: as current economic studies of politically-motivated ODA-funded programs uniformly demonstrate, these types of programs will continue to cause reductions in growth in recipient countries and – in any case – will be universally “less effective than average” aid programming. Furthermore, unless aid practices change, the “tsunamis of cash” these programs will rain on unprepared economies and will continue to fuel rampant corruption within recipient countries. As such, while there is always hope that such future programing might do well – without change this hope is simply aspirational.

A. Inconclusive Economic Benefits of ODA on Intended Beneficiaries: In fifty years of administering ODA, virtually no disaggregated macro-economic data has ever been made available regarding the actual impact of the aid on intended beneficiaries. As a result, available studies do not empirically prove that any particular aid quality or aid practice is directly related to macro-economic effectiveness (i.e., growth). Instead, studies examining the indirect relationship between foreign aid and growth – utilizing econometric analysis of cross-country (i.e., macro) data – are increasingly demonstrating that over the last half-century, development aid has either been economically ineffective, or proof of its putative effectiveness has been “inconclusive or contradictory.” In the meantime, while the findings of these macro-economic studies have proved to be (in the words of at least one commentator) “sad,” there has been a growing body of research demonstrating that – on a micro level – some individual project activities have often been effective in achieving their outcomes. Regarding this “micro-macro paradox,” one observer has noted:
(This) paradox reflects the fact that the vast majority of micro-level studies (i.e. those focused on individual projects or programs) find aid to be effective, while a wide variety of macro-level analysis (i.e. econometric analysis of cross-national data sets) report aid to have negligible, no observable or negative impact. In other words, “many aid-funded projects report positive micro-level economic returns (and yet are) somehow undetectable at the macro-level”. There are two important conclusions to be drawn from . . . micro-level studies . . . The first is that aid certainly can and does work. The second is that these studies do not attempt to answer the general question “is aid effective?” Rather, they assume that sometimes it is and sometimes it is not, and try to identify the conditions and policies which lead to more and less effective results.50

Thus, given the vagaries inherent in trying to answer the question of whether aid is effective, it may be more useful to ask three different questions: What are the main deterrents to aid effectiveness? Does ineffective preparation to overcome these deterrents create long-lasting harm? And, if so, how should the international community help local governments mitigate the damaging effects?51

B. Conclusive Negative Impact Of ODA on Economic Growth and Local Governance Development:

a. The Natural Resource Curse: Theoretically, countries with abundant natural resources should have greater opportunities for economic growth than their resource-constrained counterparts.52 However, for at least two decades, economists have routinely empirically demonstrated that the presence of abundant natural resources generally produces negative economic growth,53 lower incomes,54 and weaker political institutions,55 as compared to economies without similar resources.56 Furthermore, the rent seeking behavior produced by these resources often degrade local governance capacity,57 as well as help create more authoritarian political regimes,58 institutionalize corruption59 and – in some cases – lead to physical conflict60 and civil war.61 The connection between these negative consequences and natural resource abundance has been labeled the “resource curse.”62

b. The “Unnatural Resource Curse” - ODA: As with natural resources, empirical studies examining the macro-economic benefits of official development aid on intended beneficiaries have also been “discouraging.”63 One reason for this is that large influxes of development aid have routinely been shown to “fuel” corruption.64 This, of course, has implications for the donor community, particularly with regard to its willingness to make future contributions in a resource-constrained economy. Meanwhile, there is increasing evidence that the administration of aid has been detrimental to the social and economic development of the countries in which it has been administered. In short, recent studies demonstrate that, “(f)oreign aid provides a windfall of resources to recipient countries and may result in the same rent seeking behavior as documented in the ‘curse of natural resources’ literature. Therefore, there may be also the ‘curse of
unnatural resources.’” One may reasonably conclude, therefore, the greater the aid, the greater the curse.

In their seminal study, “The Curse of Aid,” economists Simeon Djankov, Jose Garcia-Montalvo and Marta Reynal-Querol, examined data from 108 recipient countries receiving ODA during the period of 1960 to 1999. They found that natural resources and foreign aid shared a common characteristic: they could be appropriated by corrupt politicians without having to resort to unpopular, and normally less profitable, measures like taxation. As a consequence, not only did foreign aid reduce growth and increase rent-seeking corruption, but it also had a net negative impact on democracy. In fact, they concluded that foreign aid was “a bigger curse than oil.” In explanation, the authors theorized that high levels of aid made it more difficult to solve the “collective action problems” inherent in reform efforts, and created “moral hazards” for both recipients and donors by perpetuating “soft budget constraints” and a “tragedy of the commons” problem with regard to future budgeting, thereby weakening the development of local pressures for accountability and reform. In extreme cases, the extent of large-scale aid-inducing rent seeking activity could lead to civil conflict. Thus, they concluded: “This is not to say that promoting democracy should be the objective of foreign aid. However . . . at a minimum donors and international agencies should abide by the Hippocratic oath: do no harm.”

Notwithstanding cautionary admonitions about “doing no harm,” it appears the international aid community – particularly its major donors – are not generally improving their foreign aid administration practices. In fact, if anything, current studies report a declining trend regarding the on-going effectiveness of aid development programs vis-à-vis recipients’ growth and democracy. For example, a 2012 economic impact study examined the effectiveness of foreign aid in improving governmental institutions in 52 African countries. The study’s findings suggested that – for the period between 1996 and 2010 – development assistance generally continued to have a deteriorating impact on recipient government quality, dynamics of corruption control, political stability, rule of law, regulation quality, voice, and accountability and government effectiveness.

While these findings should give the international aid community cause for reflection, all may not bleak; a number of other studies have shown that while general economic development aid has demonstrated little or no positive effect on democratic consolidation, targeted democracy and governance aid has consistently shown itself to produce a positive effect on democratic consolidation and corruption abatement. In short, recent studies demonstrate that strong governance institutions can and do make a significant difference regarding the effectiveness of aid; they can and do make a difference regarding corruption mitigation and abatement; they can and do make a difference regarding democracy development. Furthermore, where such institutions are lacking technical assistance to improve them can and does work, so long as local governance institutions are systematically and carefully strengthened before significant ODA pre-maturely flows in and permanently degrades them.
Regarding Corruption

A. Definitions of Corruption: When examining corruption in the context of development aid administration, one significant difficulty quickly arising is that corruption’s definition within the economic, political science, and legal literature varies widely, a fact certainly explaining the varying “modeling and measuring” criteria utilized in the findings resulting from academic studies.78

a. General Definition: Professor Arvind Jain has written extensively on the subject of corruption and commented that, “almost everyone who writes about it first tries to define it.” He found these various definitions conflicting, but nonetheless concluded there was at least some consensus among scholars and practitioners that corruption generally referred to acts in which the power of public office was used for personal gain in a manner that “contravened the rules of the game.”79 Thus, focusing on public officials, he described corruption as involving the use of powers delegated to them by the public to, “further their own economic interests at the expense of the common good.” “If discovered,” he said, “these activities would, at worst, be considered illegal and, at best, entail strong public disapproval.”90

b. Petty and Grand Corruption: Working within this general definition, Jain and others have emphasized that at least two sub-categories of corruption can be identified: bureaucratic (or petty) corruption, involving corrupt acts of appointed bureaucrats when dealing with their superiors (i.e., political elites) and/or the public; and “grand corruption,” involving acts of political elites through which they exploit their power to make economic policies.82 Petty corruption usually involves bureaucrats taking bribes from the public as a quid pro quo for providing bureaucratic services to which the public is already entitled - or taking bribes to perform services for which the public is otherwise not entitled. In the case of grand corruption, however, political elites in positions to change national policies to serve their own economic and/or political interests use this power to make resource allocations that serve their personal interests. In such circumstances, public spending is often diverted to those sectors where gains from the corruption will be greatest and little attention is paid to the needs of the collectivity. This type of corruption is difficult to identify and measure, but undoubtedly creates the most serious negative consequences for a society, particularly in extreme situations where political leaders make little distinction between their own wealth and that of the state.83

While petty corruption often occurs during routine business activities or ordinary life,84 and while societies do pay a price for this type of “grabbing” activity,85 grand corruption – involving, as it does, political leaders and their close associates in positions where they are able to award major contracts, concessions, and the privatization of state enterprises – impose larger costs on ordinary people by diverting funds to top political leaders in exchange for sweetheart deals with big foreign and domestic businesses.86 “Consider the officials’ decision calculus,” observes corruption expert Susan Rose-Ackerman. “(c)orrupt rulers favor capital intensive public projects over other types of public expenditures and will favor
public investment over private investment. They will frequently support ‘white elephant’ projects with little value in promoting economic development.'

One outcome of this rentier modus operandi is that it creates perverse incentives for public officials working throughout their governments’ various bureaucracies to become corrupt. Simply put, corruption is “contagious.” Thus, given what they see happening above them, and knowing that the rule of law is non-operotive in their jurisdictions, public employees may be tempted to either abscond with monies under their own control, or stand by and watch as funds are either stolen by others or wasted on virtually worthless public works projects. The choice for many is simple: take the money. However, once this type of contagion catches on, it has a cascading effect on others, societal grand corruption ensues, and the corruption problem becomes socially “sticky;” meaning it may never go away.

The situation in Afghanistan reflects but one implication of this type of “stickiness.” As highlighted in a April 2013 report issued by the U.S. Special Inspector General for Afghanistan Reconstruction (SIGAR), after more than a decade of receiving billions of dollars of (admittedly ill-planned, ill-managed, and uncoordinated) official development assistance from the international aid community, the Afghan government still lacks the institutional capacity to effectively manage the money pledged to it by the international community. This is particularly troubling given that most of these “direct assistance funds” will undoubtedly be subjected to less oversight than funds provided through projects directly implemented by U.S. and other donor government agencies. As a result, considering what SIGAR referred to as, “the pervasiveness of corruption in Afghanistan,” not only has much of the international aid community’s past funding been squandered, but in all likelihood its future funding will similarly not achieve its intended purpose – to help the people of Afghanistan.

The bottom line is that “raining” millions – or billions – of development aid dollars on economies before even beginning to help them develop the basic institutional capacities to effectively and legitimately absorb the money inevitably leads to grand corruption; and grand corruption, which inevitably endangers human security and development. This is, perhaps, something worth keeping in mind as we consider the future of development assistance.

**B. Notional Worldwide Scope of Corruption:** In order to discuss the scope of the corruption problem, one should have at least some approximation of the size or scope of the worldwide “corruption industry.” However, given the hidden nature of corruption in general, and grand corruption in particular, official estimates are virtually impossible to obtain and unofficial estimates are inherently unreliable. This said, various semi-authoritative indirect measurements of corruption-related phenomena do exist, giving some insight into the scope of the overall problem:

a. With regard to petty corruption, aggregated enterprise and household surveys seeking quantitative estimates of petty bribery have recently allowed economists to make reasonably accurate worldwide extrapolations of the phenomena. The findings
of these calculations are staggering: the annual value of worldwide transactions tainted by petty corruption – i.e., situations not involving budgetary leakages or asset thefts from within the public sector – is estimated to range between $600 billion and $1.5 trillion;\textsuperscript{102}

b. Public officials receiving such bribes and/or siphoning-off state/development aid assets seldom pay tax on these “earnings.” Therefore, recent tax evasion studies provide insight into the prevalence of corruption in developing countries. One report, issued by the Tax Justice Network (TJN), found that as of 2011, approximately $21-32 trillion had accumulated in untaxed offshore wealth; of this amount, approximately 25-30\% (i.e., $5.3–9.6 trillion) was thought to be from developing countries. The TJN concluded that each year developing countries probably lost more in interest on this missing tax capital than they lost to new capital flight;\textsuperscript{103}

c. With regard to money laundering, NGO studies examining illicit capital outflows from the developing world have also provided at least some insight into the corruption industry. For example, a December 2012 study, conducted by Global Financial Integrity (GFI), analyzed illicit financial flows from developing countries between the years 2000 and 2010. Utilizing a World Bank Residual model, it concluded illicit financial flows cost developing countries approximately $5.86 trillion during the decade, and for the year 2010 GFI estimated illicit flows ranged between $783 billion to $1,138 billion, up significantly from 2009. The report opined, “(w)hatever strengthened financial regulations may be in place or may be contemplated cannot yet be seen to have an effect on the continued passage of funds out of poorer countries, through the global shadow financial system, and ultimately into richer western economies”\textsuperscript{104}

d. In addition to the lost opportunity costs incurred through this type of capital flight, there may be other pernicious consequences, such as debt. As noted by the European Network on Debt and Development (EURODAD), in a report it issued in 2013, “(i)llicit outflows are a major explanation for developing country debt.” EURODAD cited a 2011 study that found, subsequent to 1970, sub-Saharan Africa had lost approximately $700 billion to illicit capital flight, dwarfing its outstanding debt of $175 billion. The authors noted, “(f)or every dollar of foreign borrowing, on average more than 50 cents (left) the borrower country in the same year. This tight relationship suggests that Africa’s public external debts and private external assets are connected by a financial revolving door.”\textsuperscript{105}

Under the totality of the circumstances, public sector grand corruption may well be the greatest obstacle to development a fragile country faces. The cost is not simply the loss of funds, but a “profound demoralization of society at large.”\textsuperscript{106} Public sector corruption directly affects economic growth by negatively shifting the allocation of public funds and indirectly affects growth by changing incentives, prices and opportunities that entrepreneurs face. It dramatically and negatively affects investment levels,\textsuperscript{107} income distribution, and state efficiency.\textsuperscript{108} And it perverts the design and implementation of rules regulating access to in-country assets. In short,
how well the government spends its resources — including its ODA funding — is significantly more important than how much or on what it spends its money.\textsuperscript{109}

C. Corruption as a Human Rights Issue: Corruption denies people a better quality of life, taking away vital food, medicine, education and support. Moreover, it always hits the poor the hardest.\textsuperscript{110} A 2009 International Council on Human Rights Policy (ICHRP) paper — jointly issued by Transparency International — made the case that in addition to being an economic and/or criminal law matter, corruption should also be addressed as a human rights issue.\textsuperscript{111} In support of this contention, the ICHRP reminded readers that the term “corruption” derived from the Latin word corruptio, meaning, “moral decay, wicked behavior, putridity or rottenness.” Thus, the ICHRP argued that the legal and/or technical definitions of corruption needed to include the concept of, “(p)erversion or destruction of integrity in the discharge of public duties by bribery or favour.” Further, the ICHPR emphasized that numerous studies had demonstrated perversions of public integrity disproportionately affected the vulnerable and marginalised — women, children, and minority groups — who often suffered corruption’s harshest consequences. Likewise, in dealings with police, judges, hospitals, schools, and other basic public services, poor citizens tended to suffer more violations than the rich and see a larger share of their resources “eaten away.”\textsuperscript{112} In short, the ICHPR concluded that where grand corruption prevailed, notwithstanding any other legal amelioration mechanisms that might be brought to bear, it needed to be addressed as a violation of International Human Rights Law.\textsuperscript{113}

D. Corruption as a Human Security Issue: Meanwhile, there has also been increasing international recognition of the interdependent and mutually reinforcing relationships between the universal principles underlying the impetus to nurture human development, enhance the rule of law, promote democracy, respect for human rights, and the need to ensure peace and human security.\textsuperscript{114} Therefore, the on-going negotiations over the nature of the post-2015 Millennium Development Goal (MDG) framework provide an opportunity for the international aid community to develop targets that will reflect a more nuanced understanding of the challenges inherent in fostering human development, particularly with regard to the critical role peace and security play in that endeavor.\textsuperscript{115} Moreover, within the context of the post-2015 development goals debate, there is also the opportunity to consider the extent to which the concept of security may extend beyond laconic references to armed violence. In short, we in the development community have the opportunity to consider the inherent connection between human development and human security, as well as to comprehensively debate and define what we mean by those terms. In doing so, however, we should be mindful of the mutual obligations “the united nations” have under customary international law to advance the tenets of “the United Nations’” Universal Declaration of Human Rights, particularly with regard to ensuring freedom from fear and want.\textsuperscript{116}

Admittedly, human security — vice national security — is an evolving concept, but one that fundamentally seeks to place the individual, as opposed to the state, as the referent of the security. It does so against a background of evolving transnational norms relating to security and governance, as well as the development of scientific understanding that
challenges orthodox conceptions of security. Its objective is to safeguard the “vital core of all human lives from critical pervasive threats, without impeding long-term human fulfillment.” In short, as noted in the 1994 UNDP Human Development Report:

The concept of security has for too long been interpreted narrowly: as security of territory from external aggression, or as protection of national interests in foreign policy or as global security from the threat of a nuclear holocaust. It has been related more to nation-states than to people . . . who sought security in their daily lives. For many of them, security symbolizes protection from the threat of disease, hunger, unemployment, crime, social conflict, political repression and environmental hazards (emphasis added).

In keeping with the tenor of the UNDP Human Development Report, Shahrbanou Tadjbakhsh, Director of the Programme for Peace and Human Security at CERI, has written eloquently on the subject of human security and made a compelling case for taking a broad view of the concept’s definitional sub-components. He notes, in particular, that human security as a concept represents a redefinition of traditional understandings of security and development.

It entails:

- The recognition of new threats to security beyond those that are military, including factors such as underdevelopment and human rights violations;
- The recognition that efforts to provide security have to go beyond dealing with state governments to deal directly with the people concerned;
- The recognition that intervention can have positive effects, but that it can also have negative effects if not properly conceived and carried out.

Human security requires:

- The recognition of the interconnections between development, security and human rights;
- The adoption of multi-dimensional solutions based on an inter-disciplinary approach;
- Making use of academic research in the framing of policy proposals.

In short, human security provides a framework that, “puts individuals at the center of both analysis and action” and serves as a means to, “evaluate threats, foresee crises, analyze the cause of discord and propose solutions entailing a redistribution of responsibilities.” Thus, human security is not only an analytic concept, but it signifies shared political and moral values.
With regard to inclusion of anti-corruption within the definitional context of the development, human rights, and human security agenda, former UN Secretary Kofi Annan has given voice to the international community's increasing recognition that corruption causes enormous harm to people and respects no borders. He has categorically stated that corruption impoverishes national economies, threatens democratic institutions, undermines the rule of law, and facilitates other threats to human security, including organized crime and terrorism.\[^{121}\] It is, in fact, under the very backdrop of such international recognition of the interdependent connections between human rights, corruption, human development, and human security that the UNCAC arised as an instrument emanating from the recognition that corruption is a problem of transnational human security significance.\[^{122}\]

While recognizing that some might object to including human security as a specific post-2015 development goal,\[^{123}\] it is, nonetheless, the position of this author to forcefully advocate for its inclusion in the post-2015 framework. Further, while some commentators might argue against including an amorphous concept such as anti-corruption within the definitional parameters of a specific human security-related development goal (perhaps arguing that its parameters would be too difficult to pin down), this author would simply note that regional security organizations and individual nation states – supported by academic studies\[^{124}\] – have already begun defining and measuring corruption within a security context.\[^{125}\] In so doing, they have already determined that corruption within “fragile states”\[^{126}\] is a matter of grave international security concern, as well as a matter of national security significance for many individual countries. Likewise, individual countries, including, but not limited to, the United States, have reached this same conclusion, finding – through harsh experience – that corruption not only impairs the physical security and well-being of countless citizens, but substantially increases the probability that fragile states will degenerate into failed states – with all that implies in our inter-connected world.\[^{127}\] Consider, for a moment, these recent regional security assessments:

- In the face of ethnic divisions, boundary disputes, politicised armed forces and deeply institutionalised corruption, most of the countries of Southeast Asia face serious problems in establishing stronger states, even though they are not now suffering from the intense competing foreign interventions of the Cold War;\[^{128}\]

- Africa’s irregular threat dynamics sustain black markets directly linked to state corruption, divert attention from democratization efforts, generate or fuel civil wars, drive state collapse, and create safe havens that allow terrorists and more criminals to operate. Combined with the inability or unwillingness of African governments to provide for public security, the result of these threats has been labeled a “retreat from the state” by large segments of African societies;\[^{129}\]

- Conflicts in the (Latin American) region today are related to the stability of democratic regimes, which may be threatened by weak political institutions and the ability of non-state players to threaten governments, and in the level of corruption in the civil service;\[^{130}\] and
Central Asian countries suffer from limited or poor accountability in public decision-making and policy, pervasive corruption, smuggling, and drug trade, all of which serve the interests of the governing elites and undermine their willingness and ability to control security forces and border control agents effectively. Accordingly, governments find it difficult to implement their stated intentions to pursue the goals of improved border management, control of drug trafficking, and reduced behind-the-border harassment of private business and investors.\(^{131}\)

The bottom line is that the current international security environment has prompted state and regional security officials to rethink their assumptions about corruption. And they have largely come to the conclusion that corruption is not a second-tier amorphous problem; it is a specifically definable (and treatable) problem of global strategic proportions.\(^{132}\) That said, the international security community has also (perhaps belatedly) come to realize that militarizing the problem is not the solution.\(^{133}\) Simply put, the myriad complex issues surrounding human security – including corruption – require different modes of redress than those traditionally used in national security or international security frameworks. And the time to carefully consider the ramifications of this reality is now.\(^{134}\)

Under these circumstances, if the international security community can find ways to define attainable anti-corruption goals in an international security context, we in the international aid community should be able to judge the same in a human security and human development context. Failing to do so during the ongoing post-2015 development goals debate would be the squandering of an historic opportunity to help develop less kinetic, more nuanced, more sustainable, and more development-oriented approaches to sustainable human welfare.\(^{135}\)

### Regarding Current Anti-Corruption Efforts:

#### A. Background: Ex Post Anti-Corruption Efforts Vice Ex Ante Prevention:

Efforts to combat corruption are about as old as corruption itself.\(^{136}\) Yet, at present, we still do not have solid disaggregated macro-level data regarding the relative effectiveness of most current corruption reform programs.\(^{137}\) Instead, what we have are mostly anecdotal case studies describing ex post anti-corruption programing, most of which evidence “disturbing” results.\(^{138}\) Simply put, the record (such as it is) indicates that ex post facta, anti-corruption efforts seldom work.\(^{139}\) One reason for this is that – rhetoric aside – sustained international aid community commitment to address the matter has been “rather dubious,”\(^{140}\) with anti-corruption efforts often being designed more with an eye toward placating donors than actually stemming systemic abuse.\(^{141}\) However, this lack of success may also be partly attributable to ignorance,\(^{142}\) owing to an underlying lack of knowledge regarding the actual causes, effects, and cures of corruption.\(^{143}\) Alternatively, given the typically short-term duration of many donor-funded development and/or anti-corruption projects, it may simply be a lack of patience, for while successful democracy development aid may reduce corruption in the long-run, it usually has little impact in the short-run.\(^{144}\)
B. Anti-Corruption Campaigns: Most traditional ex post anti-corruption campaigns are of the “one-size-fits-all,” \textsuperscript{145} “rules-based” (vice principles-based and/or capacity-based), \textsuperscript{146} “top-down” variety. \textsuperscript{147} Thus, the approaches utilized typically emphasize (at least theoretically) law enforcement and regulation, with two underlying dimensions: repression, and limits on administrative discretion. \textsuperscript{148} Repression has normally been conceptualized as being backed by severe legal penalties and increased probabilities of malfeasance detection. This type of approach is based on the theory that, “a fully rational, risk-neutral actor opts for criminal behavior if the expected benefit exceeds the sanction multiplied by the probability of being convicted;” thus emphasizing a “sober balancing of pros and cons.” \textsuperscript{149} The second dimension of typical rules-based anti-corruption approaches – i.e., imposed limits on discretion – is usually based on the assumption that governmental corruption is enabled by public office holders exercising excessive leeway in carrying out their tasks and basing their decisions on monetary inducements rather than civic duty. Approaches for limiting such discretion often entail staff rotations, separation of functions, standardization of rules/procedures, internal/external audits, and etc. \textsuperscript{150} As noted, these approaches seldom work. \textsuperscript{151} The reason typically given for such failures being a lack of “political will.” \textsuperscript{152}

C. Proposed Pro Ante Institution Building:

a. Political Will: As noted, most economic and political science research focuses on incentives, information, and enforcement as being the determinants or limitations motivating or deterring the corrupt practices that influence efficiency in resource allocation and welfare. \textsuperscript{153} Key to this literature is the assumption that individuals face a choice between two different action modalities: production or rent-seeking. \textsuperscript{154} Thus, the literature pre-supposes that if individuals have the will to act in non-corrupt ways – induced through adequate incentives or disincentives – they will, in fact, act non-corruptly. \textsuperscript{155} However, while willingness may be a necessary predicate for relatively efficient, non-wasteful, and non-corrupt governmental administration, it is insufficient to predict such outcomes. \textsuperscript{156} Instead, to achieve these outcomes, public officials must be both willing and able to perform. \textsuperscript{157} As Derick Brinkerhoff, a Distinguished Fellow at the Anti-Corruption Centre, put it:

As the familiar phrase, “willing and able,” conveys, will and capacity are closely connected . . . (Scholars) note that country decision-makers’ assessments of their capacity to implement reforms influence their willingness to make upfront commitments. Thus, what may look to outsiders like a lack of political will can be linked instead to insufficient capacity. The political calculus is, “best not to try if we aren’t sure we have the means to make progress”. The simple fact is that pro-development aid and policy improvements require cap(able) institutional frameworks in order to be effective. Good economic policies, standing alone, are insufficient for productive development or corruption prevention. Thus, institutional reform is a fundamental precondition for effective corruption prevention and/or abatement. \textsuperscript{158}
b. Pro Ante Anti-Corruption Programing: The World Bank confirms that an effective anti-corruption strategy requires – as a pre-condition – the development of basic governance capacity mechanisms through multi-pronged and phased interventions tailored “to the specific patterns of behavior and experience encountered in the setting towards which the interventions are being targeted.”

Co-authors Mirjana Stanković and Robert Sundberg have expanded on this theme and argued that any effective multi-pronged approach must recognize that, “corrupt systems need to be ‘healed’ via mainly technical interventions aimed at corruption’s root causes through an economics-based approach that incorporates ethics strategies as one part of a more holistic intervention.” Therefore, they recommend moving away from “legislated ethics” anti-corruption approaches and toward anti-corruption activities that do not primarily rely on the “conscience of individuals.”

In reaching this conclusion, they admitted that compared with most standard anti-corruption strategies “currently in vogue,” increasing the capacity, stature, and professionalism of government institutions, “which coexist or contain ‘corruption focal points,’ may not seem to be a dynamic or attractive course of action.” However, they argued that “when institutions are built up in terms of training, normalized staff positions with adequate compensation, formal legal standing vis-à-vis other institutions and political leadership, and are given the legal and regulatory tools with which to effectively carry out their clearly defined responsibilities, such institutions may become effective mechanisms upon which other reform strategies may be based and which effectively tie together the entire, multi-pronged strategy.”

Admittedly, one recognizes that in the real world donor-applied pressure to immediately reduce levels of local corruption may leave little choice but to implement traditional rules-based anti-corruption mechanisms. And, in some cases, these programs may have some marginal functionality. But the ultimate ends to these means cannot and will not be justified unless culturally sensitive, functionally sustainable, ex ante, attention is also given to developing other institutional governance capacities that will serve to support the formal anti-corruption mechanisms, and do so by establishing the necessary preconditions for accelerating and sustaining growth. In short, while ex post curative measures might be expected to be a component of almost any externally-funded anti-corruption strategy, excessive focus on ex post facto legal and institutional enforcement perspectives – at the expense of ex ante “whole of functional government” institutional development preventive approaches – will simply not work.

c. Pro Ante Governance Capacity Development – The Rest Of The Comprehensive Anti-Corruption Approach: Studies overwhelmingly demonstrate that in a development aid environment, capable institutions are necessary to support growth and stem corruption. But what institutions? As a 2008 study succinctly framed the issue, “whilst there are a multitude of studies showing the value of good governance, research remains to be done on what good governance really entails, what specific institutional forms that can follow from the above mentioned basic norm, and how change from low to high QoG (i.e., “quality of government”) can be obtained . . . Thus, although research points to the value of achieving QoG, a “one size fits all” approach is likely not the way forward.” So, the
answer to the question, “what institutions?,” is: it will depend on the circumstances found at the intervention location.

Clearly, one must prioritize, but any effective anti-corruption approach will take more than simply setting up stand-alone anti-corruption agencies, training criminal law judges with formulaic rules-based criminal law materials, lecturing public employees about ethics, and/or providing awareness training to civil society organizations — all with a primary emphasis on punishment. It will take a prioritized, phased, effective, sustainable and holistic governance capacity development plan of action. And it will also take pragmatically-focused discourse — in concert with local partners — on the meaning and implementation of both top-down and bottom-up capacity-building approaches.

In short, as this author has previously noted, experience has shown that stand-alone sector-specific trainings (e.g. trainings of judges) are insufficient to create “rule of law societies.” In fact, when poorly timed, poorly coordinated, poorly conducted, and/or inadequately reinforced, they may actually be counter-productive. Instead, capacity building needs to be context-specific and more facilitative rather than interventionist. And yet, millions of dollars and years of effort continue to be expended on such means and mechanisms as military/contractor-driven anti-corruption and rule of law trainings of judicial and other law enforcement personnel. This must change.

Before initiating any plan of action, thoughtful assessment of local culture, capacities, needs, and resources must be undertaken — and done in conjunction with local partners. While it is beyond the scope of this paper to provide a thorough explanation of how such assessments should be conducted, suffice to say, there are any number of assessment templates that may be useful starting points. However, caution is urged when relying on such pre-packaged tools. One reason for this has been highlighted by a number of capacity-development experts, including Harvard Professor Dani Rodrick, whose own studies have found that the international aid community’s predilection for trying to build local institutions based on putative international “best-practices” has been ineffective for at least two reasons: first, it has inevitably led to non-culturally specific, one-size-fits-all, approaches that have seldom gained local commitment and, therefore, have seldom worked; second, international best-practice mechanisms are often unsuitable and/or unsustainable in local contexts. Therefore, Roderick, et al., have argued that the most appropriate institutions for developing countries are “second-best institutions,” those that take context-specific markets and government capacities into account. These institutions will often diverge greatly from theoretical best practices.

While “one-size-fits-all” approaches are to be avoided, experience has shown that with regard to the types of capacities and capabilities that should be considered and evaluated before initiating development and anti-corruption programs, one should start with the commonly found “structural drivers of corruption” that often operate in developing countries. These drivers of corruption include:
- Deleterious property rights protection mechanisms;\textsuperscript{176}
- Inept regulatory schemes;\textsuperscript{177}
- Anemic managerial,\textsuperscript{178} human resource management,\textsuperscript{179} and operational planning practices;\textsuperscript{180}
- Ineffuctual public administrative capabilities;\textsuperscript{181}
- Inefficient and/or non-transparent procurement,\textsuperscript{182} contracting,\textsuperscript{183} and logistical support systems;\textsuperscript{184}
- Arcane fiscal budgeting,\textsuperscript{185} accounting, and audit capacities;\textsuperscript{186}
- Antiquated educational pedagogies,\textsuperscript{187} including but not limited to law school teaching methodologies;\textsuperscript{188} and
- Dickensesque court systems.\textsuperscript{189}

Infestation with even a few of these institutional structural weaknesses portend that aggregate corruption will likely remain in the developing country. But the “raining” – or even worse – the “storming” of development aid onto such countries will simply swamp their nascent governance systems, inevitably exacerbating and structurally institutionalizing any indigenous corruption;\textsuperscript{190} that is, unless prioritized, targeted, phased, bottom-up/top-down and jointly planned/jointly executed, predicate institutional development strategies are thoughtfully developed and executed.\textsuperscript{191} It is only through such collaborative processes that developing countries will be able to navigate around the structural drivers of corruption, fraud, waste, and abuse, and to do so in ways that will enable sustained economic development and create the necessary conditions for sustained improvement in good governance, public welfare and human security.\textsuperscript{192}

Until that happens, the current governance and anti-corruption agendas, supported by international agencies, will not achieve these results precisely because they do not identify the structural drivers of corruption or create feasible responses that are likely to improve development prospects in particular countries. More worryingly, by setting broad anti-corruption and good governance goals they may be doing actual damage by setting unachievable targets for developing countries and diverting attention from critical governance reforms.\textsuperscript{193}

In light of this situation, rather than repeating the admonition, first do no harm, one would be better served to recommend: \textit{physician, heal thyself.}

\textbf{Draining the Swamp: Amnesty in Return for Investment:}
A. Asset Recovery Mechanisms – International Mutual Assistance:

Because local ex ante anti-corruption efforts seldom work in developing countries, many in the international community maintain that “international mutual assistance” mechanisms, utilizing international-law-based civil asset recovery powers, in conjunction with the compulsion powers of criminal law enforcement agencies, can step in to help dam the tide of grand corruption. This contention is ill-founded for at least three reasons: first, the current international legal regimen – lacking as it is in substantive enforcement capabilities – is structurally inadequate to meet the complex challenges faced by local nations and the international community in combating grand corruption; second, there is little evidence that the international community has the political will to systematically employ the even half-hearted international mutual assistance anti-corruption mechanisms currently available; and third, even if international mutual-assistance mechanisms were successful in (routinely) returning recovered assets to their intended beneficiaries, there is simply no reason to believe that any such assets – returned to same ill-prepared, ill-governed, economies from whence they were first rained (and appropriated) – would be any better utilized the second time around. Therefore, unless comprehensive remedial governance capacity-developments were undertaken before the recovered assets were returned to the intended beneficiary countries, the returned assets would again serve as “a supply-side appeal to (and institutionalization of) monopolistic rent-taking tendencies” still in place. Thus, alternative approaches to corruption abatement and asset recovery must be considered.

a. International Law: The case for the systematic application of international mutual assistance and international law to combat corruption is much in vogue. Admittedly, as a number of commentators have rightfully pointed-out, “great steps” have been taken over the last decade to establish an international legal regimen to combat bribery and corruption. These commentators routinely cite as examples thereof: the United Nations Convention Against Corruption (UNCAC), which came into effect on December 14, 2005; the Organisation for Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1977; and the Stolen Asset Recovery Initiative, launched jointly by the United Nations Office on Drugs and Crime and the World Bank in 2007. However, while internally comprehensive, given current political and economic realities, systematic application of these laws is often unrealistic; consequently, they are simply incapable of stemming and/or ameliorating grand corruption.

The assumption underlying reliance on these legal mechanisms as a buttress against grand corruption appears to reside in logic similar to that espoused by Nicolò Machiavelli, who once observed, “(a)nyone who would order the laws of a republic must assume that all men are wicked . . . laws make them good.” But Machiavelli was wrong. First, as an instrument of coercion, law alone is insufficient to “make people good;” law requires enforcement and enforcement requires political will. In short, “force and enforcement are part of the very essence of legality.” Or, as Abraham Lincoln once observed, “law without enforcement is only good advice.” However, as it currently stands in the arena of anti-corruption, the invocation of criminal liability – normally a matter within the jurisdiction of national law – is subject to the same
practical imitations as found in other state-based anti-corruption measures; to wit: the necessity of securing local political will.\textsuperscript{200} As we have seen, though, local political will to prosecute grand corruption is routinely lacking. Therefore, enforcement normally “boils down” to asset recovery, and asset recovery requires \textit{international mutual assistance}. Unfortunately, the political will of the international community to provide this assistance is also \textit{all too often lacking}.\textsuperscript{201}

Dr. Liliya Gelemerova, an asset recovery and money laundering expert, has observed that “bad money” often goes to “good countries,” much of it leaving developing countries and transiting through complex money laundering mechanisms on the way to the US, UK and elsewhere in the West.\textsuperscript{202} Gelemerova noted that regardless of the complex mechanisms used to transit the money, once it found its way to the West, it seldom returned “home.” Instead stripped governmental and international development aid assets routinely remain in Western developed economies, and not the developing countries where the assets belonged.\textsuperscript{203} Because of this reality, Gelemerova concluded that the international asset recovery regimens had simply come “to little avail.”\textsuperscript{204}

Others would concur. In fact, according to recent studies, the situation may be getting worse, for notwithstanding supposedly robust national and international asset recovery and anti-money-laundering legal regimens currently in place – including those found within the UNCAC – law enforcement agencies are reporting ever increasing volumes of illicit money being laundered.\textsuperscript{205} As a result, the fight against corruption in developing countries remains seriously hindered and there is “a wide gap between governments’ anti-corruption rhetoric and the impunity enjoyed by public officials.”\textsuperscript{206}

One \textit{potential} response to this situation would be to fortify international asset recovery and anti-money-laundering legal regimens. However, there are at least two seemingly insurmountable obstacles in doing so: first, given the history of its ratification, the international will to alter the current UNCAC framework appears tepid, at best,\textsuperscript{207} and second, as the current international legal regimen was never \textit{conceptualized} to deal with grand corruption, it is ill-suited to the task.\textsuperscript{208} Instead, the current anti-money laundering and asset recovery systems were conceptualized to stem illicit narcotics activity, human trafficking and terrorism. They were simply not designed to impede financial crimes such as large-scale rent looting by political elites from developing countries, many of whom first gained access to the funds in question because of their geo-political importance to major international aid donors.\textsuperscript{209} Under the circumstances, the likelihood of the current international legal regimen being significantly altered so as to stand as a bulwark against grand corruption appears bleak,\textsuperscript{210} an opinion echoed in a report issued by the U4 Anti-Corruption Resource Centre:

\begin{quote}
Our political economy analysis of UNCAC indicates that the Convention, with its preventive and criminal provisions, provides a basis on which some elements of grand corruption could be addressed. UNCAC in fact provides a quite comprehensive view of areas that might
\end{quote}
be involved in grand corruption schemes: notably, it addresses public officials (including high-level bureaucrats and politicians), the private sector, and the international cooperation necessary to recover assets and fugitives. However, important provisions on criminal offences, asset recovery, and political corruption are arguably not strong enough nor clearly defined. Thus, our preliminary conclusion is that UNCAC has just enough breadth, depth, and leverage to make corrupt elites uneasy, but perhaps little more than this, as the Convention leaves considerable scope for undermining effective enforcement at the country level. With a strong focus on technical anti-corruption measures but significant weaknesses in providing for the more structural and potentially constitutional checks and balances of a national integrity system—most notably, independence of the judiciary and legislature—UNCAC has important limitations (emphasis added). 211

As is the case with many national anti-corruption legal regimes, international political will to utilize asset recovery programs and asset repatriation is significantly lacking. Consider, for a moment, the 2009 findings of a study undertaken by the Basel Institute of Governance into international cooperation vis-à-vis asset recovery: 212

There is a large gap between the rhetorical commitment of many governments towards international cooperation in asset recovery matters and their actual willingness to make it happen. It has been argued that this discrepancy reflects unfavorable constellations of political and economic interests in both requesting and requested countries. The focus on commitment problems has revealed a central dilemma that must be overcome if the asset recovery agenda is to ultimately succeed. *In the absence of mechanisms that signal sustained credible commitment, international agreements, such as the UNCAC, will not be trusted and therefore remain ineffective* . . . In the absence of bilateral agreements, requests for legal cooperation will mainly depend on the goodwill of the authorities in requested countries, or the ability of governments in requesting countries to come up with mutually beneficial deals. Consequently, the outcome of ARPs become less predictable because they depend on the specific context rather than on internationally agreed legal rules and standards (emphasis added). 213

Given these findings, it is not surprising that the Basel Institute concluded that, “the major successful asset recovery cases . . . are behind us. For almost a decade now, few new cases have been brought to light.” 214 The bottom line is that difficulties lie not in the complexities of the law, but rather in the rent-seeking behaviors and calculations of prominent officials, all highly sensitive areas of concern where the prosperity of countries, sovereignty issues and national interests are at stake. 215 Bearing that in mind, national/international judicial authorities and international development actors should attempt forge new alliances to overcome the hidden obstacles to asset recovery. 216
b. Institutional Incentives: In addition to mischaracterizing law for coercion, Machiavelli may have also missed a point or two regarding incentives and institutions. At their base, legal rules and regulations are rationalized by appeal to the incentives they create.\textsuperscript{217} However, legal incentives often crowd out natural motivations of citizens to “engage in socially valued behavior as a sense of civic duty, a commitment to personal growth and charity towards others.”\textsuperscript{218} In short, the punitive sanctions created by national and international anti-corruption legal regimens offer no \textit{ex post facto} incentives for corrupt wrongdoers to “come clean” and/or “go legit.” In fact, just the opposite.

Illegality associated with corruption usually necessitates the perpetrator undertaking additional efforts to avoid detection and punishment, thereby leading to further corruption by such means as pay-offs, hush-money, threats, violence, and etc. Given these consequences, empirical studies routinely demonstrate that current punitive anti-corruption policies often cause “corruption to be more distortionary than taxes.”\textsuperscript{219} Notwithstanding these findings, Machiavellian punitivists advocating for the current international anti-corruption regimen continue to assume that a one-size-fits-all coercive legal environment remains the best way to combat corruption. Their faith in coercion is misguided; one reason being that while the existence of wide-spread corruption always reduces growth, such negative effects exhibit \textit{nonlinearities}, as they are more pronounced in less developed economies. As a result, the effectiveness of coercive anti-corruption policies depends on the state of development of the particular economy in question, with institution building tending to be a far more effective approach to corruption abatement in less developed countries, and stricter enforcement (i.e., stricter penalties) tending to be more effective in more developed countries.\textsuperscript{220}

c. Personal Incentives: Professor Petrus Van Duyne has written extensively about underground economies, money laundering, and international anti-money-laundering legal regimens.\textsuperscript{221} Significantly, for the purposes of this paper, he has observed that an asset-appropriator’s underlying purpose (i.e., incentive) in engaging in “money laundering is to try to attain the misleading appearance of “cleanliness or legitimacy” for illegally acquired assets;\textsuperscript{222} that is, to “\textit{turn black money white}” so that it may be moved to the above-ground economy and used openly by the appropriator.\textsuperscript{223} The anti-money-laundering (AML) legal regimen, in contrast, is devised to thwart this design, with the underlying international policy impetus being: “‘Ill gotten goods (should) never thrive.” Van Duyne has opined, however, that “(a)s with many proverbs, this is pious wishful thinking of the ‘righteous’. . . . history invariably proves them wrong.”\textsuperscript{224} Van Duyne’s point is that the proceeds of “loot and plunder” (and many other forms of illegal enrichment) have, in the past, \textit{and often still do}, prosper; citing as examples “American robber barons” and their “modern Russian counterparts.” His most salient point, however, is that when platitudes have been set aside - and \textit{when given the chance} - many “robber barons” have used their ill gotten funds to establish charitable foundations, legitimate industries and other socially acceptable institutions, including universities. As a consequence, once these funds became “gentrified,” misdeeds were “forgiven.”\textsuperscript{225} However, today, the “‘Ill gotten goods (will) never thrive” canard has morphed into international policy, culminating in the enactment of ineffectual anti-
money laundering regimens, the unintended effect being that “ill gotten gains” from grand corruption are seldom recovered, put to effective use and/or otherwise gentrified.

John McDowell and Gary Novis, policy advisors with the US State Department, have also written about un-surfaced, non-gentrified, non-integrated, black money, and noted that from an economic standpoint, “corruption money” is seldom put to efficient use. That is, because of risks associated with the international anti-money laundering regime, asset appropriators are not interested in profit generation and/or efficient investments, but rather in protecting their proceeds. Thus they seldom invest their funds in activities that are economically beneficial – even to the countries where the funds are located. Instead, to the extent they invest at all, they often do so in “low-quality” ventures that simply hide their proceeds; usually to the detriment of local growth. In fact, in some countries, entire industries, such as construction and hotels, have been financed not because of actual demand, but because of the short-term interests of money launderers. When these industries no longer suit the money launderers, they abandon them, causing a collapse of these sectors and immense damage to economies that could ill afford these losses.

There are, of course, a number of implications to this state of affairs; one being that the amount of black money being kept in the underground economy appears to be sufficient to help prop-up or derail some governments. In fact, “(e)stimations of the level of money laundering reach up to 2 to 5% of world GDP, raising the question where all this money goes.” Where indeed? Why has this money not been “surfaced” and “integrated” into the above-ground economy? After all, as Van Duyne’s observed, trying to make illicit black-money white should be the main concern of “crime-entrepreneurs” and law enforcement officials alike.

The answer, of course, resides in the fact that the largely dysfunctional international asset recovery regimen has not demonstrated the concerted will to routinely make corruption-related black money white, nor has it demonstrated the will to routinely return appropriated assets to their originally intended economies – fragile states. Instead, the international asset recovery legal regimen demonstrates just enough enforcement capacity to intimidate corrupt asset appropriators, but not enough capacity to force the divestiture of these ill-gotten assets. As a result, the perverse impact of the current international anti-money laundering legal regimen is that it induces corrupt capital appropriators to keep their assets hidden, where its is poorly utilized, rather than surfaced into the “legitimate economy” where it could integrated, gentrified and effectively put to work. In short, the money is in purgatory.

Meanwhile, while laundered money typically does little good where it is hidden, at least it is (usually) safe. Thus, at some point, it could theoretically be used for what it was initially intended – fragile state economic development. This said, as a matter of economic reality, it is hard to rationally argue that the money should immediately be returned to the fragile states for which it was initially intended if no effective institutional capacity reforms have been internalized. Whether ironic or not, all money – including crime money – eschews instability, mal-governance and institutional corruption.
Therefore, without an intention to change, there is no rational reason why purloined money should be shifted to these inherently economically unstable jurisdictions.\textsuperscript{233}

Regardless, as the situation now stands, even assuming, \textit{arguendo}, local governments \textit{do} demonstrate the will to effectuate institutional change, and assuming they could effectively put the purloined money to good use, the international anti-money-laundering regimen is impeding billions of dollars from doing what it was intended to do – enhance stability, develop fragile economies and ensure human security. \textit{Development} was the money’s original mission, but this mission cannot be accomplished because the money is mired in a purgatorial legal “swamp,” with all the “alligators” circling.\textsuperscript{234} \textit{It is time to drain this swamp.}

**B. An Alternative To Mutual Support - Self-Help:**

\textbf{a. The Color of Money:} Grand corruption is a social, not individualistic, problem. Its roots are grounded in a country’s social and cultural history, political and economic development, bureaucratic traditions and policies. It is a symptom of “deep institutional weaknesses.”\textsuperscript{235} Or, as Roman David has described it, grand corruption is a part of a “cultural ethos,” where various environmental factors incentivize individual actors to act in a corrupt way.\textsuperscript{236} Thus, attitudes and decisions regarding corruption are “largely derived from shared social perceptions,” as well as “people’s beliefs about corruption and the emotions attached to those beliefs, which have been reflected in the term ‘folklore of corruption.’”\textsuperscript{237}

Laws, though, are typically designed to deal with individuals – \textit{not cultures}. Therefore, to the extent laws are intended to be normative, they pre-suppose a culture of basic compliance, not widespread impunity. Thus, one major difficulty with prevailing anti-corruption legal paradigms is that they do not appropriately address the root causes of the problem; culture. Even more significantly, because they are “on the books” but unenforced, and because they are often imposed from outside, they add to a culture of cynicism, a culture that begins to view law as hubris. In short, unenforced and unenforceable anti-corruption laws substantially degrade the rule of law.\textsuperscript{238} It is in this context that we must reconsider the “color” of corruption money, as well as the methods to recapture it by fragile economies.

In a 2012 study commissioned by the World Bank, University of London Economists Stephanie Blankenburg and Mustaq Khan examined the impact illicit capital flows had on developing countries. While recognizing that flows \textit{could}, in fact, do real harm to fragile states, Blankenburg and Khan nonetheless found that outflows were often indicative of “deeper structural problems of political governance” within those countries and needed to be evaluated in a context-specific manner. Thus, even though the flows could be considered “illicit” under international legal paradigms, or illegal under national frameworks, from a development economics impact standpoint (i.e., harm analysis), Blankenburg and Khan would only label these out flows as “illicit” if “all direct and indirect effects in the context of the specific political economy of the society (were) taken into account.”\textsuperscript{239} The authors stressed that indirect effects
depended on the interplay between the economic and political structures of the country; they also varied widely across contexts:

What constitutes damage in the sense of a negative developmental impact depends on how we define development. When illicit capital flows are equated with illegal outflows . . . the implicit suggestion is that adherence to prevailing legal rules is sufficient for promoting the social good . . . Yet, the use of the notion of illicitness also suggests that damaging developmental outcomes may not always correspond to violations of the law and that, therefore, social, economic, and political damage needs to be more precisely defined. Moreover, if we are not to suffer the criticism of paternalism, our criteria have to be widely accepted as legitimate in that society. In practice, it is difficult to establish the criteria that measure development and therefore can be used to identify damage in any society, but particularly in developing ones. A social consensus may not exist if there are deep divisions about social goals (emphasis added). 240

In further examining the reasons for capital flight, Blankenburg and Khan evaluated the flows stemming from a variety of contextual standpoints, including criminality, economic self-interest, and lack of confidence in governance structures. They also evaluated the efficacy of efforts to block outflows through such mechanisms as criminal punishment and asset recovery.241 Their findings led them to advocate for alternative frameworks to deal with flows driven by political and economic actors, contending that an obvious reason why political actors in developing countries engaged in capital flight was over concerns that their political opponents would expropriate their assets if they came to power. Blankenburg and Khan argued that the realpolitik nature of political settlements in many developing countries meant that blocking financial outflows would probably not lead to “liberal rule of law” because any new ruling coalitions would probably require off-budget resources to maintain political stability and will keep resources available for elections and for their own accumulation. In short, “(e)xpropriating the financial resources of former politicians may therefore have the paradoxical effect of increasing instability . . . we should not consider all capital outflows by political actors to be illicit in these contexts.” 242

Given their findings, Blankenburg and Khan argued that international efforts should be expended into trying to block capital flight. Rather, international policy focus should be on helping design local policies to address low productivity and absorb new technologies, as well as to align regulations across similarly situated developing countries. Blocking financial outflows without addressing these matters, they noted, will not improve social outcomes as “(t)he problem is not the capital flight, but the growth-reducing arrangements that induce it.”243

In conclusion, Blankenburg and Khan argued that from an economic standpoint, expropriation of government assets could well serve a social interest in that it could lower the “cost of politics” and/or preserve assets that would otherwise be lost permanently to governmental waste and mismanagement. In this context,
societies may not be hurt by capital flight as the monies were simply diverted to safer, more efficient, economies. And, by this logic, the economic challenge for developing economies with expropriated asset outflows is to rationally align their policies – and their institutions – so as to re-attract the expropriated capital.

b. Correlation and Cause – They Are Not The Same: Political Scientist Roman David has observed that the factors keeping a “democracy stable may not be the same as those that brought it into existence; thus, explanations of democracy must distinguish between function and genesis.” David attributed his reasoning to Dankwart Rustow’s influential work, “Transitions to Democracy: Toward a Dynamic Model.” In it, Rustow examined the assumptions underlying functional studies of democracy and proposed a, “dynamic theory of democracy” that distinguished between “correlate” and “cause.” In expounding on this concept, David noted, “the association between these measures and clean government has led many to believe that anticorruption measures are causes, not correlates, of clean government, albeit that they represent function rather than genesis.” David opined, however, that claiming the establishment of anti-corruption mechanisms – in themselves – generated shifts to clean government was similar to claiming that, “holding free elections ensured a clear passage to democracy.” “Scholars of democratization,” David observed, “would probably disagree with that.”

Drawing on his democratization research, David concluded that the factors that keep government clean are necessary, but not sufficient, for transformation towards clean government. Thus, while anti-corruption law enforcement mechanisms might be able to keep a clean society clean, they were typically incapable of “cleaning” a society with an ingrained culture of corruption. In such cases, only positive incentive mechanisms, such as amnesty, have the capacity to play a crucial role in establishing clean government by transforming the political culture in particular society. As Roman observed, “clean and corrupt governments are qualitatively different situations that require different methods of dealing with corruption.”

David argued that anti-corruption mechanisms operating within cultures harboring a “folklore of corruption” – i.e., cultures of grand corruption – need to be structured entirely differently from those operating in predominately clean environments; in societies with cultures of corruption, “the potential that sanctions have to facilitate a value-normative shift towards clean government is limited.” Instead, “in the short term, the absence of sanctions and penalties can act as a greater catalyst to transformation than their immediate imposition.” Thus, he concluded, amnesties could serve as “transformative measures,” encouraging “the transformation of political culture during the process of democratisation” and also be “useful in the process of changing the culture of corruption.”

c. An Immodest Proposal – Amnesty: Assuming an economically rational economy, one of the most pernicious impacts corruption has on a developing country is that it results in a loss of resources available for investment or, as economists might say, “capital accumulation is depressed.” Thus, the costs of
corruption are significant, especially since it would take only minor changes in growth rates of developing countries to produce substantial cumulative gains in output and welfare. In a perfect world, the answer to this problem would be asset recovery and repatriation; assuming, of course, the economy in question was finally institutionally capable of absorbing the repatriated cash. However, the world is not perfect and international mutual assistance has not (yet) proven itself to be an effective instrument to systematically make significant repatriation a reality.

Meanwhile, corrupt appropriators of developing country assets appear to be holding hundreds of millions (if not billions) of dollars in disposable assets. And though they may be prepared to keep their ill-gotten gains hidden – or prepared to invest two illegitimately earned black dollars in a speculative money-laundering scheme in return for the hope of receiving one semi-legitimate white dollar – does not mean they are disinterested in receiving the highest returns possible. Just the opposite is probably true. It would seem, therefore, that synergies of interest may well exist between developing countries and their corrupt (former) leaders; synergies that could be played out in the context of amnesty programs. In order for these synergies to constructively pan out, however, the economies in question would not only have to offer amnesty, but they would undoubtedly have to institutionally restructure themselves in a way that would make them a conducive place for (re)investment and growth.

It is for another time to expound in-depth on the exact nature corruption amnesty programs could or should take. But, at least preliminarily, one could envision the broad parameters of such potential programing entailing the following:

- First, as “all politics is local,” in order to be politically palatable, any amnesty program would undoubtedly require a national consensus that corruption had previously been so systemic, culturally ingrained and widespread that criminal prosecutions under local national law of all/most expropriators would be unrealistic. This would require a significant public outreach component;

- Second, somewhat akin to an “exhaustion of remedies” theory, any effective amnesty program would probably need to be preceded with a consensus within the government and political elites that international asset recovery mechanisms had proven to be too cumbersome, ineffective or expensive for practical use by the nation. This would probably best be demonstrated through actual past attempts to engage these mechanisms;

- Third, to be most effective, amnesties should be accompanied by some sort of lustration mechanism not dissimilar to that used by prosecutors/courts in jurisdictions that allow plea bargaining. Such a system could require expropriators to provided information about their crimes and/or accomplices, thereby providing an additional incentive for others to come forward;

- Fourth, in order to achieve the development goals originally intended for the money in question, expropriators would probably need to be required to
repatriate the assets to the country to which they were intended, and be integrated (i.e., invested) into socially beneficial growth-enhancing endeavors. In this event, a taxation system could appropriately tax the repatriated assets, as well as the future profits from the endeavors. Further, in order to prevent volatility, one would presume that some sort mandatory investment period would need to be structured.\textsuperscript{258}

**Conclusion**

This paper has demonstrated three central propositions.

First, that sudden influxes of official development aid into countries with unprepared governance institutions hinder their long-term economic and structural development. I analogized to the resource curse of countries rich in natural sources that cannot effectively absorb newly realized resource rents stemming from those resources. I highlighted recent international experience in this regard and showed that the primary impediment to effective growth was a lack of governance capacity.

Second, I demonstrated that raining significant official development aid on an economy before helping it develop basic capacity (i.e., competence) to govern was not only counter-productive, but was corrupting. In such cases, the aid becomes, in effect, a supply-side appeal to (and institutionalization of) monopolistic rent-taking tendencies. Thus, the aid does long-term damage to the country by perverting its governance system and converting localized petty corruption into institutionalized grand corruption; corruption that is virtually impossible to reverse through traditional anti-corruption campaigns.

Third, I demonstrated that in situations where official development aid had induced the institutionalization of grand corruption, traditional cleanup efforts – focused as they are on \textit{ex ante} public awareness, anti-corruption committees and punitive sanctions – have proven to be virtually worthless. Therefore, in cases of grand corruption institutionalism, rather than focus on ineffective punitive sanctions and mutual assistance asset recovery mechanisms, I proposed undertaking \textit{ex ante} anti-corruption cleanup efforts, revolving around comprehensive amnesty programs, in order to spur growth and investment, as well as regularize the rent taker’s future behavior.

**About the author**

Major General (USAF, Ret.) \textbf{Charles Tucker}, serves as Executive Director of two International Non-Governmental Organizations: the Sustainable Capacity International Institute, Arezzo, Italy; and the World Engagement Institute, Chicago, IL, USA. In these capacities, he designs and manages institutional capacity building programs throughout the world. He likewise promotes the economic and legal development of people through education, research, documentation, and advocacy. In addition, Gen. Tucker serves as a Senior Fellow of the Center for the Study of the Middle East (CSME), School of Global & International Studies, Indiana University, Bloomington, as well as the International Projects Director for the National Strategy Forum, a non-partisan training institute and think-tank located in Chicago. He also he serves as a Member of the Board of Directors of the International Code of Conduct for Private Security
Service Providers’ Association (ICoCA), Geneva, Switzerland, where, as the United States Government representative on the 12-member Board, he is charged with promoting, governing and overseeing the implementation of the International Code of Conduct for Private Security Service Providers to promote the responsible provision of private security services and respect for human rights and national and international law by exercising independent governance and oversight of the ICoC. Professor Tucker has been an educator, international legal expert, and institutional capacity development practitioner for more than thirty years. Throughout his career, he has routinely served with the US State Department, United Nations and various International Organizations in numerous countries. His academic career has included teaching positions in International Law for the University of Colorado (1999-2002) and DePaul University (2008-2011). He attained the rank of Assistant Professor of Law at the US Air Force Academy and served as Course Director of the Academy’s Comparative International Law Program (1999-2002). He was the founding Co-Editor of the USAFA Journal of Legal Studies and the DePaul University Rule of Law Journal. Prof. Tucker has also served as Adjunct Professor of Business and Labor Management for Bradley University (2002-2008), as Adjunct Professor of Political Science for the University of Maryland (1984-1989), and as Adjunct Professor of Government for Wayland University (1982-1984). Prof. Tucker currently serves as the Co-Course Director of the United Nations’ Annual International Humanitarian Law Symposium. He has lectured as a Visiting Professor at the Vietnam National University (Đại học Quốc gia Hà Nội); the Universitäts Heidelberg (Germany; the University of Zagreb (Sveučilištu u Zagrebu, Croatia); the University of Sarajevo (Univerzitet u Sarajevu, Bosnia and Herzegovina); Ankara Üniversitesi (Turkey); the University of Sulaimani (السليمانية جامعه, Sulaymaniyah, Iraq); and Duhok University (دانشگاه دوھك, Duhok, Iraq). Prior to retiring from his active duty and reserve military career, Gen. Tucker served as the National Guard’s Director of Joint Doctrine, Training and Force Development. He was responsible for overseeing the National Guard’s various Joint Education and Training Centers, as well as its entire Joint Professional Education Program and curricula development efforts. Since his military retirement, he has assisted the Vietnamese, Kenyan and Somali governments with their constitutional and legal development and has published widely on these subjects. He is a 1979 graduate of the University of Notre Dame (B.A., Government) and a 1982 graduate of the DePaul University College of Law (Juris Doctor).

Notes

1 William Shakespeare, King Lear, Act 3, Scene 2.
3 The Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD) defines ODA as:
   . . . flows to countries and territories on the DAC List of ODA Recipients and to multilateral institutions which are: i. provided by official agencies, including state and local governments, or by their executive agencies; and ii. each transaction of which: a) is administered with the promotion of the economic development and welfare of developing countries as its main
objective; and b) is concessional in character and conveys a grant element of at least 25% (calculated at a rate of discount of 10%).


See, e.g., Jeffrey D. Sachs, “From Millennium Development Goals to Sustainable Development Goals,” The Lancet 379, no. 9832 (2012): 2206-2211 (proposing organisation of the post-2015 MGD goals into the broad categories of economic development, environmental sustainability, and social inclusion, as well as “good governance at all levels, local, national, regional, and global.” Id. at 2208).


ODA volumes in the mid- and late-nineties were, in real terms, at the same level as during the mid-eighties. In or around 2000, they began to increase and by 2006 ODA was 60% above 1999 levels. See, Stephen Howes, “An Overview of Aid Effectiveness, Determinants and Strategies.” (2011): 1.

For example, see:

- James Putzel, Do No Harm: International Support for Statebuilding, Organization for Economic Cooperation and Development, 2010 (by promoting institutional arrangements that are ideologically congenial to the donors’ citizens, but ill-adapted to the specific donee context, ODA can fuel conflict and human insecurity);
- Simplice Anutechia Asongu, Reversed Economics and Inhumanity of Development Assistance in Africa, University Library of Munich, Germany, 2012 (development assistance is detrimental to GDP growth, GDP per capita growth and inequality adjusted human development);
- Todd Moss, Gunilla Pettersson, and Nicolas van de Walle, “A Review Essay on Aid Dependency and State Building in Sub-Saharan Africa: An Aid-Institutions Paradox,” Washington DC, 2006 (large and sustained volumes of aid can have negative impacts on development of good public institutions); and


25 But note, Gerry Mackie, "Effective Rule of Law Requires Construction of A Social Norm of Legal Obedience." (2012) (international institutions seldom undertake the harmonization of moral-social-legal engagements carefully designed to respect autonomy and to minimize harm. Id. at 12).

26 William Easterly and Claudia R. Williamson, "Rhetoric versus Reality: The Best and Worst of Aid Agency Practices," World Development 39, no. 11 (2011) (authors identified “five best practice dimensions,” for aid disbursement: agency transparency; minimal overhead costs; fragmentation of aid; delivery to more effective channels; and allocation to less corrupt; more democratically free, poor countries. Id. at 1930 1931).

27 OECD-DAC, “Managing Aid: Practices of DAC Member Countries,” Better Aid Series, 2009. (The pace and depth of aid reform are not yet consistent across donor programmes. Id. at 76-77.)

28 Id., Tanaka and Yoshikawa, supra, note 19, at 2.


Development aid is different from other forms of non-tax revenue because aid comes with a “donor attached.” Bermeo, Sarah. "The Curse of Aid? Re-Examining the Impact of Aid on Regime Change." In Re-Examining the Impact of Aid on Regime Change (September 14, 2009). APSA 2009 Toronto Meeting Paper. 2009: 19 (study found donor intent and not an unintended curse associated with increased financial flows, influenced the relationship between foreign aid and local political elites). Accord, Tanaka and Yoshikawa, supra, note 19, at 20 (quality of donor intervention found to lead to more positive results than the quantity of intervention).

"Throwing money at the problem exacerbates the problem," says Andrew Wilder, an expert at Tufts University who has studied the effect of aid in southern Afghanistan. "A tsunami of cash fuels corruption, delegitimizes the government and creates an environment where we're picking winners and losers." See, Michael Hastings, "The Runaway General," Rolling Stone 1108, no. 1109 (2010): 8-22. As Professor Wilder explained in an earlier piece for Foreign Policy Magazine:
The most destabilizing aspect of aid, however, is its role in fueling corruption. And here, Western donor governments have been slow to acknowledge their contribution to this problem. Our research suggests that the failure to win Afghan hearts and minds is not because too little money has been spent. In fact, money has been part of the problem. Spending too much too quickly with too little oversight in insecure environments is a recipe for fueling corruption, delegitimizing the Afghan government, and undermining the credibility of international actors. But policymakers also ignore the most obvious, effective, and quickest way to reduce corruption: reduce funding, especially in the most insecure areas, to levels more in line with what Afghanistan can absorb. Future benchmarks for success, as well as incentive structures for both military and civilian institutions, should be changed from the number of projects implemented and amounts of money spent to ensuring accountability and the quality and impact of programs. Id. See, Andrew Wilder and Stuart Gordon, "Money Can’t Buy America Love," Foreign Policy, Washington DC 1 (2009): 11.

In post-conflict countries, the presence of international peacekeepers and aid providers may contribute to corruption rather than prevent it, owing to the large volumes of cash that follow them into war-ravaged economies. See, Alix Boucher, William Durch, Margaret Midyette, Sarah Rose, and Jason Terry. "Mapping and Fighting Corruption in War-Torn States." (2010): 23.

See, for example:

- D. Moyo, Dead Aid: Why Aid Is Not Working and How There Is a Better Way for Africa, London: Penguin Books, 2009. (Citing a World Bank study finding nearly 85% of aid money was either diverted or channeled for “unproductive” or “grotesque” ventures);
- Margaret Kelly Wilkie, “The Effects of Foreign Aid on Perceptions of Political Corruption in Sub-Saharan Africa.” PhD diss., University of Central Florida Orlando, Florida, 2008. (ODA given to corrupt governments “only fuels corruption”); and

David H. Bearce and Daniel C. Tirone, “Foreign Aid Effectiveness and the Strategic Goals of Donor Governments,” The Journal of Politics 72, no. 3 (2010): 837-851. (When the strategic benefits are large for donors, foreign aid becomes ineffective because Western governments cannot credibly enforce their conditions for economic reform. Id. at 837).

Id., Easterly and Williamson, 2011, supra, note 26 (current studies leave out any direct measurement of the impact of aid dollars on the intended beneficiaries and, therefore, “there are simply no reliable impact measures available across agencies.” Id. at 1930-1932).

Id. at 1930-1949. Easterly also notes that aid beneficiaries have few means to provide feedback or influence the behavior of the international aid bureaucracy, and aid agencies are “typically not transparent” about their operating costs and/or how they spend the aid money.

Hristos Doucouliagos and Martin Paldam, “The Aid Effectiveness Literature: The Sad Results of 40 years of Research,” Journal of Economic Surveys 23, no. 3 (2009): 433-461. (The aid effectiveness literature has not managed to show there is a significantly positive effect of aid. Id. at 461.) And see, Hristos Doucouliagos and Martin Paldam, “The Ineffectiveness of Development Aid on Growth: An Update,” European Journal of Political Economy 27, no. 2 (2011): 399-404 (“analysis of the results of decades of research suggests that, on average, aggregate development aid flows are ineffective in generating growth.”) Id. at 401).

See, e.g., William Easterly and Tobias Pfutze. “Where Does the Money Go? Best and Worst Practices in Foreign Aid,” Journal of Economic Perspectives 22, no. 2 (2008). (“It is a sad reflection on the aid establishment that knowing where the money goes is still so difficult and that the picture available from partial knowledge remains so disturbing.” Id. at 23).

For a useful discussion of the generalized determinants of aid effectiveness and strategies for making aid more useful, see Howes, supra, note 15, at 8.


See, e.g., Xavier Sala-i-Martin and Arvind Subramanian, Addressing the Natural Resource Curse: An Illustration from Nigeria. No. 9804. International Monetary Fund, 2003 (natural resources exert a negative and nonlinear impact on growth via their deleterious impact on institutional quality).


Michael L. Ross, “The Natural Resource Curse: How Wealth can Make You Poor,” Natural Resources and Violent Conflict: Options and Actions (2003): 17-42. (Since mid-1990s there has been growing research on the causes of civil wars. One of the most surprising and important findings: “natural resources play a key role in triggering, prolonging, and financing these conflicts.”)

Nazgul Eraliev and Jie Qin, “An Examination of the Natural Resource Curse after the 1990s,” 立命館経済学 61, no. 3 (2012): 405-423. And see, Margareta Sollenberg, “A Scramble for Rents: Foreign Aid and Armed Conflict,” PhD diss., Uppsala University, 2012 (this dissertation is the first to stress the potential of aid to produce incentive structures for elite rent-seeking scrambles and to specify conditions under which such incentives may translate into increasingly competitive rent-seeking raising the probability of conflict. Id. at 32.)


Id., Djankov, et al., 2006, supra, note 61 (“the empirical evidence on the effectiveness of foreign aid is discouraging.” Id. at 1). And see: Simplice A. Asongu, The Political Economy of Development Assistance: Peril to Government Quality Dynamics in Africa, University Library of Munich, Germany, 2012 (development assistance deteriorates government quality dynamics of corruption-control, political-stability, rule of law, regulation quality, voice and accountability and government effectiveness. Id. at 24-25).


Djankov, Montalvo, and Reynal-Querol found if the foreign aid a country received over a period of five years reached the 75th percentile of its GDP, then a 10-point index of democracy was reduced between 0.6 and one point. As a comparison, they measured the effect of oil rents on political institution and found the fall in democracy when oil revenues reached the 75th percentile was smaller. Id. at 172.


Id., citing Michael Maren, “The Road to Hell: How International Charity & Food Aid Damage the Third World,” *Foreign Affairs* (1997) (Somalia's civil war caused by the desire of factions to control food aid). And see, Djankov, et al. (2006), supra, note 61 (foreign aid “windfalls” can lead to increased corruption, rent-seeking activities and civil war).

Id. at 174, citing Paul Collier and David Dollar, “Development Effectiveness: What Have We Learnt?” *Economic Journal* 114, no. 496 (2004)(emphasis added). And see, Franklin D. Kramer and Melanie Civic. “Strategic Realities in Irregular Conflict. Ch. 3.” 2013 (NGOs that rush to establish humanitarian and development programs without assessing local conflict dynamics inadvertently do harm as humanitarian resources transferred into a local context fuel conflict between groups and can be hijacked by local armed groups to buy more weapons. Id. at 30).

See, e.g., Jessica Martini, Roch Mongo, Hyppolite Kalambay, Anne Fromont, Nathalie Ribesse, and Bruno Dujardin, “Aid Effectiveness from Rome to Busan: Some Progress but Lacking Bottom-up Approaches or Behaviour Changes,” *Tropical Medicine & International Health* 17, no. 7 (2012): 931-933 (Decision-making should be based on bottom-up approaches, such as country-led mechanisms of planning, implementation and evaluation, taking stock of and scaling up local experiences. Id. at 932.)

Id., Doucouliagos and Paldam, 2011, supra, note 48. (Authors confirmed a “striking pattern”: as the number of estimates has increased, the partial correlation of aid and growth keeps declining. Authors’ meta-analysis had detected this declining aid effectiveness. Id. at 402.)


Simone Dietrich and Joseph Wright, Foreign Aid and Democratic Development in Africa, UNU-WIDER Research Paper WP2012/20, 2012 (democracy and governance aid, focused on capacity building, have a consistently positive effect on democratic consolidation; economic aid has no effect on democratic consolidation). Id., at 28 – 29.


Oxford Economics Professor Paul Collier evaluated the state of development in 58 countries; mostly in Africa. He argued for continued financial development assistance, taking a middle position between Jeffrey Sachs (calling for a “big bang” to double official development assistance and end poverty) and William Easterly (who has been deeply skeptical of the aid business). Collier contended aid could work under limited circumstances. He cited, as an example, aid applied to reinforce institutional development already underway, such as the US’s Millennium Challenge Account that has provided countries with incentives to reform policies. However, he warned that providing large amounts of development aid to new leaders – or to those economies at the very beginnings of a reform process – often created disincentives to complete reforms. Collier recommended a “go slow” approach. See, Paul Collier, *Bottom Billion*, Blackwell Publishing Ltd, 2007.


There are, of course, dissenters from the consensus; chiefly citing to cultural and economic differences. See, e.g., Kalin Ivanov, “The Limits of a Global Campaign against Corruption,” *Corruption and Development: The Anti-corruption Campaigns* (2007): 28-45 (author raised “doubts about the feasibility of a global fight against corruption, divorced from the local context,” because the “global agenda’s technocratic approach” failed to understand that local views of corruption “may reflect alternative normative frameworks such as familial duties, ethnic or religious loyalties, fidelity to friends, or norms of reciprocity.” Id. at 35).
80 Arvind K. Jain, “Corruption: A Review,” Journal of Economic Surveys 15, no. 1 (2001): 71-121; 71-72. But see, Jens Chr. Andvig, Odd-Helge Fjeldstad, Inge Amundsen, Tone Sissener, and Tina Sereide, “Corruption. A Review of Contemporary Research.” Chr. Michelsen Institute, 2001: 5-49. Andvig argues that the legal public definition of corruption is problematic because it assumes laws prohibit corrupt behavior, legal frameworks are neutral and non-political, all corrupt behavior is covered by laws, and there was a non-varying correspondence between legality and morality. Andvig concludes that the legality of various practices varies across jurisdictions as corruption is a “social act.” it “is now a legal one, now illegal, depending upon the social context” (emphasis added). Id. at 49.

81 Professor Petrus Van Duyne has identified nine sub-divisions of corruption, assuming there to be a differentiation between corruption and corruptee; between the person who induces or initiates the corrupt exchange and the person who accepts it. However, Van Duyne concedes, “(i)n general it is difficult to make such a differentiation.” See, Petrus C. Van Duyne, “Will Caligula Go Transparent?” United Nations Centre for International Crime Prevention 1, no. 2 (2001): 73, 77.


83 Id., Jain, 2001, supra, note 80, at 71 - 72. Others sometimes refer to this form of corruption as, “state capture.” See, e.g., Rose-Ackerman, Susan. The challenge of poor governance and corruption. Copenhagen Consensus, 2004 (“state capture” implies that the state itself can be characterized as largely serving the interests of a narrow group of business people and politicians, sometimes with criminal elements mixed in. Id. at 12). See also, Joel Hellman, Geraint Jones, and Daniel Kaufmann. “Seize the State, Seize the Day: State Capture, Corruption and Influence in Transition,” 2000: 35.


85 See, Halvor Mehlem, Karl Moene, and Ragnar Torvik. “CurSED by Resources or Institutions?” The World Economy 29, no. 8 (2006): 1117-1131. (Rent-seeking outside the productive economy pays off when institutions are bad, “or grabber friendly.” Id. at 123 – 124).

86 Susan Rose-Ackerman, “Corruption: Greed, Culture, and the State,” Yale Lj Online 2010 (2010): 125-140 (corruption at the top of the state hierarchy typically imposes large costs on ordinary people by diverting funds to top political leaders. Id. at 132).

87 Id., Rose-Ackerman, 2004, supra, note 83, at 27 (citations omitted).

88 Olivier Cadot, “Corruption as a Gamble,” Journal of Public Economics 33, no. 2 (1987): 223-244 (corruption is a “highly contagious phenomenon” Id. at 239).

89 Regarding waste, see, Susan Rose-Ackerman and Rory Truex, “Corruption and Policy Reform,” 2012, SSRN 2007152 (endemic corruption creates incentives for officials to create unneeded projects to hide monopoly gains; in such cases the loss to society is not just the bribes paid; it is the total of wasted resources spent on the project. Id. at 25).

90 Bo Rothstein, “Anti-Corruption–A Big Bang Theory,” QoG Working Paper Series, no. 3 (2007): 3. (Problem with corruption is that is a phenomenon that seems to be very “sticky.” Most empirical research shows that “once the system gets there, it stays there.”) Accord, Eric M. Uslaner, “The Bulging Pocket and the Rule of Law: Corruption, Inequality, and Trust,” in Conference on The Quality of Government: What It Is, How to Get It, Why It Matters, 2005, pp. 17-19 (“Corruption is remarkably sticky over time”); And see, Myint, supra, note 84 (when systemic corruption takes hold of a country, the institutions, rules and peoples’ behaviour and attitudes become adapted to the corrupt way of doing things and corruption becomes a way of life. Id. at 41).


92 Since 2002, Congress has provided nearly $93 billion to rebuild Afghanistan, making it the most costly effort to reconstruct a single country in US. This number does not yet include all Afghanistan reconstruction funding for
Fiscal Year 2013 because final appropriation amounts have not been determined for many accounts, including State and USAID accounts. Id. at 3 – 4.

92 The April 2013 SIGAR report commented extensively on ineffective development aid programming, noting that in the 21 audit reports, it had highlighted numerous instances of inadequate planning, poor quality assurance, lack of Afghan capacity, and questionable sustainability. Id. at 8.

94 For example, SIGAR emphasized that Afghan government institutions, particularly those involved in infrastructure projects, lacked technical and managerial capacity to monitor projects, resulting in deficient work. Id. at 19.

95 Statistics reveal that at least 80% of international aid has been spent by donor agencies and their implementing partners with little consultation with the Afghan government. As a result, the Afghan government, “has little incentive to sustain these donor-funded projects.” Id. at 13.

96 Id. at 20.

97 Selçuk Akçay, “Corruption and Human Development,” Cato J. 26 (2006) (statistically significant negative relationship between corruption indexes and human development; more corrupt countries tend to have lower levels of human development. Id. at 29).


99 See, e.g., Global Witness, “Grave Secrecy: How a Dead Man Can Own a UK Company and other Hair-raising Stories about Hidden Company Ownership from Kyrgyzstan and Beyond,” (2012) ($64 million in Kyrgyz funds funneled out of country with assistance of Western banks. Id. at 5).


101 As the accuracy of corruption and money laundering statistics is open to question, the figures noted herein are considered notional and cited for discussion purposes only.


112 Id. at v. The ICHRP estimated that in Mexico approximately 25% of income earned by poor households was lost to petty corruption. It estimated in Bangladesh that 33% of girls trying to enroll in a government stipend scheme for extremely poor students had to pay bribes, while half had to make a payment before collecting their awarded scholarship. And, in Madagascar, 25% of all households were forced to cover school enrollment fees although all primary education was free.
An analysis of corruption that draws on human rights will emphasize the harm to individuals that corruption causes. From this perspective, it is often taken for granted that corruption “violates” human rights. When people make this claim, they have a range of issues in mind. They mean that, when corruption is widespread, people do not have access to justice, are not secure and cannot protect their livelihoods. Court officials and the police pay more heed to bribes than to law. Hospitals do not heal people because the medical staff give better treatment to patients who pay backhanders or because clinics lack supplies due to corrupt public contracting procedures. Poor families cannot feed themselves because social security programmes are corrupt or distorted to support a patronage network. Schools cannot offer their students a sound education because the education budget has been looted and as a result teachers cannot be paid and books cannot be purchased. Farmers and market sellers cannot earn a living because police take a cut of their produce and sales. In numerous ways like these, corruption encourages discrimination, deprives vulnerable people of income, and prevents people from fulfilling their political, civil, social, cultural and economic rights.


“State fragility” may be characterized as, “weak governments, insufficient security and legal frameworks, ineffective administration, poor public services, high rates of conflicts and civil wars, growing extreme poverty. See, Oasis Kodila-Tedika and Simplice A. Asongu, “State Fragility, Rent Seeking and Lobbying: Evidence from African
A sampling of studies finding “disturbing” trends in corruption and anti-corruption campaigns:


- Aili Mari Tripp, Donor Assistance and Political Reform in Tanzania, United Nations University, World Institute for Development Economics Research, 2012. (“Disturbing consequences” of donor supported aid and anti-corruption practices in Tanzania”)


- Byaruhunga Julius, “Improving Service Delivery in Developing Countries; Approaches, Challenges and Methodologies Case Studies from Uganda,” (2011). (Corruption has into a global vice of disturbing proportions);

- Martin Tisne and Daniel Smilov, “From the Ground Up. Assessing the Record of Anti-corruption Assistance in Southeastern Europe,” (2004): 51. (“It is a disturbing trend that national anti-corruption strategies should be applied from country to country with little regard as to whether the solution matches the problem . . . so little has been achieved.”);


Johannes Linn, “Reality or Mirage?” БКК 65.9 E 91 (2012): 96 (emphasis added).


Paul Fishstein and Andrew Wilder, “Winning Hearts and Minds? Examining the Relationship between Aid and Security in Afghanistan.” Feinstein International Center, Tufts University, Medford, MA (2012) (most destabilizing aspect for post-war-aid economies is large development spending that fuels massive corruption and delegitimizes government. Id. at 2-3).


Alina Mungiu-Pippidi, “Corruption: Diagnosis and Treatment,” *Journal of Democracy* 17, no. 3 (2006): 86-99. (In recent years, anticorruption has become “a major industry, with global expenditures growing to an estimated one hundred million dollars per year.” “(T)here is little evidence that all this activity is accomplishing much.” *Id.* at 86.

Anna Persson, Bo Rothstein, and Jan Teorell, “The failure of Anti-Corruption Policies A Theoretical Mischaracterization of the Problem,” *QoG Working Paper Series* 19 (2010)(some corruption became more entrenched in response to efforts to curb it. *Id.* at 19).

Anwar Shah, “Corruption and Decentralized Public Governance,” *World Bank Policy Research Working Paper* 3824 (2006)(many anti-corruption programs are simply “folk-remedies or “one size fits all” approaches that offer little chance of success. *Id.* at 4); and


Id., Andvig, et al., *supra*, note 80.


Id., De Haan and Warmerdam, *supra*, note 44, at 23, concluding, “a better understanding of aid dynamics is necessary.”


Id., Asonwu, 2012, *supra*, note 63, at 12 (attempts by Western aid agencies to introduce top-down formal institutions “had not fared well in the complicated maze of bottom-up arrangements”).


One might presume that being “willing but unable” is a probable prescription for systems failure; being “unwilling and unable” is an undoubted prescription for disaster. Id., Brinkerhoff, 2010, supra, note 152, at 1.

One is mindful that even if these programs are tactically successful, they are usually strategically problematical. Id. at 1

Traditional anti-corruption programs typically include judiciary, prosecutorial and/or anti-corruption commission development, as well as public oversight programs designed to spur successful utilization of these mechanisms. See, Id., Dreher, et al., supra, note 29; and Petter Langseth, Rick Stapenhurst, and Jeremy Pope, “The Role of a National Integrity System in Fighting Corruption,” Commonwealth Law Bulletin 23, no. 1-2 (1997): 499-528.

One is mindful that even if these programs are tactically successful, they are usually strategically problematical. See, Joseph Hanlon, “Do Donors Promote Corruption?: The Case of Mozambique,” Third World Quarterly 25, no. 4 (2004): 747-763, at 757-758. And see, Barbara Jones, “UK gives £19million aid to South Africa - its president spends...

Id., Sundberg and Stanković, 2008, supra, note 160 at 3 (emphasis added). Authors noted that mere provision of legislation, ethical guidelines, training and institutional frameworks are insufficient; public officials cannot turn these into practice unless given appropriate process-oriented tools to distinguish among parts of the process and guide them to the desired outcomes. Id. at 12-13.


Id. at 3.


Robert Sundberg and Mirjana Stanković, “Anticorruption Mechanisms in Serbian Local Government: Institutions which both Oppose and Are Resistant to Corruption,” in IS NISPACE Conference in Kyev. 2007: 1-4. 2. (“Too often, anticorruption programs overlook the fact that ethics and legal systems alone are not sufficient to effectively address corruption. Rather, it is properly established institutions that prove to be powerful anticorruption mechanisms.” Id. at 1.)

Among the key variables that should be analyzed include: potential Rule of Law development, specifically including non-criminal law matters (3 protection of property rights); appropriateness of local regulations, regulatory discretion and bureaucratic red tape; economic policies; political variables (e.g., fracture like a comprehensive peace-building or state-building strategy.)

One is mindful that even if these programs are tactically successful, they are usually strategically problematical. See, Joseph Hanlon, “Do Donors Promote Corruption?: The Case of Mozambique,” Third World Quarterly 25, no. 4 (2004): 747-763, at 757-758. And see, Barbara Jones, “UK gives £19million aid to South Africa - its president spends...
£17.5 million on his palace,” Daily Mail Online (23:50 GMT, 24 November 2012, Updated, 23:50 GMT, 24 November 2012), at: http://www.dailymail.co.uk/news/article-2388017/UK-gives-19million-aid-South-Africa-president-spends-17-5million-royal-palace.html#ixzz2TsWU4tm (accessed on 15 May 2013) (predatory elites became highly skilled at ensuring that management of donor money was transparent and clear, but then stole from banks, skimmed public works contracts, demanded shares in investments, smuggled drugs and other goods and ensured the justice system did not work).


174 To name but two:


176 Dani Rodrik, “Institutions for High-quality Growth: What They Are and How to Acquire Them,” Studies in Comparative International Development (SCID) 35, no. 3 (2000): 3-31. Referencing post-Soviet privatization, Rodrick observed that establishing property rights protections is rarely a matter of simply passing laws, as legislation in itself will neither be necessary nor sufficient for the provision of secure control rights. He argues, in practice, control rights must be upheld by a combination of legislation, private enforcement, custom and tradition. For legislation to be effective, there must also be acceptable restrictions on acquiring property rights. This implies the need for an effective regulatory scheme. Rodrik emphasizes five types of market-supporting institutions: property rights; regulatory institutions; institutions for macroeconomic stabilization; institutions for social insurance; and institutions of conflict management. Id. at 26-27. And see, Acemoglu, et al, supra, note 37 (Botswana's good economic policies, and therefore, its economic success, reflected its “institutions of private property” that protected property rights of actual and potential investors, provided political stability and ensured that the political elites were constrained.)

177 Christian Daude and Ernesto Stein, “The Quality of Institutions and Foreign Direct Investment,” Economics & Politics 19, no. 3 (2007): 317-344 (unpredictability of laws, regulations and policies, excessive regulatory burden, government instability and lack of commitment play a major role in deterring foreign direct investment); Uslaner, supra, note 90, at 17-19. 2005 (regulatory policy has a powerful effect on corruption and on the level of risk that determine how much money countries can borrow); Daniel, Kaufmann, Aart Kraay, and Massimo Mastruzzi, “Governance Matters VIII: Aggregate and Individual Governance Indicators, 1996-2008,” World Bank Policy Research Working Paper 4978, 2009 (regulatory quality is defined as the “ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development”); and Rodrik, supra, note 176, at 14-15 (cautioning that regulatory institutions need to be developed locally, relying on hands-on experience, local knowledge, and experimentation).
One reason for poor management is poor talent; and poor institutions attract poor talent. See, Timur Natkhover and Leonid Polishchuk, “Institutions and the Allocation of Talent,” Higher School of Economics Research Paper No. WP BRP 15 (2012) (“public policies and reforms that repair faulty institutions direct talent towards socially productive activities and thereby reduce the gap between private incentives and social needs in human capital accumulation.”) Id. at 32).

97 Id., OECD-DAC (2009), supra, note at 27. According to the OECD, “(t)here are three institutional challenges to implementing the aid effectiveness agenda: a) decentralising to the country level; b) adjusting human resources management . . . and c) adapting procedures.” Moreover: “(t)he human resources management often needs to be revamped to motivate staff to implement the aid effectiveness agenda, to develop appropriate training and to recruit more local staff.” Id. at 76.

98 Evans Osabuohien, Uchenna R. Efobi, and Adeleke Salami, “Planning to Fail Or Failing to Plan: Institutional Response to Nigeria’s Development Question,” African Development Bank, 2012. (Effective policies are products of effective planning. Planning requires trained institutional structures to achieve macroeconomic objectives, which include: rapid economic growth and development; price stability; maintaining favorable external balances; and reducing unemployment. Institutional checks are fundamental to guiding plan implementers and guard against abuses.)

Administrative capacity explains much of the variance in developing countries’ growth. See, L. G. Reynolds, Economic Growth in the Third World, 1850–1980, Yale University Press, 1985; and S. Knack and P. Keefer, “Institutions and Economic Performance: Cross-Country Tests Using Alternative Institutional Measures,” Economics and Politics 7, no. 3. (1995): 207–227. (Econometric research suggests that the influence of high quality public institutions may exceed the impact of good economic policies in explaining development performance.) And see, Alan Doig and Stephen Riley, “Corruption and Anti-corruption Strategies: Issues and Case Studies from Developing Countries,” Corruption and Integrity Improvement Initiatives in Developing Countries 45 (1998). (“Lawyers, accountants and investigative journalists all need help. Enhanced professional skills, as well as political and managerial will to control corruption, are more likely to be seen in democratic societies where the pressures of political competition often force politicians to act. Democratisation is thus a necessary but not a sufficient condition for the reduction of corruption.”) Id. at 60.)

99 Tina Søreide, Corruption in Public Procurement. Causes, Consequences and Cures, Chr. Michelsen Institute, 2002 (technical expertise among the public officials concentrates the competition to price offers and a more efficient result may prevail, thus supporting the recommendation to establish small, independent, procurement units with professional officials.” Id. at 22-30). See also: Søreide, 2012, supra, note 137 (procurement reform, alone, insufficient; need strengthened anti-trust/competition authorities). And see, Rose-Ackerman and Rory Truex, 2012, supra, note 89 (procurement officials who lack capacity to appropriately estimate costs, technical difficulties and actual benefits of project, open the door to corrupt operators who exploit this unreliability enrich themselves and to further the interest of their firms.) Id. at 25-26).

100 Johann Graf Lambsdorff, “Making Corrupt Deals: Contracting in the Shadow of the Law,” Journal of Economic Behavior & Organization 48, no. 3 (2002): 221-241. And see: Søreide, 2012, supra, note 137 (cost-efficient results sought by International Competitive Bidding will be dependent on institutional qualities held by the state administration; when countries lack effective economic and human resources capacities, alternative procurement methods should be considered.” Id. at 21).

101 Howoilca Boost, “Curse or Cure? How Oil can Boost or Break Liberia’s Post-war Recovery,” Global Witness, 2011. Boost investigated corrupt practices of the National Oil Company of Liberia. One the key finding was that neither the various ministries of the Liberian government nor the oil company had the basic managerial and logistical capacity to oversee the oil and gas industry. Id. at 38 – 56. Accord, Anthony H. Miller, “Providing Aid to Fragile or Failed States: A Short Argument for Moderation,” Pepperdine Policy Review 5, no. 1 (2012) (because they lack structured central governments with logistical capacity, aid to fragile or failed states should be restricted to in-kind aid and technical assistance.) Id. at 4).

102 Id., Rose-Ackerman and Rory Truex, 2012, supra, note 89, at 6-7; citing Shawn Cole and Anh Tran, “Evidence from the Firm: A New Approach to Understanding Corruption,” International Handbook on the Economics of Corruption 2 (2011) (corruption dampens development is by inflating the budgetary costs of public goods and services because these costs incorporate kickbacks. Unless the procurement process is very competitive, this means individual projects and procurement contracts are excessively expensive and unproductive.” Id. at 6-7).

103 Benjamin A. Olken, Monitoring Corruption: Evidence from a Field Experiment in Indonesia, No. w11753. National Bureau of Economic Research, 2005 (formal and grassroots auditing capabilities reduced road construction corruption-based financial losses between 24-28%, even when these capabilities only increased the chances that a
project would actually be audited. *Id.* at 23). And see, Deborah Bräutigam, *Aid Dependence and Governance*, Vol. 1, Expert Group on Development Issues, 2000 (donors often substitute their own accountants and reporting for those of local government auditors, as if an enclave of accountability can be created that can then somehow grow beyond its borders. In aid dependent countries, this has rarely been the case. *Id.* at 42).

187 See:

- Mina Baliamoune-Lutz, “Policy Reform and Aid Effectiveness in Africa,” (2009) (in countries with weak social cohesion, aid donors must target education and health projects to reduce negative effects of ethnic fractionalization and social fragmentation. *Id.* at 9);
- David Elliot Bloom, David Canning, and Kevin Chan, *Higher Education and Economic Development in Africa*, No. 102, Washington, DC: World Bank, 2006, 19 (positive and statistically significant correlation between higher education enrollment rates and governance indicators, including absence of corruption, rule of law, absence of ethnic tensions, bureaucratic quality, low risk of repudiation of contracts by governments, and low risk of appropriation);
- Arvind K. Jain, “Corruption: Theory, Evidence and Policy,” CESifo DICE Report 9, no. 2 (2005): 6-7 (government expenditures on education are negatively and significantly related to corruption);
- Abdiweli M. Ali and Hodan Said Isse, “Determinants of Economic Corruption: A Cross-country Comparison,” Cato J. 22 (2002) (corruption is negatively and significantly correlated with the level of education, judicial efficiency, and economic freedom. *Id.* at 461);
- *Id.*, Gylfason (2001), supra, note 54 at 847-859 (education is good for growth); and


189 See, Tucker, 2010, supra, note 173 (rule of law development requires going beyond traditional top-down approaches and focus on business law, family law, property law, legal education, creating for-profit and pro bono community-based/university-based law clinics, and linking formal legal institutions (including universities) with traditional civil society organizations and practices. *Id.* at 1351-1353.)

190 *Id.*, Ali and Isse, supra, note 187. (“The interaction term between foreign aid and government expenditure shows that the marginal effect of government expenditure on corruption increases with the level of foreign aid.” *Id.* at 460.)

191 The contemporary orientation to nation-building should be re-evaluated in favor of a more grass-roots, sociologically driven and institutionally based approach; the little things that guide and regulate human conduct in private or public sectors are just as consequential as the big ones. See, N. Kalu, “Institution-building, not Nation-building: A Structural-functional Model,” *International Review of Administrative Sciences* 77, no. 1 (2011): 119-137, at 119-120.


193 *Id.* at vii (emphasis added).

194 *Id.*, Doig and Riley, supra, note 181, at 60. And see, Agnes Batory, “Why do Anti-corruption Laws Fail in Central Eastern Europe? A Target Compliance Perspective,” *Regulation & Governance* 6, no. 1 (2012): 66-82 (widespread failures of policy compliance signal there is something wrong with the policy, rather than something is wrong with the targets who are being uncooperative by failing to comply with it. *Id.* at 78-80).


200 *Id.*, Maton and Daniel, *supra*, note 195, at 415. (“(A)fter initial enthusiasm for a recovery exercise within a state, political reality intervenes, interest wanes, people disperse, and instructions are increasingly difficult to obtain.” *Id.* at conclusion, 446-448.)

201 *Ibid.* at 415 (“international conventions recognize the need for concerted action, but, ultimately, the leaders in individual states have to summon the political will to tackle those who have gone before them and resist the temptation of simply following them, or nothing will ever change for the disadvantaged of this world.” *Id.*)
The Anti-money Laundering System in the Context of Globalisation: A Panopticon Built on Quicksand?


This money has been characterized as “foreign aid,” not corrupt bribe money. 

Hannes Hechler, Gretta Fenner Zinkernagel, Lucy Koechlin, and Dominic Morris, “Can UNCAC Address Grand Corruption?” U4 Report 2011, no. 2 (2011). (“With UNCAC already in place . . . the remedy lies not in trying to improve the text of the Convention but in finding creative ways to apply it as written.) As noted by the authors:

. . . the Convention has a critical weakness in that it does not sufficiently address the nexus between power relations and corruption clearly, such as by addressing political and electoral corruption in a more detailed way and by making more provisions mandatory. The provisions for review mechanisms suffer from the same weakness, not taking into account the political and socio-economic dynamics surrounding anti-corruption reform, through mechanisms such as multi-stakeholder consultations. The Convention challenges the vested interests of dominant coalitions by criminalising the corrupt activities that sustain their systems. But a major problem remains, in that it is precisely those dominant elites who are largely in charge of ensuring implementation. The fact that UNCAC is a government-driven and government-owned convention, which also implicates politicians and public officials at all levels, poses difficult barriers to genuine implementation and bottom-up reform. The solution must involve other domestic accountability actors in a holistic reform approach, with attention to the weaknesses or biases of these actors as well as those of government officials (emphasis added). Iid., at viii.

Recent press reports indicate that “bags of money” have been delivered to President Hamid Karzai by the US. This money has been characterized as “foreign aid,” not corrupt bribe money. See, Sean Carberry, “Secret Cash to Afghan Leader: Corruption or Just Foreign Aid?” (1 May 2013, 3:01 PM), National Public Radio Online (accessed 19 May 2013) at: http://www.npr.org/2013/05/01/180313502/secret-cash-to-afghan-leader-corruption-or-just-foreign-aid. In the meantime, press reports indicate, “(m)ore than £2bn of cash has been openly flown out of Kabul airport since 2007, raising fears huge sums of British and American aid are being creamed off by corrupt officials.” See, e.g., Ben Farmer, “Aid cash feared lost as £2bn is flown out of Afghanistan,” The London Telegraph Online (28 Jun 2010, 5:27PM BST) (accessed 19 May 2013) at: http://www.telegraph.co.uk/news/worldnews/asia/afghanistan/7859275/Aid-cash-feared-lost-as-2bn-is-flown-out-of-Afghanistan.html. One need not be unreasonably cynical as to speculate that current and (undoubtedly) future international money laundering and asset recovery legal mechanisms will be insufficient to address this situation.

Ibid., Hechler, et al., supra, note 207, at vi (limitations of UNCAC should not be taken as grounds for rejecting it as it can serve as a useful tool for societal stakeholders and external donors engaged in dialogue with governments. Iid., at viii).


Ibid. at 20. ARPs are Asset Recovery Processes.


Ibid.

Ibid.

As Prof. Van Duyne commented, “An abundance of crime-money need not be without effects . . . As a matter of fact, the financial system may even benefit from the surfacing and integration of crime-money.” Id. at 124, citing: R. Thomas Naylor, “Drug Money, Hot Money, and Debt,” European Journal of International Affairs 2, no. 3 (1989): 52-60; and Francisco E. Thoumi (ed.), Political Economy & Illegal Drugs in Colombia. Vol. 2, United Nations University Press, 1995. According to Van Duyne, one example of beneficial use of ill-gotten gains is that the 1980s debt crisis in Latin America “was softened” by the return of narco-dollars. Van Duyne opined, “(i)t was a touchy subject, but none of the European creditor banks ever felt its integrity affected.” Id.


Ibid.

Ibid.


Id., Gelemerova, supra, note 202, at 120. Van Duyne concedes that under the current construct, the money will eventually surface, but probably in the west and not in the economy that required it in the first place. See, Van Duyne, 2003, supra, note 224.


Ibid.

Ibid.

Ibid. at 25.

Ibid. at 24.

Ibid. at 37.

Ibid. at 45-46.

Ibid. at 48 (Blocking financial outflows could, in extreme cases, lead to the consumption of capital by some investors. The appropriate response is to remove some of the underlying restrictions on investment).
Functional measures maintain a state of affairs, whereas transformative measures transform from one state of affairs to another. If the dualism between transformative and functional measures applies to anticorruption measures, then widespread corruption and clean government have to reflect two distinct states of affairs. David further noted:

. . . the major rationale for amnesties is to bring about rapid change to a qualitatively different situation. Amnesties may be applied under circumstances in which law enforcement agencies are unable to function effectively due to widespread delinquency among citizens. Amnesties are exceptional measures often adopted in critical situations when the state apparatus is unable to perform the functions of the day. They aspire to transforming an unsatisfactory situation into a state of affairs in which functional measures are adequate for keeping the situation under control. Id. at 396.

It is axiomatic that administrative remedies must be exhausted before resort is had to the courts. See, e.g., Raoul Berger, “Exhaustion of Administrative Remedies,” The Yale Law Journal 48, no. 6 (1939): 981-1006. Here the concept is that in order to proceed with amnesty, the local government has reasonably pursued its rights under the UNCAC.

Amnesty conditional on the exchange of information, similar to the South African amnesty process or the Polish lustration system may create uncertainty among the corrupt. It effectively breaks the relationships of trust within the members of a criminal network.

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Sustainability: Towards an Anti-corruption Strategy to Protect Human Rights in Multicultural Societies

Angela Dettori
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Abstract: The shift in the concept of human security from the traditional notion of national and military security to issues including development and respect for human rights is becoming increasingly clear. The scale of the change is broad, and human security is increasingly becoming a global concept of individual freedom in the fight against inequality. A characteristic of this new approach is its connection with the concept of sustainable human security, which considers the environmental elements related to the resolution of current and future human insecurities. In light of new and evolving production and work structures, the success of businesses is likely to be increasingly dependent on human and social resources. The competitiveness and viability of firms depends on their ability to ensure that employees are motivated, skilled and committed. This is best achieved in progressive workplace environments characterized by a spirit of mutual trust and respect, non-discrimination, and good labor-management relations. Starting from the central dimension of the principle of equality between men and women, and the increasingly widespread phenomenon of multiculturalism, this paper offers some reflections on the various initiatives that sustainable enterprises can undertake to combat human insecurity. This work also contributes to the understanding of how sustainability reduces corruption by working to prevent human rights violations within the working environment.

Keywords: sustainable enterprise; human security; corruption; multiculturalism

Introduction

The need for an ethic of coexistence which favors control and exchange between cultures has become indispensable. Beyond the complexity of socio-economic and political problems, issues related to corruption and respect for human rights are arising in increasingly multicultural societies.

Corruption, which can be observed throughout the human history, undermines humanitarian assistance, poverty alleviation, human development, and human security. Human security is a comprehensive concept of interdependent and fundamental freedoms: freedom from fear, freedom from want, and freedom to live in dignity. The added notion of sustainability aims to identify long-term solutions for the institutional, economic, social, and environmental aspects of human security. More specifically, “sustainable human security” aims to find systemic solutions for human trafficking, climate-related disasters, famines, poverty, multiculturalism, and extreme
inequality. Sustainable human security underscores the persistence, interdependence, and universality of a set of freedoms that are undoubtedly fundamental to human life.

The implication of the previous observations is the formulation of some questions: how does the orientation toward sustainability protect the rights of workers in businesses? How do human security and sustainability work together in this new approach? What types of policies should enterprises adopt to reduce ethnic and cultural inequality? In a rapidly globalizing world, enterprises face a dynamic business environment that requires them to be adaptive and competitive.

The main purpose of this work is to understand how sustainability can represent a firm’s anti-corruption strategy. In addition, our focus will be on understanding how sustainable enterprises seek to reduce corruption by diminishing the risk of human rights violations within the working environment.

After this introduction, attention is devoted to examining the concepts of corruption and sustainable development in the managerial context. Next, the possible relations between multiculturalism and sustainable human security are analyzed. The subsequent section contains contributions that help to further comprehend how to maximize the potential benefits of human rights in sustainable enterprises, such as anti-corruption strategies in multicultural societies. A company must balance its economic, financial, and social performance to be sustainable. Lastly, some final comments are presented.

**What is corruption?**

One of the main problems to be addressed in the analysis of corruption is the difficulty in finding a widely agreed upon definition. Indeed, there is no single, universally accepted definition of corruption. This is not only attributable to diverse legal traditions but also to different political, historical, and social sensitivities.

In general, corruption can be defined as the use of money or gifts to obtain certain types of benefits and advantages or utilities, or synthetically, corruption can be defined as a private gain at public expense.

Each of the numerous existing definitions focuses on one of the several facets of corruption: the Oxford Advanced Learner’s Dictionary describes corruption as dishonest or illegal behavior, Gould explicitly defines corruption as an immoral and unethical phenomenon, and the World Bank identifies corruption as the single greatest obstacle to economic and social development.

What is clearly apparent when considering the mentioned definitions is the focus on corrupt behaviors in the political, economic, and public administration sectors. It is likely that these are sectors in which corrupt practices are the most deeply rooted and widespread. In contrast, several forms of corruption, such as bribery, collusion, fraud, extortion, abuse of discretion, favoritism, nepotism, and many others, can be found in all sectors of contemporary society, including the private, public, and economic spheres and society as a whole. The latter forms of corruption are subtler than they were previously and are now a part of daily activities; therefore, identifying them is not straightforward. Firms must take the perspective of adopting
anti-corruption strategies, embracing sustainable development philosophies, and identifying long-term solutions to the institutional, economic, social, and environmental aspects of human security. In this way, it is possible to develop strong awareness within firms of how corruption can be detrimental to society as a whole based on the internalization of principles that protect anti-corruption conduct.

In increasingly multicultural societies, the link between sustainability and human security is fundamental; human resources are often "consumed and exploited" rather than developed and reproduced. Because the lack of such resources can be a major element in losing organizational competitiveness, innovation, strategic capacity, and profitability, interest in sustainable human security within firms is growing.

The main implication is that sustainability may be able to fight corruption by investing in people through measures to protect workers in multicultural societies. Multiculturalism, with its wealth of both professional and relational customs, can represent significant added value for firms.

**Sustainable Development in a Managerial Context**

Corporate sustainability represents an application of the broader concept of sustainable development, which is the theoretical and methodological framework within which to develop the behavior of each firm. According to the perspective that regards sustainability as a factor that should be combined with the existing structures and organizational behaviors of firms, some contributions are offered. Porter and Kramer state that each company must determine, in its own market, whether and how to embrace sustainability, which is seen as just another method to achieve a better competitive position.

The development of sustainable enterprises is related to the strengthening of the institutions and governance systems that nurture enterprises; strong and efficient markets need strong and effective institutions that ensure that human, financial, and natural resources that are combined equitably and efficiently to generate innovation and enhanced productivity. This requires new forms of cooperation between governments, businesses, and society to ensure that the present and future quality of life (and employment) can be optimized while safeguarding the sustainability of the planet.

It may be useful to remember that the "sustainable enterprise" concept is related to the general approach of sustainable development, a framework of progress that meets present needs without compromising the ability of future generations to meet their needs. This approach postulates a holistic, balanced and integrated perspective on development. The strength of sustainable development is more than just an environmental issue; it requires the integration of the three pillars of development: economic, social, and environmental. The social dimension of sustainable development typically includes a commitment to promoting social integration by fostering societies that are stable, safe, just, and based on the promotion and protection of human rights as well as non-discrimination, tolerance, respect for diversity, equality of opportunities, security, and the participation of people including disadvantaged and vulnerable groups.
A central tenet of the social pillar of sustainable development is the generation of secure livelihoods through freely chosen, productive employment. Sustainable development is thus a general framework for dialogue on growth and development but also has more specific threads on enterprise development that protect the human rights of workers.24

Through “sustainable human security,” it is possible to pursue the permanence and universality of a number of freedoms that are fundamental to human life to fight corruption in multicultural societies.25

**Multiculturalism and Sustainability**

If sustainable development were a totally comprehensive idea, then it would naturally also include a cultural component. Due to our character as “social animals,”26 human beings live in social groups that possess their own intrinsic spiritual, material, intellectual, and emotional characteristics, or, in other words, cultures.27

This implies that the sustainable development of human security cannot be discussed without taking the cultural aspects of the human lifestyle into consideration.28 Accordingly, as in the case of the economy, environment, and society, people are required to protect the cultural heritage of the present generation in order to safeguard the cultural heritage of future generations, specifically with regard to cultural diversity as an essential cultural component of sustainable development.29

Why is cultural diversity so critical for sustainable development? Two fundamental reasons are submitted. The first is that the survival of humanity is closely related to the existence of culture. The coexistence of several cultures allows human beings to better adapt to their environments, giving the human race the strength to overcome environmental changes and survive. The emergence of multifaceted cultures able to maintain widespread cultural diversity has increased the possibilities for the human race to internalize skills adapted to environmental changes whenever necessary.30 Furthermore, the existence of other cultures is vital to retaining cultural creativity and vitality. New ideas are born in each culture, but constant encounters between different cultures constitute the source of cultural creativity. To realize cross-cultural exchanges and reforms, cultural diversity must be present as a prerequisite.31

The second reason is a guarantee of physical security and the safeguarding of human security for minorities. The lack of mutual understanding between countries has resulted in wars, conflicts, and terrorism.32 To build peace, it is necessary for there to be mutual understanding and tolerance between cultures. If people accept multiculturalism and understand cultures other than their own, this will contribute to the prevention of conflict and the building of peace.33 In addition, there are people belonging to various cultures within single nations, such as indigenous people, minority races, and immigrants. The acceptance of several cultures entails the acceptance of these people’s ways of life, values and languages.34 For example, a countermeasure to the outbreak of ethnic tensions and regional conflicts after the end of the Cold War involved cross-cultural dialogues undertaken from a security and peace-building perspective.
Respect for cultural diversity contributes to security and peace-building while also contributing to the realization of a multicultural society that respects others. Multiculturalism and cultural rights are closely related concepts; multiculturalism is a government stance protecting and allowing for the recognition of multiple cultures, both at home and abroad, on the basis that diverse cultures are represented by groups such as ethnic groups, immigrant groups, minority interest groups, and religious minorities.\(^{35}\)

For cultural diversity to be aligned with sustainable development, governments must adopt multiculturalism policies. Cultural rights are the overall individual rights of a cultural region and comprise the rights to enjoy culture, create culture, and participate in cultural activities. In other words, we are referring to civil liberties and social rights that should be legally justified in national constitutions and treaties.\(^{36}\)

Taking the increasing awareness of the recognition of cultural rights into consideration, the next step is to transform the cultural diversity that is now confined to the sovereign boundaries of states into multicultural societies.

**Sustainable Human Security**

Given the influence that the choices of enterprises have on the psychological well-being of workers, it is interesting to investigate why the human dimension of sustainability often remains in the background. There are undoubtedly many reasons that the physical environment has received more emphasis than people in the debate on sustainability.\(^{37}\) One reason is that the consequences of organizational actions toward the environment are often more visible and easier to monitor. As a result, organizations are increasingly focused on improving their environmental impact and improving their environmentally friendly image in the marketplace. This one-way orientation reduces the attention provided to the welfare of people.\(^{38}\)

Human resource management is a function that has considerable scope and includes sustainability within organizational boundaries, especially with regard to the daily behavior of actors within enterprises.\(^{39}\)

Sustainable firms must have a long-term focus and undertake actions that aim to improve social and environmental performance, open areas for action that have not previously been considered in the design and evaluation of human resource management in the enterprise.\(^{40}\) Human resource management is a function that can sustainably meet the needs of many stakeholders inside and outside the organization in a legitimate and relevant manner.\(^{41}\)

Assuming that human resource management has an impact on company sustainability, how can it interpret its role from the perspective of building a sustainable enterprise?

According to Wilkinson’s\(^{42}\) (et al.) sustainable approach to corporate management, this involves two main organizational changes: first, in the organizational context of companies, sustainability entails major changes that can be interpreted as the natural development of companies towards making the matching of the needs of the present with the expectations of future generations possible; second, sustainability requires companies to focus more on strategic management and the development of human resources.
Hart and Milstein\textsuperscript{43} state that a sustainable enterprise that contributes to sustainable development simultaneously produces beneficial economic, social, and environmental effects.

The integration of human resource management and sustainability has also been explored by Boudreau and Ramstad,\textsuperscript{44} who analyzed two major challenges: the first is related to attracting, retaining, and developing talent to survive globalization and foster innovation; the second is related to the implementation of safety and human resource management systems that align economic, social, and environmental actions to develop a systemic, long-term approach.\textsuperscript{45}

It is possible that sustainability is playing a very important role in management practices related to the effectiveness of human resources both within enterprises and in growing multicultural societies. The adoption of this perspective could lead to real cultural changes, the establishment of new rules for competition, and perhaps even new markets and conduct related to the sustainable human security concept, reinforcing the persistence, interdependence, and universality of group freedoms that are fundamental to human life.\textsuperscript{46}

**Sustainability: An Anti-corruption Strategy**

Sustainable enterprises recognize people as the basic component of competitive advantages and treat their employees both as assets and as agents for change.\textsuperscript{47} Therefore, sustainable enterprises need to obtain their employees' support because this determines not only the commercial success of their operations but also the engagement of enterprises with sustainable social and environmental issues.\textsuperscript{48}

This is made possible by the promotion of enterprise values that are aligned with the economic, social, and environmental dimensions of sustainability, along with investing in the quality of working life through appropriate workplace organization, practices, employment conditions, and human resource development.\textsuperscript{49} In order to turn economic, social, and environmental challenges into opportunities, enterprises need to tap into the creativity and innovation of employees at all levels by investing in the quality of working life.\textsuperscript{50}

How can sustainable enterprises create obstacles for corruption?

Is it not a simple question, but the answer can be synthesized into few words that present different implications: is fundamental investment in human beings within firms. Living in a multicultural society means protecting minorities, especially in the working environment. Therefore, sustainable enterprises must invest in human subjects and in social responsibility in order to create a successful working environment where employees are motivated and able to operate with different cultures.\textsuperscript{51}

In a rapidly globalizing world, enterprises face a dynamic business environment that requires them to be adaptive and competitive to survive and grow. In light of new and evolving work structures, enterprise success is likely to increase based on human and social resources.\textsuperscript{52} The competitiveness, viability, and survivability of enterprises increasingly dependent on their ability to ensure that employees are motivated, skilled, and committed. This is best achieved in progressive workplace environments characterized by a spirit of mutual trust and respect, non-discrimination, and good labor-management relations.\textsuperscript{53}
Indeed, at no time in history has the quality of the workforce assumed such widespread importance; globalization has intensified international competition centered on the use of modern technologies that are primarily knowledge-based and intensive in the use of conceptual skills. Additionally, governments play an essential role in ensuring that educational systems provide students with the basic skills necessary to ensure that training enhances employability and human resources.\(^54\)

Sustainable enterprises promote equity and non-discrimination at the workplace. The management of a diverse workforce is increasingly recognized as a key factor in improving efficiency, productivity, and overall business success. Similarly, there is increasing evidence indicating not only the benefits of a diverse workforce but also the increased economic impact of discrimination in the workplace, both for enterprises themselves and for societies in general.\(^55\)

**Discussion and Conclusions**

Based on analyses of the managerial behavior of firms and the most significant scholarly contributions from the last decade, it is apparent that both agree on considering human beings as essential resources. This shared notion arose because globalization made investing in people more important than ever. Moreover, the evidence suggests that employees are more motivated in workplace environments characterized by a spirit of mutual trust and respect, non-discrimination, and good labor-management relations.\(^56\)

What added value do we offer to the development of managerial studies with this work?

If, as previously noted, the contribution of human beings is universally accepted, it is also possible to present similar considerations with regard to sustainability and multiculturalism. More precisely, sustainability and multiculturalism are attracting the attention of firm managers and scholars, who wish to better understand how they can contribute to the success of firms. We want to emphasize that both sustainability and multiculturalism, as well as the centrality of human beings and their security, are separately analyzed.

Our contribution highlights the effective strength of interactions between sustainability, human security, and multiculturalism. Considering that these elements work interdependently, we highlighted the existence of a synergetic effect that provides a different and special value to the activities of firms. In addition, this emerging value is the essential premise for which attention is being focused on human security within firm operations as a natural protection against corruption.

In short, our work suggests that firms make decisions related to how interactions among sustainability, human security, and multiculturalism support the central role played by human beings within firms and protects employees from corruption inside and outside firms.
About the Authors

Angela Dettori earned her Master's Degree at the University of Cagliari (Italy) in 2011, where she currently is a Ph.D in Business Administration. Her main research topics are tourism businesses and sustainability. She has written a chapter in an edited book and she has attended as a presenter at the ItAis conference (Rome 2012) and at DBM Conference in Cardiff (December 2012). She attended at the 2013 EGOS Conference (Montreal).

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Notes

28 Id., Tadjbakhsh, and Chenoy, 2009.
33 Id., Zarate et al, 2011, 90.
34 Id., Kymlicka, 2007, 102.
50 Id., Jackson and Schuler, 1995, 251-264.
54 Id., Jabbour and Santos, 2008, 2146-2154.
56 Id., Harrell-Cook and Frink, 1998, 246-264.

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Corruption and Human Security: A Further Point to be added on Multinationals Companies’ Corporate Social Responsibility Agenda?

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Abstract: After reviewing the literature on human security and corruption in conjunction with the main contributions on Corporate Social Responsibility (CSR), the primary purpose of this paper is to provide a theoretical justification for exploring why it is important to link human security and corruption through the lens of CSR. With this as our objective, we attempt to answer the following research question: how does linking human security and corruption through the lens of CSR improve our understanding about the possibilities for mitigating corruption? Moreover, we look at how potential links between human security and multinational companies practicing CSR can reduce corruption activities.

Keywords: human security; corruption; multinational companies; corporate social responsibility

Introduction

Beginning with an analysis of the previous literature in the scientific community on corruption and human security and considering that these two topics have frequently been analyzed in parallel, the primary purpose of this paper will be to provide a theoretical justification for exploring why it is important to link human security and corruption. We will also attempt to answer the following question: how does linking human security and corruption improve the skills of Corporate Social Responsibility (CSR) to fight corruption and increase human security?

It is important to understand that human security involves individuals as referents. This modern concept of security is broad and extends beyond protection from conflicts, which distinguishes it from traditional military theory. The imperative freedom from want and freedom from fear – which summarizes the characterization of the human security mission from the 1994 United Nation Development Program – seems to correspond to an underlying conception of personhood that is defined by human development and peace building. To this end, the link between human development and corruption has previously been demonstrated. The objective of this work, therefore, is to reveal the drivers of both human security and corruption in order to show how they are connected and in what ways they are linked to Corporate Social Responsibility.

The awareness of the shared potential drivers of corruption and human security is of paramount importance to reorient and reinforce the intervention against corruption. This is
not merely a public concern because even the United Nations Global Compact acknowledges the responsibility of the private sector — and of multinational companies in particular — to address this issue.\(^5\)

In this light, we will attempt to contribute to understanding whether and how potential links between human security and corruption might influence the Corporate Social Responsibility agenda\(^6\) of multinational enterprises.

After a review of the literature on corruption and human security — including the literature on multinational enterprise' Corporate Social Responsibility — our next step will be to highlight the links between the two issues and, in turn, to examine how they might influence the CSR agenda of multinational enterprises.

**Corruption**

There are several definitions of corruption because there are multiple perspectives\(^7\) from which the issue may be observed.\(^8\) The approach to corruption may also depend on the academic discipline of the author.\(^9\) Philosophers examine the origins of corruption, arguing that its basis must be rooted in the corruption of fundamental principles—e.g., according to Pascal,\(^10\) corruption is the absence of God that originated from the Fall. Sociologists treat corruption as an issue of social relationships; it is defined as a social construct, and its perception varies over time and place.\(^11\) Economists usually define corruption as the abuse of public office for private gain. To this end, one of the most accepted definitions of corruption is the one formulated by the World Bank in 1997:

Public office is abused for public gain when an official accepts, solicits, or extorts a bribe. It is also abused when private agents actively offer bribes to circumvent public policies and processes for competitive advantage and profit. Public office can also be abused for private benefit even if no bribery occurs, through patronage and nepotism, the theft of state assets, or the diversion of state revenues.\(^12\)

Both economists and political scientists look for the causes of corruption in a country’s economic and administrative structures and particularly in those acts exploited for attaining, maintaining, and regulating power.\(^13\) Mishra attempts to formulate a multidisciplinary approach: “Corruption is commonly defined as behavior that deviates from formal duties because of private gains.”\(^14\) Because corruption is not easy to define, several scholars have undertaken extensive definitional efforts that have not always been easy to understand.\(^15\)

Corruption may be analyzed culturally. What is defined as corruption in one society may not be regarded as such in another; conversely, actions that may be legitimate in one country may nevertheless be regarded as corruption when performed in a different country.\(^16\) It has also been noted that the persistence of corruption is not dependent on the absence of laws; corruption persists even in the most elaborately developed and complex legal regimes.\(^17\)

Consistent with the aim of the present work and acknowledging the breadth of the concept of corruption, we require a definition that is both multidisciplinary and multicultural. According to Okogbule,\(^18\) most definitions of corruption converge on one point: “Corruption is a device or
strategy usually employed to [divert] people from the right course of action, duty or conduct either in the performance of their official duties or in activities relating to economic or political matters.”

At this point of the analysis, we discuss the drivers of corruption and the factors that promote some drivers more than others. Tanzi argues that there are direct and indirect factors (previously indicated as drivers) that may identify the premises of corrupting actions. The former includes regulations and authorizations, taxation, spending decisions, provision of goods and services below market prices, and financing political parties. Indirect factors are found within the quality of bureaucracies, the level of public sector wages, penalty systems, institutional controls, and the transparency of rules and processes.

We now move to observations on the effects of corrupting behavior. Transparency International, a global civil society, leads the global fight against corruption and highlights the costs of real and figurative corruption at the political, economic, social, and environmental levels.

From a political perspective, corruption is a major obstacle to democracy and justice. Economically, it leads to the depletion of national wealth and to the channeling of scarce public resources to economically unsound high-profile projects. It also undermines the development of fair market structures and distorts competition, which deters private investment. Corruption affects the social structure and threatens people’s trust in the political system, its leadership and institutions. Furthermore, environmental degradation is a consequence of corrupt systems that enable the careless exploitation of natural resources.

Several empirical studies have been conducted that quantify the effects of corruption, demonstrated that corruption negatively affects real per capita GDP growth; the same negative correlations have been found with respect to foreign direct investment and economic growth. An increasing rate of corruption has also been shown to negatively affect public spending, particularly on public education spending and public health spending.

Studies have also shown that widespread corruption is correlated with income inequality. Other studies have shown that corruption is correlated to child mortality and with primary student dropout rate.

These empirical studies reveal four primary effects of corruption: lower investments and growth, smaller share in growth for poor people, impaired access to public services, and inadequate (or absent) health and education services. These elements are generally regarded as immediate causes of poverty. By affecting the per capita GDP, corruption consequently affects all related aspects, such as standard of living, educational attainment, and longevity, which constitute the dimensions of human development. Therefore, corruption has been regarded to negatively affect human development.

**Human Security**

The modern conception of security is strikingly different from earlier conceptions. Indeed, international security has traditionally required military dimensions because it was the imperative for defending territories against military threats.
To this end, it has been noted that, for most populations in the world, disease, hunger, environmental contamination, street crime, and even domestic violence are much greater threats to security than military action. In light of this finding, the 1994 Human Development Report of the United Nations declared: “For most people today, a feeling of insecurity arises more from worries about daily life that from the dread of a cataclysmic world event. Job security, income security, health environmental security, security from crime, these are emerging concerns of human all over the world.”

As such, the major threats to many communities come from their own state and not from abroad. Thus, traditionally defined international security does not necessarily mean human security, and citizens belonging to states that are secure according to the traditional concept of security can be gravely insecure with regard to domestic threats. Moreover, it has been noted that overemphasizing state security can be detrimental to human welfare.

Human security is intended as a normative and ethical movement in that there is an ethical responsibility to create security for individuals rather than solely for nations; thus, there has been a shift from a state-centric to an individual-centric paradigm. This reorientation began with the awareness that the foundations for peace and stability within and between states must be built on eliminating the real threats that constitute the origin of conflicts and instability.

The new conception of security might be explained as a reaction to two factors: the end of the Cold War and globalization. During the bipolarism that characterized the Cold War environment, the international political policies of many states were aimed at survival and increasing power; the domestic priorities and needs of states were secondary. By the end of the Cold War, the scientific community and progressive foreign policy circles were articulating political theories that questioned the state-centric model of international politics.

In addition, globalization is fundamental to understanding the new concept of security. Globalization frequently overlaps with the deregulation and marketization of national economies that has led to what has been conceptualized as a complex interdependence of states and economies. This context has contributed to the awareness that issues concerning the environment, international economics, peace and security, and the population spread of diseases (such as AIDS) require collective management efforts involving nations, non-governmental organizations (NGOs), and civil societies.

Although the intensity of certain threats varies from location to location, these threats endanger all, and eliminating them is therefore an important precondition for sustained peace on the national and global scale. To that end, human security is a concept that bonds peace and development. Indeed, ensuring that people enjoy the conditions discussed by the United Nations report would mean liberating humans from physical and artificial hindrances (such as war, poverty, and political oppression) that prevent them from choosing freely and acting freely, ultimately limiting their development as individuals. To implement the principles declared by the UNDP, the United Nations has promulgated a set of recommendations that includes linking overseas aid to poverty reduction and welfare, allocating a certain portion of existing foreign assistance to the poorest nations, and establishing a world social charter.
The basic concept of human security addresses a broad range of issues that concern individual interests. There are seven dimensions (Table 1) of human security associated with the modern concept of security that arose from multilateral discussions.42

**Table 1 - The seven dimensions of human security.**

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>This dimension revolves around an assured basic income for individuals from productive and remunerative work or, as a last resort, from a publicly financed safety net.</td>
</tr>
<tr>
<td>Food</td>
<td>This dimension is identified with physical and economic access to basic nutrition and food supply.</td>
</tr>
<tr>
<td>Health</td>
<td>This dimension covers many different issues such as access to safe water, living in a safe environment, access to health services, access to safe and affordable family planning and basic support during pregnancy and delivery, prevention of HIV/AIDS and other diseases, and basic knowledge of how to live a healthy life.</td>
</tr>
<tr>
<td>Environmental</td>
<td>This dimension is concerned with preventing water pollution, air pollution, and deforestation, while providing relief from natural catastrophes such as droughts, floods, cyclones, earthquakes, etc.</td>
</tr>
<tr>
<td>Personal</td>
<td>This dimension aims at protecting people from physical violence from states (whether domestic or foreign), from other individuals and sub-state actors, and from domestic abuse.</td>
</tr>
<tr>
<td>Community</td>
<td>This dimension covers conserving traditions, cultures, languages and commonly held values. It also includes abolishing ethnic discrimination, preventing ethnic conflicts, and protecting indigenous people.</td>
</tr>
<tr>
<td>Political</td>
<td>This dimension is concerned with protecting the human rights and wellbeing of all peoples, including protection from state repression, such as by guaranteeing the freedom of the press, freedom of speech, and freedom to vote. This dimension includes abolishing political detention, imprisonment, state harassment, and disappearance.</td>
</tr>
</tbody>
</table>

Source: United Nations Development Program (1994)

The problem regarding the forces violating human security is that they are persistent and pervasive.43 Key drivers of human security problems may be summarized as follows:44
Poverty and poverty-related problems, including lack of access to reliable food supplies, safe drinking water, adequate healthcare, and modern energy supplies; (This author considers that these are the most immediate forms of human security problems.)

Lack of good governance, which is essentially characterized by corruption, among other conditions; and

A distinct sense of injustice arising from the imbalance between the “haves” and the “have-nots.”

This list is another method of presenting the above-discussed seven dimensions, and this convergence confirms the validity of the drivers selected for our analysis.

**Corporate Social Responsibility and Multinational Companies**

The relationship between business and society has been studied for decades. The following discussion highlights the main stages of the process that led to contemporary approaches to Corporate Social Responsibility.

It is only since the 1950s and 1960s that businesses were regarded as having an obligation to society. In 1953, Bowen introduced the idea that the social responsibility of business people extended beyond pure profit seeking.

During the 1960s and 1970s the concept of CSR was examined and discussed in depth, resulting in the emergence of models and debates on its managerial implications and the introduction of the related concepts of business ethics and corporate social responsiveness. During the 1980s, Freeman developed the stakeholder theory. This perspective implies that organizations and the individuals working in/for them — employees, managers, and executives — understand that there are both expected and unexpected consequences that may affect different groups of people (stakeholders) and society in different ways.

Consistent with this approach, Carrol identified the following four components of CSR: economic, legal, ethical, and discretionary (philanthropic). In particular, the ethical component relates to the organizational responsibility to meet the obligations placed on corporations by society, whereas the discretionary component involves philanthropic activities that support the broader community.

There are explicit and implicit elements of CSR. The former refer to corporate policies that assume and articulate responsibilities from some societal interest, and normally consist of voluntary programs and strategies enacted by corporations that combine social and business values. Implicit CSR consists of the values, norms, and rules that result in mandatory or customary requirements for corporations to address stakeholder matters.

Because there is no common ground accepted by the majority, there is no consensus on the definition of CSR. These definitions take different denominations depending on the approach taken and sometimes reflect on the meaning of the word “social” in a particular context. Thus, “it stands to signify that social responsibility refers to a limited range of responsibilities, those that deal with human beings.”
As far as social responsibility is concerned, multinational enterprises operating in a variety of environments and cultures are more likely than others to encounter numerous stakeholder groups and non-governmental organizations; these organizations, therefore, encounter significant pressure to enhance their social performances. Indeed, multinationals are often perceived as the driving forces behind certain social problems, such as global warming, ecological problems in general, corruption, poverty, human rights violations, and cooperation with repressive regimes.

Although these enterprises are frequently considered to be the cause of the forgoing problems, they are also considered to be part of the solution to global regulation and public goods concerns, particularly in those states that are unwilling to safeguard citizens’ rights or contribute to the public good. Problems such as global warming, water shortages, AIDS, corruption, deforestation, and human rights have a strong transnational dimension and/or effect. They cannot be solved unilaterally by national governments with their geographically limited spheres of influence. This creates a regulatory vacuum effect. The corporate activities of global players may potentially fill this vacuum because their activities occur in a transnational environment that is inhabited by political authorities with sovereignty that is limited by national borders, which indicates that these authorities are losing their influence on corporate behavior.

Under societal pressures, certain global corporations have begun to intensify their CSR engagement. Many corporate initiatives operate in domains that were traditionally considered to be under the governance of national political institutions. In today’s world, corporations develop human rights initiatives, such as the Business Leaders Initiative on Human Rights of British Petroleum. Furthermore, they engage in actions to improve public health by addressing issues such as AIDS and other diseases, and they have begun to engage in initiatives of self-regulation to fill the vacuum of global governance.

The rationale underscoring CSR actions is the awareness that companies are facing pressure to join governments, NGOs, and civil society to conduct global business in a more responsible way that respects a system with multiple stakeholders. The United Nations Global Compact is an effort to promote this type of awareness. Its work is based on the transparency and anti-corruption provisions of the United Nations Convention against Corruption (UNCAC), which was adopted in Merida, Mexico in December 2003. In particular, the tenth principle of the UNGC against corruption states that: “business should work against corruption in all its forms, including extortion and bribery.”

The Global Compact suggests the following three methods of implementing the tenth principle: internally (by introducing anti-corruption policies and programs to organizations and their business operations), externally (by reporting on anti-corruption work in the annual communication on progress), and collectively (by joining forces with industry peers and other stakeholders).

**Linking Corruption, Human Security and Corporate Social Responsibility**

What clearly emerges from these observations is that corruption is always a dangerous phenomenon, even when expressed in small and apparently safe actions; human security is
characterized by the possibility of having a “double face” depending on the influences that human beings are subject to, i.e., positive (security) or negative (insecurity); and CSR, if correctly adopted, is able to positively support the stakeholder. Taking the previous assertion into consideration, the possible links among corruption, human security, and CSR can be identified, as discussed below.

The social responsibility actions adopted by multinationals exert a positive influence on human security that (reciprocally) enables behavior that reduces the effects of corruption. Below, we consider certain drivers (highlighted above) to better explain this assertion and to attentively consider the role played by multinational corporations.

Because corruption is associated with decreasing real per capita GDP growth, public investment, foreign direct investment, and economic growth, corruption affects economic security; in fact, this dimension of human security is related to assuring basic income to individuals from remunerative work or (as a last resort) from a publicly financed safety net.

The behavior of the Illy firm is emblematic, acting to help their suppliers from developing countries adopt the correct production methods—including providing training courses—and thus contributing to adequate income.

Additionally, food security appears to be undermined by corruption. In fact, the latter exacerbates the effects of food scarcity and amplifies the pivotal challenge of water governance. Another symptom that links corruption and food security is the positive correlation between corruption and child mortality. In fact, one of the principal causes of mortality among children is malnutrition, which is caused by limited access to food.

Corruption has been shown to exhibit a negative relationship with public health spending and with the quality of the health services provided. Moreover, as discussed above, corruption is correlated with the child mortality rate, which (in turn) is connected to poor public health services; thus, corruption is likely to affect the health dimension of human security. The actions of two firms (Coca-Cola and General Electric) are useful examples with reference to their engagement with health and security.

Coca Cola was accused by the Indian government of selling beverages that were contaminated with pesticides and of causing water shortages and water pollution by discharging wastewater into fields and rivers surrounding Coca-Cola’s plants in Southern India. This controversy motivated the company to adopt a more proactive CSR policy on a global scale that focuses on water management. In June 2007, Coca-Cola implemented a water program and committed itself to reducing its operational water footprint; in 2007, the company entered into a partnership with WWF to increase global understanding about watersheds and water cycles, improve Coca-Cola’s water usage policies, work with local communities in various locations worldwide, and develop a common framework to preserve water sources.
General Electric acted to reach ambitious goals, such as the improvement of health care policies and the organization of professional internships in developing countries.\textsuperscript{79}

Corruption also threatens environmental security. In fact, it has been shown to reinforce the influence of shadow economies that, in turn, exacerbate problems with local and global air pollution;\textsuperscript{80} this finding is supported by empirical evidence from a study that covers the period 1999-2005 for more than 100 countries. Thus, corruption undermines this dimension of human security. Controlling corruption also dampens the effects of shadow economies on pollution. In this light, we cite the commitment of HBOS (a banking and insurance company) to the global environment. HBOS policies demonstrate a considered approach to environmental management and reporting; moreover, it has a forward-looking approach to the risks and opportunities inherent in climate change. This issue is now an item on HBOS’s main board agenda. In the second report of the Carbon Disclosure Project (CDP), HBOS garnered attention for financing renewable energy projects and was named one of the top fifty global companies addressing climate change.\textsuperscript{81}

As a consequence of the matters discussed above, the dimension of personal security is likely to be affected by corruption. In fact, violence and unrest are common reactions to hunger and the perception of political and economic injustice. One notable example of Corporate Social Responsibility action in support of personal security is the case of BSI (a cosmetics company belonging to L’Oréal Corporation). In 1995, BSI initiated a campaign against domestic violence by utilizing windows and merchandising space to promote the cause of eradicating domestic violence and promoting initiatives to raise money for the Young Women’s Christian Association (YWCA) and the Women of Courage program for survivors of violence.\textsuperscript{82} Moreover, those firms that ensure a safe and welcoming workplace have an indirect correlation with this dimension. With this in mind, the case of Ferrero\textsuperscript{83} — which has been ranked as the best Italian employer of choice and fifth on the world ranking — appears significant. Political security is concerned with the protection of human rights and the wellbeing of people;\textsuperscript{84} according to Transparency International,\textsuperscript{85} political corruption can lead politicians in office to steer away from good government. As a result, political corruption may divert scarce resources from poor and disadvantaged people, particularly in countries in which democratic institutions are ineffective or absent. One means of combatting political insecurity would be for companies to develop codes of conduct that include anti-bribery policies, such as that adopted by DSV (a transportation and logistics global company), which states: “No employee may accept or offer bribery of any kind; [this prohibition] applied to all countries and it is aimed to all stakeholders of the Group, including in particular bribery of public officials.”\textsuperscript{86}

The image below highlights the connections between the variables considered as consequences of corruption. Lower economic growth and reduced public spending on health and education lead to the creation of problems for human security in terms of economic, food, health, environmental, personal, community, and political factors. Such conditions prevent human development and create the basis for conflict and instability. In turn, reduced human development creates more corruption.
Conclusions

Corruption is a dangerous phenomenon that affects all countries of the world; all people and all types of organizations must work to significantly reduce, if not eliminate, corruption.

The methodologies proposed in this work emanate from an awareness that many organizations, and particularly multinational corporations, are engaged in reducing corruption by acting to adopt socially responsible behaviors to increase human security. More specifically, multinational corporations are engaged often in the adoption of socially responsible actions, but sometimes this engagement remains unpublicized. Simultaneously, the usefulness and effects of reinforcing human security and reducing corruption, in particular, are not adequately understood; for this reason, fewer implications are obtained than would otherwise be possible. This contribution provides a basis to shed light on the links between human security and corruption as well as on how these could be considered within multinationals’ CSR agenda.

In addition, the link between corruption, human security, and CSR has rarely been studied, and its significant advantages and positive effects have scarcely been analyzed and evaluated. Therefore, the evaluation of the effects of the proposed link, as well as how CSR policies should manage it, should be further investigated.

Throughout this study, our aim was to add one brick to the wall that must stop corruption from destroying economies, societies, and individuals. Only by combining the engagement of several fields will it be possible to eliminate or reduce corruption.
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“Garbage is Gold”: The Emerging Threat for Human Security

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Ernesto De Nito
Gianluigi Mangia

Abstract: Corruption may be interpreted as adopting different theoretical perspectives privileging the individual, organizational or contextual dimension. The consequences of its widespread diffusion within human society have been typically linked to economic and social damages. In our contribution, we want to explore the relationship between the adoption of corruption practices and the impacts on human security. We claim that the effects of corruption cannot be limited to social and economic dimensions, since they may affect the quality of life and even on the human beings’ health conditions. To shed light on these effects, this paper first focuses on the analysis of corruption within the managerial debate. Second, we address the concept of human security by showing the possible overlapping areas. Finally, we present the results stemming from the analysis of a case study related to the illegal traffic of toxic waste from northern Italy to the Campania region. We adopt a qualitative research methodology, relying on official judiciary sources to develop and validate the concepts that are objects of our analysis.

Key words: corruption, human security, waste business

1. Introduction

Corruption is a catchall concept inherently coupled with the traits of collective endeavours and constantly present in human society regardless of political regimes, typologies of institutions, or the presence of public or private corporations. Being a multi-faceted yet elusive phenomenon, corruption has not received much attention in management studies so far. In fact, most of research on corruption is related to economic or sociological dimensions. Typically corruption has been studied and interpreted in the managerial domain as a pathological side effect that influences the performance of the firms and of the institutions in all economic systems. To this extent, Campos and Pradhan state that high levels of corruption determine harsh problems for economic and social development, not only in developing countries. They claim, for instance, that high levels of corruption negatively influence the role and the functioning of public institutions, local governments, and authorities.

This paper aims to understand the effects produced by corruptive practices on human security. In our analysis, we share the idea that the concept of human security, whose definition is still heavily debated, may be broadly related to the welfare of citizens considering a variety of different elements and interpreting it as an ambiguous and value laden notion.
In order to shed light on the effects produced by corruption on human security, we focus our analysis on the case of the illegal traffic of toxic waste from the northern Italy to the Campania region. We show how the widespread diffusion of corruptive practices involving different typologies of organizational actors, belonging to different institutional groups (professionals, white collars, business men, criminals), may produce effects that go far beyond the waste collection breakdown. We show how the intertwining of different corruptive relationships is the main cause of the social and environmental disaster that threatens the human security of one of the most crowded Italian regions. In particular, we point out the dangerous relationship between the ramified pervasiveness of criminal organizations in the business, the diffusion of corruptive practices, and the devastating effects both on the environment and on human security.

We adopt a qualitative research methodology, relying on official judiciary sources in order to develop and validate the concept's objects of analysis.

2. Corruption: From Social And Economic Issue To A Threat For Human Security

2.1 The concept of corruption within the managerial debate

The bulk of the available research on corruption is related to economic or sociological dimensions. Due to several big financial and economic scandals (for example, Worldcom, Enron, and Parmalat), the corruptive phenomenon has recently become a relevant topic within the managerial literature. In the post-Enron era, many researchers and executives have serious concerns regarding the reasons behind these scandals, corruptions, and white-collar crime.

The scheme illustrated in the introduction of the Special Issue of Academy of Management Review (2008, no. 3) distinguishes three main level of analysis:

1. The micro level;
2. The organizational level; and
3. The contextual level.

The first level (micro) focuses on individuals interpreting their behaviour as potentially bad apples. Corruption, in the words of Anand, Ashforth, and Joshi, can be defined in terms of departure from accepted societal norms, due to the need to pursue either individual or organizational gain. In this theoretical perspective, the diffusion of corruption within society and the economy can be explained as the failure of moral regard for the public interest in favour of illegitimate personal interest. Finally, Alpaslan et al. underline how corruption implies a deviance from moral values, raising questions and doubts regarding the morality or values of individuals, groups, and organizations.

The second level of analysis implies a change in perspective, adopting a macro approach, and looks at entire organizations as “bad barrels.” In particular, Lange underlines the presence of individual and organizational issues, arguing that corruption may be understood by focusing attention on the pursuit of individual interests by one or more organizational actors through the intentional misdirection of organizational resources or perversion of organizational
The adoption of an organizational perspective may provide new insights. First, as argued by Luo organizations represent (together with civil servants) the most important players in the game. The second critical issue refers to the possible countermeasures against corruption that can be carried out by an organization.

The third and final perspective refers to the role of context. In the literature, there are divergent opinions regarding the role of corruption within a social, cultural, and economic area. In fact, some authors think corruption presents the same characteristics everywhere, without any concrete relationship with context. In this sense, we may refer to the analysis of Banfield on the difference in corruption among different countries such as Germany, Greece, Denmark, and Italy.

In contrast, there are several authors who argue that social and economic issues represent a fundamental variable explaining the real features of the corruptive phenomenon. The challenge that we face consists of using this theoretical framework to interpret the impacts produced by corruption on human security. In this light, we analyse what happened in Campania in the waste disposal industry. However, before that, we need to clarify the concept of human security.

### 2.2 Human Security

The concept of human security, whose definition is still heavily debated, is related to the welfare of citizens against a broad range of threats. Its interpretation is an ambiguous and value-laden notion, characterized by a broad spectrum of nuances.

King and Murray define human security as a panel of key issues, including well-being, poverty, health, education, political freedom, and democracy. Following the same theoretical stream, Bajpai argues that, within a hypothetical “human security audit,” we should include measures of direct and indirect threats to individual bodily safety and freedom.

Both theoretical reconstructions of human security share the imprinting given in 1994 by the United Nations’ Human Development Report, which focused explicitly on the topic of human security. The core idea therein was that human security depends not only physical security but also is intertwined with issues related to the quality of human life and health.

The official UNDP report is very useful even because it provides a formal indication of the key dimensions of the concept of human security: a) it is universal; b) the components of human security are interdependent; c) human security is best ensured through prevention; and d) human security is people-centric. Finally, the identification of the main threats of human security is useful because it gives a clear insight into the extreme heterogeneity of the concept, including several dimensions listed in the UNDP report: economic security, food security, health security, environmental security, personal security, community security, and political security. In this theoretical model, human security is coupled with a threat to collective welfare.

Along the same lines with what Paris defines as the laundry list, Nef presents a fivefold cataloguing scheme, distinguishing: 1) environmental, personal, and physical security, (2) economic security, (3) social security, including “freedom from discrimination based on age, gender, ethnicity, or social status,” (4) political security, and (5) cultural security, or “the set of psychological orientations of society geared to preserving and enhancing the ability to control...
uncertainty and fear." Contemporarily, Reed and Tehranian provide a different list of crucial dimensions constituting the idea of human security as the importance of psychological security and of the idea of perception of freedom.

In our search for the meaning of the concept of human security, we may underline the wide range of possible articulations of the concept. In fact, human security lies at the intersection among different issues and dimensions, including the provision of “basic material needs” and the provision of the minimal guarantee for human dignity.

This argument is consistent with theoretical insights provided by Bedeski, and leads towards the inclusion in the human security domain of the totality of knowledge, technology, institutions, and activities that protect, defend, and preserve the biological existence of human life.

2.3 The Impact of Corruption on Human Security: Lessons from the Waste Disposal Industry

In recent years, a variety of research contributions have been proposed in order to explain the impact of corruptive practices on human security. In particular we aim at building on previous work done by Passas and D’Amato & Zoli, who have addressed issues related to the harmful consequences of corruption in the waste disposal industry. As Passas has shown, multiple cases were reported in which firms have provoked environmental damages by dumping dangerous waste and being closely connected with criminal intermediaries and unfaithful public administration. Block and Scarpitti and Rebovich reported on U.S. toxic waste disposal in the 1990s, and more recently Liddick has discussed how criminal groups are present in the international traffic of garbage and dangerous waste. In Italy, criminal organizations tightly control the disposal of both urban and hazardous waste. According to the figures from Legambiente, the illegal waste business in Italy boasts a turnover of 7 billion Euros in 2009, with millions of tons of hazardous waste illegally disposed. In Southern Italy, it has been shown that wide area of free land and territory have been transformed into illegal landfill sites, with serious implications for the environment and human health. This dangerous situation may be defined as the outcome of complex interactions among a variety of stakeholders: local governments, organised crime, and firms, each of them obtaining useful resources from illegal waste management. For example, local politicians obtain votes and territorial consensus from criminal organizations, which in turn are allowed to dispose of waste, while firms may cut industrial costs of more expensive waste treatment. Previous research has called for empirically grounded research on this subject. Following D’Amato and Zoli, it is high time that scholars provided thorough accounts on the corruptive and criminal practices in the waste cycle and their effects on public health and human security.

More specifically, our contribution aims to broaden the scientific debate related to the interpretation of human security as environmental, personal, and physical security, focusing our analysis on the drivers that covertly threaten the level of human security.

By referring to a consolidated framework of corruption within the managerial literature, we show how human security is not threatened by the “wrong” and corrupted behaviour of the single corrupt professional or politician, but by an articulated and intertwined net of corrupted practices that involve different typologies of actors.
The entire theoretical debate is linked to the idea of preservation and protection of human security. In this light, it is important to link corruption practices and human security in a new and stimulating way in order to understand the factors that threaten human security and also provide practitioners with new theoretical insights.

3. Methodology

Prior definition of human security helps us to understand the real effects that stem from a widespread diffusion of corruption practices. In fact, the traditional effects associated with corruption evoke the idea of economic and social weaknesses. But what happens when this deep net of corruptive phenomena develops within an industry crucial for human wellbeing? What happens when the waste removal industry is deeply corrupted and deeply influenced by corruptive phenomena that represent a failure of moral regard for the public interest in favour of illegitimate personal interest?

To understand the effects of corruption on human security, we decided to focus on the case of the toxic waste illegal traffic from northern Italy to Campania region. We show how the widespread diffusion of corruptive practices involving different actors may affect human security. The adoption of corrupt business practices for profit are the main causes of the social and environmental disaster that threatens human security in the Campania region.

We adopt a qualitative research methodology, relying on official judiciary sources in order to develop and validate the analysis. Notably, our work is supported by leading Italian magistrates actively engaged in combating the penetration of criminal firms into legitimate businesses.

Interviews with members of a panel composed of Italian magistrates helped identify the most relevant judicial cases in which criminal organizations penetrated legal businesses in Italy over the last 20 years. Interviews took place between January 2009 and December 2012. We adopted an informal, conversational interview style, without preset questions, in order to remain as open and adaptable as possible to the interviewee’s opinions and conceptual framing.

4. Case Study

The case analyses firms controlled by criminal organizations that dumped toxic materials over a period of many years in an illegal site in the Campania region. The business of illegal toxic waste traffic traditionally attracts criminal organizations for a variety of reasons: strong private demand (thanks to the price competition guaranteed by criminal firms); a very localized service (which is facilitated by the exploitation of the military control of territories achieved by clans); a low-value-added business (which favours the modest entrepreneurial abilities of criminal organizations); and finally, the capacity to use intimidation and corruption on politicians and institutions.

In Italy, mafia-type organisations have engaged in a complex relationship with corporations, businessmen, and (local) authorities because of growing demand for cheaper services, the business ethic of some Italian industry segments, low public awareness, and delay in policy implementation. We analyse the process and the strategy criminal clans adopted in order to manage illegal toxic waste traffic during the 1990s in the Campania Region, an area that has
since been considered a national dump site. We conclude the analysis of the case by describing some of the main disastrous consequences on environment and health of the resident population.

4.1 The Waste Business

Through the analysis of the judiciary trials and other official documents, we could point out a strong presence of criminal organizations in the illegal toxic waste traffic. Nowadays, different judiciary inquiries focused on the crime of illegal toxic waste traffic number almost 200 (as defined by the art. 260 Dlgs 152/2006, ex art. 53 bis Ronchi Law). The number of the public prosecutors offices involved in these enquiries is 85 and all the different polices forces active in Italy provided their services: Corpo forestale dello Stato, Guardia di Finanza, Polizia di Stato, Direzione investigativa antimafia, Capitanerie di porto, Agenzia delle Dogane, Carabinieri. These figures depict a clear picture of the economic and social relevance of the phenomenon: 22 nations involved, almost 700 firms, and 3,400 people reported. During 2010, police forces in Italy sequestered almost 2 million tons of special and toxic waste. Legambiente, one of the most important association devoted to the defence and protection of the external environment, concluded that criminal organizations' revenues from toxic waste disposal have been steadily increasing in the last few years, reaching a turnover of 20 billion euros in 2012.

According to many prosecutors, the Casalesi family is a criminal organization involved heavily in the garbage-disposal industry – especially in the handling of dangerous waste from other Italian regions.

During the last twenty years, criminal firms and criminal organizations adapted tools, techniques, and strategies to enter into this business, flourishing ever since. This result is easily represented by one of the last prosecution against Francesco Bidognetti, a boss of the Casalesi family in jail since 1993 in Parma, who is accused of having poisoned water tables near Naples after illegally dumping more than 800,000 tons of garbage – in large part toxic – produced by companies in northern Italy. As described by Domenico Bidognetti (an informer) during a questioning (8 October 2007): “Ecologia '89 by Gaetano Cerci (chosen as front man) was created thanks to Francesco Bidognetti, at the end of the eighties, and the birth of that firm marks the beginning of the clan involvement in the waste business.”

The way the business was run is simple: a firm connected with criminal organizations has the role of trader between industrial firms located in the northern part of Italy (that have to manage their toxic waste) and other local firms situated in the Campania Region who are in charge of managing their waste (these firms manage dumps, and the most important were run by Gaetano Vassallo and Cipriano Chianese). Technically, this kind of waste should be treated cautiously and in a very sophisticated and expensive way; criminal firms do not have this “care” and in this way they could provide service at a really competitive price. This kind of service has a very high price if managed legally, so it becomes extremely convenient for northern firms to buy this service from criminal firms, allowing them to increase their market shares while criminal organizations received their bribes. Within this illegal mechanism, politicians play an important role. Typically, politicians intervene when criminal firms (both the trader or those which manage dumps) need public authorizations in order to run their business. In exchange, politicians receive bribes and are given involvement in personnel hiring decisions, providing
them the chance to grow their electoral base. The penetration of criminal firms is also supported by civil servants in charge of controlling and repressing irregularities in the process. They often represent a puppet to be manipulated or easily corrupted. The business is a perfect example of non-zero sum games, where all the players have their advantages in participating, but at the expense of the health and welfare of Campania citizens.

After entering the business, criminal firms had a “smart” idea to make more profits, transforming garbage in gold. In the past, criminal firms adopted authorized and legal dumps to dispose the waste. Since 1992, they started adopting illegal sites (sites that were not supposed to be used as dumps) rather than the legal dumps (that were a formal mask for transport). Among many other illegal sites, Vassallo (another informer) refers to an area near Castel Volturno where a famous night club was built.

Another example of trader firms is CTM 2000, which specialized in the toxic waste traffic with firms located in Lombardia region. Unfortunately, the trial documents are full of similar examples with industrial firms located in Tuscany, Veneto, and other regions. The role of criminal organizations was clear: in order to depose toxic waste in illegal sites, criminal firms needed the “authorization” coming from clans. These organizations, employ a military-like control of territories that gives them enormous freedom in these areas. It is useful to refer to a realistic description by lacuelli, who argues that while walking within the triangle of Villaricca-Giugliano-Quiliano, the real situation becomes immediately obvious: many landfills never surveyed suddenly become new illegal buildings. The most terrible aspect, argues lacuelli, is represented by the fact that criminal organizations do their dirty job in the daylight, conscious of the worried silence of the local population.43

A plurality of criminal clans are involved in the business. In the early 90s, the most relevant is the Bidognetti clan, which provided several services: technical skills and machines owned by a white-collar clan member; bank guarantees; the physical intimidation needed to obtain the control of the area; mediation with other clans active in different areas (if the dumps were located in other areas they need the authorization of the clan who controlled that area); mediation with politicians and civil servants; and, finally, control over personnel and limitation of the trade union’s role.

Interpreting these results underlines how the three dimensions are perfectly intertwined. First, there is the corrupt behaviour of individuals who discard the ethical and moral conduct to pursue personal economic and power interests.

Second, criminal firms represent a clear sign of corruption and unethical behaviour, being run (under an apparently licit entity) by criminal organizations which use them for money laundering and for investing their huge profits.

Finally, the whole context is deeply influenced by corruptive practices: the number of professionals who decide to accept a small bribe is very high. In reading the judiciary acts, it is our impression that for a long time the use of corruption was the only code of conduct.
4.2 The Environmental Situation in Campania

In the Campania region, the Commissariat initiated the contaminated sites census in 1996 and by 2008 it was estimated that there were as many as 2551 sites contaminated by the illegal waste management in the region\(^4^4\). The most affected area in Campania is “Lands of Fire” (named for the columns of smoke rising from illegal waste burning) that covers three municipalities in the Naples area (Qualiano, Giugliano and Villaricca). This is a frequent phenomenon in Campania where there are about 17 illegal fires burn every day.\(^4^5\)

Regarding civic health effects, the Campania Mortality Atlas (2007) provides interesting and alarming insights. From 1998-2001, the primary cause of illness was cardiovascular related (40% of men, 50% of women), followed by those related to tumours (30% of men, 21% of women). The primary cause of mortality for young people was tumours being directly linked to exposure to contamination from waste.\(^4^6\) Respiratory illnesses like bronchitis and asthma are also increasing.\(^4^7\) The data are confirmed by the analysis of Antonio Marfella (Istituto Tumori Pascale di Napoli) who points out the significant increase in the number of tumour diseases in the Provinces of Naples and Caserta.\(^4^8\)

The presence of waste has frequently been recognised as an important health risk. In 2004, the Department of Civil Protection implemented a study on waste impacts in Campania. The project was coordinated by the World Health Organisation’s European Environmental and Health Centre, with the participation of the National Research Council (Clinic Physiology Institute – Epidemiology department, Pisa), the High Institute of Health (Department Environment and Prevention), the Regional Epidemiological Observatory, ARPAC, the Campania Tumour Record, the Campania Congenital Malformation Record, and the Local Health Agencies of the territories involved.

Twenty types of tumours and 11 typologies of congenital malformation described in the scientific literature were found and linked to the presence of dumpsites and incinerators. The landfills and dumps of the two provinces of Caserta and Napoli were mapped and studied, with 226 sites, most of them illegal, identified and classified according to the level of risk present.\(^4^9\)

There are several research works focused on the correlations between health and waste, testing the hypothesis that the high rates of mortality and malformation are concentrated in areas contaminated by waste.\(^5^0\) Increases of 9% in deaths of men and 12% in women as well as an increase of 84% of lymphoma and sarcoma tumours of the stomach and lungs, and genital malformations were measured.\(^5^1\)

The Neapolitan area between the municipalities of Acerra, Nola, and Marigliano became known as The “Triangle of Death,” due to increases in cancer and mortality in recent years.\(^5^2\) In the Land of Fires area, cancerous tumours have also increased by 30% in the last five years, following the growth in the number of illegal landfills.\(^5^3\) This figure may be understood more deeply if we are conscious of the fact that corrupt practices show up at a context level, as we showed through the description of the case study. The main consequence is that the effects on human security levels do not depend on the single act or practice of corruption but on the widespread diffusion of this kind of behaviour.
The problems that stem from this illegal practice goes beyond contact with waste and its airborne emissions, since in Campania citizens also struggle with the problem of contamination of local sources of water and food production, condemning also agricultural productions in the region.54

If we have to cope with an altered and polluted environment that directly threatens the health and the life conditions of huge masses of people, we have to understand that this depend on the diffusion of corrupt practices.

5. Conclusions

The case study creates a link between corruption practices and effects on human security. The cooperation of criminal organizations, politicians, legal firms, and professionals creates an explosive mixture that directly impacts human security.

The discussion provides challenging and interesting insights for the future theoretical development within the debate focused on human security. The systematic diffusion of corrupt practices and lack of respect for the public interest produces consequences that go far beyond the simple waste of money or wealth and directly affects human security. By looking at the role played by different typologies of actors (criminal organizations and criminal firms that are naturally inclined in a corruptive behaviour) we may be able to unveil a hidden and dangerous picture. Surprisingly, the role and the behaviour of politicians and civil servants should protect public interest; however, our findings suggest that these elements have become intertwined with the corruption mechanism. At the same level of responsibility, we found firms deliberately employed illegal waste removal practices in an effort to achieve profit, at the expense of the public good. In addition, the role played by criminal clans is crucial: they control firms and professionals. In other words, clans organize consensus, influence politicians, and handle entrepreneurs to gain a personal economic advantage, all of which leads to environmental degradation.

Finally, referring to the three levels of corruption as reported in the theoretical section, our analysis shows how corruption started at an organizational level. Moreover, after the initial stage, criminal firms created a “new” business where clans played a key role. In this sense, the widespread adoption of these illegal practices is validated by the number of trials, implying two different and related effects. The first one is the transition from the organizational to the contextual level of the corruption level: it was not just a single case, it was a common way of doing business. The other one is how this corrupted context had dramatic effects on the health system, influencing directly the degree of human security.

The new frontier for practitioners and scholars of human security – interpreted in the sense of environmental, personal, and physical security – could be represented by the analysis of the diffusion of the social and economic drivers of corruptive practices. Future research on this subject is needed to understand antecedents, processes, and outcomes of interactions among the different levels of analysis of corruption and their implications for human security. In particular, a complete understanding of the pervasiveness of this phenomenon is still far from being achieved; to this extent, we believe that the fragmentation of the current research
streams into different levels of analysis might fruitfully be overcome by opening up the debate and putting it at the centre of current managerial attention.

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**Notes**


12 See, for example, Academy Management Review, n° 33, 2008.


31 Id., Nef, 1999.


36 Id., Passas, 2005.


42 Id., Passas, 2005.


44 Istituto Superiore di Sanità, L’impatto Sulla Salute Del Ciclo Dei Rifiuti in Campania: L’indagine Epidemiologica (Roma: Istituto Superiore di Sanità, 2010).


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The Holistic Educational Approach for Anti-corruption in Human Security: The Case of Korean Business Education

Jae Eon Yu

Abstract: This paper proposes the holistic educational approach to seek anti-corruption and human security, arguing that it develops a new spirit of capitalism, which promotes a “community civil society” that will contribute to the goals of communitarian values, the justice of civil societies, and the happiness of the marginalized groups in the society. Using the notion of a “holistic” business education that supports anti-corruption for human security, I develop a “systems approach” to business education in order to stress co-operative human security that should be pursued on the principle of “inclusiveness.” Regarding business education, I argue that management is a social practice in which managers face complex issues in business contexts, including ethical problems, moral dilemma, socialization (including social learning and responsibility), and environmental sustainability. To address these complex issues in practice, business schools should offer ethical programs that respect a new vision of virtuous and sustainable societies through the participatory process of action learning in order to develop ethical sensitivity of human security amongst young people. Based on the idea of communitarian ethic and responsibility, we develop and demonstrate why a “systems approach” is necessary to understand business ethics education and how it applies in educational practices in Korean universities.

Keywords: holistic educational approach; communitarian value; anti-corruption; human security

Introduction

An Asian view of human security seeks to explore collective actions-oriented and people-centered approaches that involve the ‘human need’ of human security and good governance (to the extent that corruption, nepotism and cronyism were chronic social problems) that appreciates the values of the common good, rather than appreciation of the values of liberalism and individualism. In a collective action-oriented approach, the concept of human security emphasizes the “inclusiveness” and “holism” of the comprehensive security for entire social groups, including children, civilians, ethnic minorities, and socially marginalized people in societies, whilst the people-centered approach focuses on all interests and objectives involved in the practice. What about education? As the study of human security inevitably lies within the society as a whole, which includes broad areas of socioeconomic conditions, Owen argues that an interdisciplinary analysis and holistic approach are necessary to understand the complex relations that construct human security in a broader context. In this respect, this paper seeks
to explore the holistic educational approach to anti-corruption within the human security paradigm, arguing that it develops a new spirit of capitalism and employs a systems-based approach to business education.

The argument is organized as follows: I begin by reviewing the literature on the holistic approach for business education, clarifying the multiple dimensions of human security, and delineating ways to link human security and the holistic critical approach to business education. Next, I propose that the holistic approach requires five conditions to promote the 'common good' in society. The following section presents the case study for the holistic educational approach, to anti-corruption in the human security paradigm. It is based on a study conducted by the author and participants who are mainly students at the college of Business Administration of Keimyung University, South Korea. The final section discusses the main implications of the study for business education in the context of Korean universities.

**Appreciating a holistic approach in education for understanding human security**

When dealing with business education and its practice, I acknowledge that “the challenge for modern business education is to develop ethical sensitivity among young people, a baseline for building a virtuous society.” In this respect, I propose that a holistic learning approach is needed to give a voice not only to teachers, but also to students and ‘others’ in the community whose lives are (in) directly affected by the activities and ideologies of business and management. A holistic approach for business education emphasizes “problems and questioning learning”, which enables students to think critically and reflect on ethical business practices, and facilitates the process active participatory learning. The approach asks participants to form a group and create shared purposes and core values, which ultimately leads to a “collective judgment”, whereby members decide which values to include in order to sustain their decisions in practice. In this sense, participants are encouraged to search for “serious intellectual and moral responsibilities”, for the benefit of others and to create critical discourse which will produce a multiplicity of alternatives through the openness of ‘questions’ and the determination of ‘problems’ in given contexts. Recently, human security issues became popular as it relates the “sustainable development” of societies, groups, and individuals, and deals with environmental, political, social, and economic threats to the survival of societies, groups, and individuals. When dealing with the ‘absence of insecurity and threats’ (e.g., freedom from both ‘fear’ of physical, sexual or psychological abuse, violence, and ‘want’ of employment, food, and/or health), people require the capacity to identify threats, to avoid them when possible, and to reduce their effects when they occur. Human security proposes a framework that places human cooperation at the center of both systemic analysis in problematic situations and collective action. It can serve as a means to evaluate obvious and potential threats, foresee crises and risks, and evaluate the situational redistribution of responsibilities. In this sense, human security signifies shared social and moral values and political and social actions.

A sustainable human development approach would require multiple dimensions of economic, food, health, environmental, personal, community and political securities. In organization studies and systems sciences, a historic-dialectic analysis of the emancipatory possibilities for individuation and institutional flexibility has emerged to explore social relationships of power, knowledge, and ethics in practice. A critical form of human security discourse has also
developed which stresses issues of power, justice, and emancipation.\textsuperscript{13} Put simply, the ethic of the human security movement stresses “holism” and “inclusiveness” from multiple perspectives.\textsuperscript{14} Influenced by critical thinking in organization studies and human security movements, the holistic approach in business education is proposed to explore the complex nature of power, knowledge, and justice by offering a more critical and ethical basis for constructing meaning, and challenging the taken-for-granted assumptions of our institutions and communities.\textsuperscript{15} To do so, a systems-based or holistic approach is developed to facilitate the process of collaborative inquiry carried out by people affected by problematic situations, a participative approach concerned with developing the ethical awareness and practical knowledge in the pursuit of purposeful human activities.\textsuperscript{16}

After describing the connection between the holistic approach in business education and human security, I suggest that the holistic approach has five necessary conditions: developing holistic perspectives on social reality; conforming educational practices with appreciation of culture; promoting ethical sensitivity amongst young students through group collaboration; appreciating human security within the communitarian ethos of Asian societies; and employing the inquiring process of critical reflection in practice.

\textbf{Creating Holistic Perspectives on Social Reality}

Modern civilization and its processes have created what Herman and McChesney\textsuperscript{17} describes as “a space of transformation,” whereby a virtual international culture is emerging and permeating the economic, political, and social lives of all nations of the world. It is facilitated by flows across borders of technology, trade, education, knowledge, people, Western values, and democratic ideology. It demonstrates a corresponding mix between what Bell\textsuperscript{18} refers to as the “consciousness of continuities and innovation in economic, social, and political processes.” As we live in a global civil society, we have witnessed that the theme of human development and civilization is multi-faced, with socioeconomic and sociopolitical implications viewed as complex systems that turn on distinct practice of the changing nature of organizations, communities, societies, economics, the nation-state, and personal life.\textsuperscript{19}

Wholeness in social reality depends on the understanding of real-world experiences in practice. People interpret social reality and act according to those perceptions and its relevant intersubjective order.\textsuperscript{20} Consequently, we can study social reality only through studying people’s different perspectives and ideas. The interpretive approach holds that we can learn about what we see in the world from multiple perspectives. On the other hand, critical management school suggests that there is an increasing attention within critical and ethical awareness about the globalization of the market economy, mainstream thoughts and practice, current systems, and capitalistic societies. For instance, Alvesson, Bridgman, and Willmott\textsuperscript{21} argue that critical management studies offer a new form of knowledge in order to question the mainstream thinking and practice of management studies, and critiques management concepts and practices in the capitalist political economy. Rose\textsuperscript{22} proposes a way of rethinking current capitalist societies and embracing an alternative way of through the harmony between culture and nature, people and animals, and settlers and the indigenous. Convergent socioeconomic and environmental challenges from globalization are a significant impediment to rebuilding a community through systemic governance. To do so effectively, we must consider the function of the local government within the regional context, focus on community-based action for
transformative change at the local and regional level, and work towards incorporating participatory and reflective practices within educational development. In addition, we need to develop human capabilities to think and act differently if participatory approaches to business practice are to justify a position of social justice, environmental sustainability, and collective well-being.

**Making an educational practice through the appreciation of the role of culture**

When developing holistic perspectives or ‘systems thinking’ in educational practices, culture plays an important role. Culture is passed on throughout history, it is both static and dynamic, and thus transforms itself within a space. In contrast, a virtual culture emerges and permeates every aspect of life throughout the complex system in which we live. To understand culture’s dynamic quality, we must address not only the “past” but also the “present” of a culture. It is important to remember that the “present” of culture is the culmination of the dynamic transmission of culture from previous generations to the present, a process that forces culture to be constantly re-interpreted and modified. For example, reinterpretation and modification through group engagement is one form of cultural evolution. A new culture evolves to best serve the purpose of the group(s) in adapting to its environment, while still retaining some historical cohesion and continuity. Education has always played an important role in the process of “enculturation.” During the process of enculturation, cultural acquisition and transmission can take place in all the three forms of education, namely, informal, formal, and non-formal education, as defined by LaBelle. Public and private schools have become the major domains of cultural acquisition and transmission because they are viewed as formal sites for the interpretation and transmission of values and knowledge. For this reason, it is self-evident that education and culture are closely interdependent and interwoven in educational practices in South Korea. During the process of education, cultural transmission always occurs in local and contingent contexts. This means that it only makes sense when considered in the broader context of what society intends to accomplish through its educational investment in the youth. An intersection occurs between education and culture wherein we can see how culture as a regulating system influences the processes of teaching and learning, and how these processes in turn reinforce culture. In the traditional Korean culture, communities and group formations are of great importance for understanding the purposes of the values of society. Group formation occurs through the interaction of education and culture in order to develop a sustainable society. For this reason, I look at Korean education through some of the main threads in the tapestry of Korean culture, including widespread respect for learning, the belief in hard work and determination, the examination systems, and moral education. Like Chinese moral education, moral education in Korea has always taken a prominent position in Korean educational systems. In short, understanding culture is necessary in an educational practice. The processes of enculturation and cultural transformation can happen through the process of participatory learning.

**Developing Ethical Sensitivity amongst Young Students through Group Formation**

Countries with a Confucian tradition like Korea (and Japan) share a wide-spread belief that education is of paramount importance in one’s life. Thus, it is a general belief that ethical and moral education is important for both the individual and the Korean society. In modern education, many scholars agree that it is necessary to develop ethical sensitivity through group
For developing ethical sensitivity, Varela’s ideas can be linked with the Eastern thoughts of appreciating ethics. In his vision of ethical know-how, Varela believes that it is not objectively desirable to have an ideal moral and social order. It means that ethics, moral and human values cannot be universal but rather they are contextual and dependent on contingency and improvisation. Thus, an ordinary person can be an ethical agent in collaboration with others, and they can be transformed into a group of ‘selfless selves’ who will reach an enlightened state of mind as the group formation proceeds during the transformational process of “becoming others.” In the process of “becoming others,” it does not merely look for acceptable and satisfying solutions for given situations, but develops the questions and understands ‘problems’ in larger contexts.

**Appreciating Human Security, the “Good Life,” and the Communitarian Ethos of Asian Societies**

Interestingly, Asian society is infused with a philosophy based on liberalism and individualism, which lead to questioning the sustainable development of the modern capitalist societies. MacIntyre explains that ethics for the modern society is constituted through social practices, the narrative unity of a human life, and the traditions of society. MacIntyre argues that an individual self should pursue what he called “common life,” or the common good within a society. In this respect, the ‘communitarian ethic’ is to contribute to build a virtuous society. Moral development should be considered with respect to the communitarian ethos of a society that will contribute to developing a new spirit of capitalism, and to promoting a ‘community civil society’ and the common good within modern society.

In traditional Korean societies, moral development and education are based on the Confucian tradition, a study of human relationships through ethical and moral behaviors. In Confucian tradition, relationships can create a good society with peace and harmony. On the other hand, in Confucian education, a human being is committed to a search for personal moral perfection or self-perfection. The belief in the morally transforming power of learning is not limited to Confucianism. Rather, it is in this belief that the three main traditional schools of thought (e.g., Confucianism, Buddhism, and Daoism) echo each other. While Buddhism and Daoism differ greatly from Confucianism in their thoughts and practice, they both advocate learning for self-perfection. For instance, Lao-tse, the founder of Daoism believed that the main evil that had befallen society was its quest for materialistic betterment. For this reason, Daoism calls on humans to forsake physical prowess, to acquire spiritual strength, and to abandon material well-being or wealth in order to have harmonious relationships with nature, the greatest source of happiness and sustenance. In Buddhism, humans need a peaceful and harmonious relationship with Nature. Buddhism is much concerned with conducting the good life, a fact that bespeaks its emphasis on moral and spiritual cultivation. Besides, the pursuit of truth in monastic isolation as a means of ‘enlightenment’ is a spiritual enjoyment for self-perfection. With a great influence of the above mentioned three main traditional schools of thought in the East, Korean education and moral and ethical cultivation has never been separated by cultural systems. Instead, they are closely interwoven in complex relations amongst families, public schools, private educational systems, and culture. Thus, traditional Korea society believes that individual persons are regulated by moral behaviors and ethical principles based on benevolence, propriety, and collective goods. By means of things being investigated, knowledge became complete. The capacities of human individuals were built
through their thoughts and knowledge. Through the capacities-building of individual and their thoughts being sincere, their hearts are then rectified. Their hearts being rectified, their own selves are cultivated. Their own selves being cultivated, their own families are regulated. Their own families being regulated, their schools are rightly operated. Their own schools being rightly operated, their states are rightly governed. The states being rightly governed, the whole human race becomes complete and whole societies are happy and tranquil.

Developing capacity-building of individuals through learning for self-perfection or personal mastery, Zen Buddhism and Dao (or Tao) philosophy affirms an extraordinary experience known as enlightenment, wherein all dualities such as good and evil, objects and subjects, mind or spirit and body are dissolved. On the other hand, Zhuang Zu (or Chuang Tzu), the critical thinker of Daoism, argued that ethics and morality developed from human perspectives, a limitation to understanding the virtue of natural distinction (性). For this reason, Daoism calls on humans to abandon justice and righteousness from human individuals’ perspectives in order to make human security possible through a harmonious relationships with nature or natural distinction (性), the greatest source of happiness and strength for both individuals and a society.  

Inquiring Process of Critical Reflections on Social Practice

For the final stage of the holistic approach to anti-corruption for human security, I propose an inquiring process of critical reflections on social practice, which encourages participants to appreciate the collective thinking and behaviors within business practices. The current systems are challenged by the collective in which the ‘judgment systems’ function as knowledge in action through the process of critical reflection on social practice. Using these judgment systems as the ‘outsider perspective,’ participants should search for “all chances and possibilities” and create critical discourse to produce a multiplicity of alternatives through the openness of ‘questions’ and the determination of the ‘problem’ in a wider context.

Case Study: Educational Practice at the College of Business Administration, Keimyung University

We demonstrate the use of a holistic approach to anti-corruption for human security in an educational practice in the Korean context. To do so, we explore the management and operation of social business and microfinance through the exercise of action learning programs at the College of Business Administration in Keimyung University, in Daegu in South Korea.

Understanding the Nature of Transition in the Korean Society

Korea is currently pursuing the transition into community-based capitalism through the introduction of social businesses into local and national contexts. The Korean government has made a strong commitment to developing the voluntary social service and welfare sectors that is regarded as a social innovative force in Korean societies through a number of strategic initiatives. These include heavy public investment in the development of a social service sector, the creation of social businesses and jobs for disadvantaged groups in local communities, deregulation in the financial sector, and a new establishment of the Korean microcredit bank that aims to finance the operation of social businesses and microenterprises in Korea and to
Encourage social entrepreneurship for the development of community-based capitalism in Korea. In January 2007, the Korean government established the “Social Enterprises Promotion Act” (SEPA) to create socially-oriented businesses and jobs for socially disadvantaged groups in the Korean society. In 2010, 330 social enterprises were certified by SEPA. The idea that social enterprises might play a role in societies strengthens social cohesion by reducing the isolation of marginalized groups, including unemployed laborers, elderly people, and mentally and physically disabled people. Their role also includes preventing failure at schools, delinquency, and social exclusion and creating social networks and links between people who live in local communities. Future plans to further expand social enterprises include the development of sub-national regions of social service providers (social innovators) of social entrepreneurship concentrated around the fields of developing environment-friendly energy and technology.

Thus, the nature of Korean social business is clearly different from social business or community enterprises operated overseas (e.g., Europe and the United States) for two reasons. First, the Korean government seeks to solve social problems through the linkage of non-profit and the for-profit sectors in the collaborative social enterprises initiative. Second, Korean social enterprises evolved as it links society with social economy wherein marginalized group are not be identified by the current market system. Social entrepreneurship is required for introducing transformative changes in at least one of the following ways. These include the creation of new patterns of how society operates, the opening of a new social economy which creates social capital through goodwill and trust among civic engaged individuals, and the introduction of a new (or higher quality) product and service that contributes to community development or expanded labor market participation in Korea.

**Action Learning Programs at the College of Business Administration in Keimyung University**

As far as business education is concerned in Korea, research on business ethics and corporate social responsibility (CSR) has proliferated in recent years. Some have pointed out that business education in developing countries has heavily imported knowledge, methods, and techniques from developed countries, both in terms of topic areas and in terms of pedagogical organizations. Based upon the author’s experience on business education in Korean universities during the last decade, this is true in the case of Korea as well. More recently, a number of Korean universities have introduced courses for business ethics or ethical management in undergraduate and MBA programs, where the ethical content in business school are required by Korea’s ranking agency, the Korea Accreditation of Business Administration, and which is influenced by the Association for the Advancement of Collegiate School of Business (AACSB) accreditation.

During the 'modern society and ethical management', which a class that is taught within the Keimyung university, the college of Business Administration offers an action learning program in the contexts of social transformation and local development of Korean societies. During that course, teachers and participants are concerned with “evaluating human actions” in terms of social justice and practice, human security, and economic, social, and environmental sustainability. It is concerned with what are good or bad behaviors based on ethical-based reasoning (e.g., virtue ethics, deontological, and utilitarian approaches). Dealing with real-world situations, however, practitioners and participants in action learning programs have to face
critical issues within the full complexity of living practice. Regarding business ethics education, the ethics of determining the right and wrong of business theories and their implementation are considered in terms of what is good or bad in social practice.

**Application of a Holistic Approach to Anti-corruption for Human Security**

As a part of the action-learning program in the business ethics course at the College of Business Administration at Keimyung University, there are three distinctive phases of a holistic approach to anti-corruption.

**Phase 1: Determine the problems and issues in local communities from systemic perspectives.**

The first phase of the holistic approach is concerned with the initial appreciation of the real-world problem from a systemic perspective. There are various student organizations or club societies in which students can join the community outreach activities and contribute to community development that facilitates organizational transformation and social change within local communities. The mission of these organizations/societies is for students to participate and support extra-curricular humanitarian activities that promote anti-corruption, social responsibility, and ethical awareness. The mission also contributes to the development of community-based microenterprises (called ‘village enterprises’ in Korea), which make contributions towards creating jobs for foreign residents, ethnic minorities, and socially disadvantaged groups (e.g., physically and mentally handicapped people, unemployed youth, and old-aged pensioners in local communities). On the other hand, as a part of the project requirement between local government’s agencies and Keimyung University, Dr. Jae Eon Yu formed five action learning teams within MBA programs at the College of Business Administration at Keimyung University in 2012 to carry out the participatory program in local communities. During these action learning programs, participants (mainly students) recognized that the ‘problem-solving’ activities (e.g., voluntary services to the socially disadvantaged groups in local communities) were limited because certain people experienced insecurity in their home and ‘immoral’ customs and practices in their communities. A great number of people were still unemployed within local communities.

**Phase 2: Plan actions for improving current situations**

This author has been engaged in teaching courses called the “strategic management for (social) business” and the “modern societies and ethical management” at the College of Business Administration in Korea University since the Fall semester, 2011. This gave me the opportunity to see how participants (students and practitioners in local communities) appreciate the problematic nature of social situations and community businesses in the Korean context. During this course, the action learning and action research were used to facilitate ‘learning-by-doing’ and problem-solving capabilities for understanding the complex management of social enterprises using Beer’s viable systems model from the systemic perspectives approach. To facilitate action learning outside the classroom, fieldwork in connection with courses were carried out within local communities around a 10 ~ 12 weeks per semester.
According to the 2012 Faculty Guide Book of Keimyung University, all faculty members scholars should create knowledge as educators and should devote their talents to the development of the nation and humanity. As citizens of their communities, faculty members and students have the right to express their opinions on various social issues, and to make social services to communities. In accordance with the University’s policy, the Business school should have a clear understanding of its role as a “good citizen” within the local, national, and international communities in which it operates. Hence, participants (who include faculty members and students) appreciate the ‘social problems’ that will encourage expansion of educational programs for teaching business ethics, social responsibility, good citizenship, human security, and social justice at the School. On the other hand, local government agencies have prepared special projects for helping the socially disadvantaged or marginalized people in local communities. To promote student voluntary activities, some of the faculty members supported students in directing and developing community outreach activities. Presently, this non-hierarchical structure of voluntary activities is under the guidance of Dr. Jae Eon Yu in the “operational processes of action learning programs” at the College of Business Administration in Keimyung University. Consequently, the actual events took place in various forms of community projects at Keimyung University during 2012 and 2013. Action learning projects are interactive learning experiences that help students strengthen and understand business ethics and ethical management for pursuing a good life in local communities. Students took various forms of workshops, and conducted formal and informal discussions with managers in the companies at local communities. There were many student responses and according to the action learning reports, one student said that, “the culture of group collaboration and teamwork has enriched our students’ experience through collaborations with other people in local communities.”

Phase 3: Discover new possibilities for community development.

After formal and informal interviews, and discussions with participants who were involved in the action learning programs, MBA students made a number of the recommendations to the managers of local business companies in order to bring about changes within the local community. The following recommendations aim to facilitate community projects and social responsibilities within local businesses. First, the college of Business Administration should introduce new programs for job creation at local communities that promote helping marginalized or disadvantage groups (e.g., unemployed youth, foreign workers, and foreign partners at Korean families) in local communities. Second, the college of Business Administration should continue to develop the course for ‘modern society and ethical management,’ and encourage teaching and research about business ethics and ethical management in both undergraduate and graduate programs. Third, the college of Business Administration should support action research programs on community development by providing financial and non-financial aids to young students who want to find new possibilities for social transformation that focuses on local human security.

Phase 4: Appreciating human security, quality of life, and common good through critical reflections.

The critical issues of human security, quality of life, and common good emerged from critical reflection on social practices conducted by the action learning educational programs, at the
college of Business Administration at Keimyung University, Korea. For instance, the presence of immigrants from other Asian countries has greatly increased through arranged international marriages facilitated by marriage agencies for Korean men wanting to find a partner from neighboring countries such as Vietnam, the Philippines, Thailand, China, and so on. In 2010, there were 589,532 foreigners living in South Korea. These “multicultural families” face significant economic and social “difficulties” and conflicts that stem from complex interactions between themselves and their environments. Based upon the practical experience of the holistic educational approach to anti-corruption, participants agreed that social collaboration is necessary among practitioners, academics, and local government’s agencies in order to determine new possibilities of social transformation for local Korean communities towards the “multicultural societies” that focus on anti-corruption and human security in the modern Korean society.

**Conclusion**

This introduced and proposed a holistic approach for anti-corruption business education in Korea. It highlights the importance of holistic perspectives on social reality, and how this is achieved through the systemic process of action learning programs, the appreciation of the role of culture and the development of ethical sensitivity amongst young students through group formation, and critical reflections on social practice. Through critical reflections, we observed that participants view themselves as an integral part of a wider context through the engagement of multiple relationships with diverse groups or organizations (e.g., stakeholders, sponsors, agents, and clients or hosts of action learning projects); the transformational learning-process occurs in wider social contexts. By analyzing the nature of social transformation in community businesses from holistic perspectives, including the different discourses and localized practices in education whereby ethical questions are raised to gain practical knowledge, it is possible to see that participatory learning may be enhanced through the relationship of social, economic, and political aspects amongst diverse groups that are involved in the action learning projects. These findings contain implications for the scientific and business community where a holistic approach could take place in addressing the following issues. First, business education takes into account how social, cultural, environmental, political, and economic environments influence students’ capacity for developing a holistic perspective of management roles, and aids them in considering ethical issues and developing critical awareness to “move beyond what we already know” and put the systems approaches into practice (Rhodes, 2009: 663). Second, it is important to develop ethical sensitivity in young students and to refocus their social practices on serving the human needs within the human security paradigm (e.g., freedom from ‘want’). Finally, business education stresses the holistic approach to “inclusiveness,” which fosters the comprehensive security for entire marginalized social groups and individuals.

**About the Author**

**Jae Eon Yu** is a citizen of the Republic of Korea and currently residing in Korea. He earned his DPhil degree on Systems Approaches to Management from the University of Lincoln, U.K. He is currently a full-time assistant professor at the college of Business Administration in Keimyung University, Daegu, South Korea. He is a practicing advisor in the local government institute and bank at South Korea (e.g., the local government’s agency, borough office at Dalseo
Gu, Daegu; Smile Microcredit Bank, Korean Microfinance Institution at Seoul). His current research includes action research and action learning and business ethics education, ethical management, community-based capitalism, community (social) enterprises, microfinance, social responsibility of profit and non-profits organizations.

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Human Security and Development: Anti-corruption Solutions

Kemi Ogunyemi

Abstract: Human security is a component of human rights, as described in many articles and reports, and is a critical area of study in development ethics. It is clear that conflict of any kind diminishes it, since all conflicts generate fear and want. Corruption brings sociological and psychological conflict, affecting the infrastructure and systems in many ways that inhibit human development. Thus, health systems, ecological resources, transportation systems, power supply, food systems, and even physical security, just to name a few, are affected. This paper examines how human security is understood and how anti-corruption efforts could enhance it. The paper looks at the relationship between corruption and human security against the background of a developing country, using short narratives of the human experience in Nigeria. It is expected that the insights generated will emphasize the need to fight corruption more vigorously as well as provide further specific direction to the fight. The narratives of people in specific situations constitute an invaluable resource for understanding and resolving the challenges of corruption and human security. Such local engagement can make the quest for human security more attainable and sustainable.

Keywords: human security; development; anti-corruption; corruption; development ethics

Introduction

Human security is a component of human rights, as described in many articles and reports, and is a critical area of study in development ethics. It is clear that conflict of any kind diminishes it, since all conflicts generate fear and want. Corruption brings sociological and psychological conflict, affecting the infrastructure and systems in many ways that inhibit human development. Thus, health systems, ecological resources, transportation systems, power supply, food systems, and even physical security, just to name a few, are affected. This paper examines how human security is understood and how anti-corruption efforts could enhance it. The paper looks at the relationship between corruption and human security against the background of a developing country, using short narratives of the human experience in Nigeria and Ivory Coast. It is expected that the insights generated will emphasize the need to fight corruption more vigorously as well as provide further specific direction to the fight. The narratives of people in specific situations constitute an invaluable resource for understanding and resolving the challenges of corruption and human security. Such local engagement can make the quest for human security more attainable and sustainable.
Literature Review

It has gradually become understood on the African continent that human security is the establishment of socially and economically viable communities rather than freedom from military invasion\(^6\) and that it is therefore closely tied to development. Quoting the 2004 Non-Aggression and Common Defence Pact of the African Union (AU), these authors clarify the definition of security:

“[In Africa] security means the protection of individuals with respect to the satisfaction of basic needs of life; it also encompasses the creation of the social, political, economic, military, environmental and cultural conditions necessary for survival, including the protection of fundamental freedoms, access to education, healthcare, and ensuring that each individual has opportunities and choices to fulfill his/her own potential.”\(^7\)

Thus, we could say that human security is very much connected to human rights, a supposition supported in the academic literature.\(^6\) Conflict of any kind diminishes it, since all conflicts generate fear and want.\(^9\) According to Goldsworthy,\(^10\) “at its root, human security is about protecting and empowering all people to live their best lives every day, guaranteeing basic necessities, freedoms and dignity.”

Given that corruption tends to threaten the creation of conditions that favour development and foster fundamental freedoms because of its tendency to lead to rent-seeking, marginalization of the weak, and a culture of cheating, unfairness and inequity, human security is clearly a critical area of study in development ethics.\(^11\) It reduces incentives to work hard; those that find it easy to use corrupt means to get ahead do not need to work hard, while those who would not adopt corrupt means get discouraged because of the lack of fairness in the competitive space. All of these by-products affect the infrastructure and systems in many ways that inhibit human development and the vital freedoms. Thus, health systems, ecological resources, transportation systems, public infrastructure, power supply, food systems, access to water and sanitation, and even physical safety, just to name a few, are at risk.

For example, private individuals and the general public pay the costs of the poorly executed contracts and projects since efficiency and accountability cannot be enforced by people who have received questionable payments. Shoddy workmanship in different spheres of life and at different levels deprives people of what is due them in order to achieve an adequate standard of living.

In addition, countries with high levels of corruption struggle in attracting foreign direct investment (FDI).\(^12\)

When the physical safety or security of individual persons is at stake, all other kinds of security are endangered, and development becomes difficult to achieve.\(^13\) The challenges facing Afghanistan, Cote d’Ivoire, DRC (Congo), Iraq, Nigeria, Palestine, Sierra Leone, just to name a few, exemplify this problem. Unfortunately, the weaker the physical human security, the more corruption thrives. Of course, in developing nations, the very term human security would be primarily linked to physical security. People may tend to worry about the country’s
development only after they feel safe, engendering a kind of paralysis which slows down the progress of development. This vicious cycle is in line with Anand and Gasper’s framework depicting very strong bi-directional linkages between human security and development, and between these two and intergenerational equity (which is greatly damaged by corruption).14

According to Chikwanha, there are three approaches to achieving human security in a developing country: the statist approach, the corporate approach, and the development approach. Some people expect the government to take action, others look to business leaders, while a third category expects a united effort. The third approach is the most likely to be effective.15 Anti-corruption cannot be carried out solely with government effort alone, since many instances of corrupt action by government officials are below the radar and would not be known. In any case, there is also private sector corruption.

When dealing with physical security, the same three approaches are relevant. In particular, physical security is primarily seen as the responsibility of governments, suggesting that the statist approach is indeed proper.16 However, while it is common to find that the statist approach inadequate to ensure security in developing countries, it is also common to find individuals and corporate bodies adopting some kind of individualist approach akin to Chikwanha’s corporate approach. This leads to a widening gap between the haves and have-nots, sparks more corruption and conflict, and deepens the vicious cycle depicted in Figure 1 below. Anti-corruption initiatives are one method of breaking the cycle and catalyzing a joint development approach to unite both government and the private sector in this endeavor.

Figure 1: Relationship between anti-corruption, development and human security
Methodology

Individual, situation-specific narratives constitute an invaluable aid for understanding and resolving the challenges of corruption and human security.\textsuperscript{17} Such local engagement can make the quest for human security more attainable and sustainable.\textsuperscript{18} Thus, this paper uses a qualitative methodology by eliciting, through an online survey, short narratives of the human experience of corruption and security in Nigeria.

Twenty-seven executives in Lagos responded to four open-ended questions giving their insights on issues of human security and anti-corruption, from their personal experiences. The first question sought to ascertain the perceptions of the respondents about what human security encompasses. The second and the third looked into the connections people make between corruption and human security, and between human security and anti-corruption. The last question solicited possible solutions.

The demographic data of the respondents is given in Appendix 1.

Discussing the Meaning of Human Security

The research findings show that human security is understood by the man on the street, not only as state security but also as the freedom of individuals to live in peace, and the protection of lives and property, i.e. physical safety or physical security. For most of the respondents, security means safety from violence against their lives and goods. In fact, safety is used synonymously with security in most of the responses. According to one respondent, “human security is the ability to protect oneself.”

Descriptive words and phrases used by the respondents about the state of physical security include: “none,” “inexistent,” “appalling,” “abysmal,” “terrible,” “scary,” “unsafe,” “below expectation,” “deteriorating,” “below average,” “low,” “predictable,” “average,” “unpredictable and porous,” “collapsed,” “very poor,” “hopeless,” “can be improved upon,” and “not guaranteed.”

An overwhelmingly statist approach is revealed in the comments, as can be expected when the question is one of physical security distinct from other types of human security: government does not care about lives and property; individuals are left to provide their own security; “security of life and property is supposed to be one of the core responsibilities of the government;” national security agencies are not adequately “motivated, trained and equipped;” “our defective government and her security agencies are primarily culpable for this security anomaly.” The government is described as being “nonchalant” about protection of citizens’ lives. Respondents believe that, “…[government] could be made better if our leaders accept full responsibility;” and that currently their safety is “not guaranteed by the state” and “government has not done enough in this area.”

Respondents provided experiences of feeling unsafe: attacks on police barracks, e.g. in Edo state recently; growing crime rates; kidnappings; conflicts, unrest, and violence in the North; lack of closed circuit TVs (CCTVs) for surveillance; lack of accurate databases of citizens; etc.
A few of the respondents clearly see human security as essential to nation building and economic growth, agreeing with the literature, and attributing its absence to corruption, insincerity, incompetence, unemployment, and (perceived) unfair distribution of resources and opportunities.

It is also clear from the findings that human insecurity emphasizes the gap between the rich and the poor, since the rich can afford to bear the financial burdens of ensuring their own physical safety, but the poor are left unprotected.

**Interrelationships between Corruption and Human Security**

Almost everyone saw a relationship between corruption and human security. Three people did not, arguing the level of human security is also low in developed countries with low corruption indices and that there are countries with high corruption indices and high levels of human security. These observations are understandable and are due to differences between the kind of human security that the respondents are focused on and the kind that exists in the countries to which they are comparing. A couple of respondents saw the relationship only in terms of co-occurrence: “every scenario of high level of corruption is always associated with high level of human insecurity, e.g., Kenya, Zimbabwe & Nigeria” and they “are like Siamese twins.” This, in itself, would not have been indicative of strong perceptions of a relationship. However, a majority clearly showed that they have in their experience found causal relationships between corruption and human insecurity, thereby giving a good indication that anti-corruption efforts would increase human security levels and therefore enhance development.

Among the causal relationships pointed out was the impact of corruption on systems of equity and justice, and the resulting effect on human security, once those who cheat or misbehave or trample on others’ rights can defy regulators and find ways to avoid facing legal penalties:

- “Corruption perverts justice.”
- “A society with weak judicial system cannot guarantee human security as criminals will always buy their way out of justice.”
- “A corrupt police officer will only be interested in what enters his pocket, forgetting to protect lives, jeopardizing human security.”
- “Corruption breeds insecurity.”
- “If a security agent who supposed to secure lives and properties is corrupt, he would not be able to discharge his responsibilities as expected therefore affecting human security negatively.”

In addition, it appears that even the protagonists of corruption only enjoy physical security at a high cost. Respondents commented that the higher the corruption, the less secure the corrupt individuals feel, and that this is evidenced by heightened physical security for those
involved. Since corrupt individuals tend to have the money to purchase the security equipment they may need, this aggravates the situation – aggrieved people react by suspecting that everyone who has money got it through corruption, and show their resentment passively and at times actively. Active resentment leads to higher levels of crime and violence, and therefore heightens insecurity for everyone.

Thus, the reactions from victims of corruption also contribute to higher levels of human insecurity, in the sense that sometimes people who are involved in activities that pose a threat to human security are (in a way) revolting against corruption: “the ‘have-nots’ get disgruntled and in a bid to access their portion of the "national cake" will go to any extent or use any means to achieve this aim (robberies, kidnapping, etc.); thus, the rich people are … not safe.”

On the one hand, “corruption leads to sectional deprivation which leads to crime and crime to insecurity.” Some people get richer using underhanded methods, while others get poorer, and the widening rich-poor gap is inimical both to security and to development. For example, “corruption led to underdevelopment of the Niger Delta where the nation’s major source of export income comes from. It led to the formation of many militant groups in the area which have caused hostility, insecurity, and constant lost of life.”

“Several times when driving in my status car along some areas of where I stay, you hear snide remarks of resentment (if you are courageous enough to wind down the windows). The average bus driver is aggressive against you on the road, and where he (bus driver) is even guilty of wrong driving, his passengers are willing to support him once his aggression is against the perceived "corrupt elites" of the society.”

Conversely, insecurity is also perceived as leading to more corruption. The example given is again the situation in the Niger Delta, “where human life is being threatened by oil spillage, illiteracy, and lack of infrastructure;” therefore, “the leaders of these communities have ‘truncated’ oil companies from developing these areas by their corrupt practices.” Again, this leads to further insecurity: “this led to the advent of MEND,”19 which also appears to depend partly on corruption for its survival – “the Niger Delta youths themselves are corrupt because of the sharp practices between them and other counties leading to exchange for oil for weapons of war.”

Respondents believe that, in general, “when security is enforced, corruption will find it difficult to survive.”

There is also the provocation for others to join the corruption bandwagon when they see the bad example of those who are already travelling that way: “When people see how leaders spend wastefully, they are prepared to do whatever they can to get their share of the loot.” This generally means that instead of working hard in the interest of development, others look for how to cut corners and for rent-seeking opportunities.

The desire for the security – perceived as being only within the reach of the rich – leads some people to adopt corrupt means to get it. “People are ready to amass money so they can conveniently provide their own security-employ escorts, escort cars, CCTVs, etc.”
"False security – the desire for human security – is what prompts people to embrace corruption; a belief that once you are rich, you can command influence which puts you in the corridor of power and relevance to get whatever you want in our society to ensure you and your family are secured from societal ills."

The words and phrases used to describe the influences of corruption on human security and vice versa include the following: “interrelated,” “strong relationship between the two,” “corruption endangers human security,” “interwoven,” “corruption makes human security impossible,” “the more corruption we have the less human security.”

Regarding the way corruption results in heightened human insecurity, the respondents described the effects of corruption as “unfair distribution of resources, underserved privileges, strangulation of creativity and entrepreneurial development, unhealthy competition among people for survival, etc.” — all of which eventually lead to an increase in crime, conflicts, violence, and (in a few cases) war. This occurs because corruption causes “disaffection and enmity within the society,” and increases “poverty, underdevelopment, and vices.” In summary, “the relationship is that corruption brings instability in a country which directly affects the safety of its people.”

The statist approach continues to be strongly evident when examining the security-related effects of corruption; for example, “successive regimes and their agencies have not live up to expectations in the discharge of their constitutional duties and obligations,” thus indicating that the statist approach may also encourage people to take responsibility for anti-corruption efforts. Thus, in stating that corruption provokes insecurity, one respondent explains that, “the high level of corruption from the leaders leads to the formation of different militant groups, kidnapping gangs, and Islamist fighters due to the level of unemployment of youths.” He or she is putting the blame for corruption squarely on the state, on the government.

Finally, the perpetuation of the status quo engenders the continuation of corruption: “corrupt leaders who want to remain in power or want their stooges to remain in power at times sponsor the activities of the militants. They have access to arms and ammunition which end up in the hands of criminals.” In this example, the mismanagement of weapons distributions endangers human security in one of the worst possible ways.

In sum, the different ways in which corruption depletes human security are depicted in Figure 2 below.
## Figure 2: Corruption gives rise to human insecurity in different ways

<table>
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<tr>
<td><strong>Systems</strong></td>
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### Possible Benefits of Anti-corruption Efforts:

Effective anti-corruption measures would definitely enhance human security in a very direct way. If the measures were undertaken, respondents predicted that the following effects would occur:

1. Reduction in rates of murder and kidnap, e.g. Boko Haram in Nigeria.

2. Stronger criminal justice system: “where corruption thrives, justice is bought by the rich... the poor are denied their rights;” “where offences that enrich perpetrators are not punished, more people will be drawn to the crime.”

3. Stronger accountability: “funds voted for security may be diverted;” “the funds allocated for highways maintenance are embezzled by government officials and people are dying of road accident daily.”

4. Better, more effective behavior from “the rulers in a country.”

5. Strengthened ability to procure appropriate equipment and tools to combat crimes.

6. Efficient functioning of security systems, especially the police: anti-corruption police will be more effective in protecting the populace against crime, and less at risk for graft. Take, for example, a situation where “approval has been given to install CCTV
all around Lagos metropolis and someone, somewhere pockets the bulk of the funds and only installs CCTV in highbrow areas.”

7) National focus on development: “A country whose leaders are more interested in amassing wealth without providing necessary infrastructures – such as good roads, security cameras, resources for electronic government databases, and equipment for law enforcement agents with adequate protective gadgets and sophisticated weapons to wage war against terrorism and armed robbery – would continue to expose her citizen to insecurity matters.”

8) General increase in development activity: “high level of corruption has negative effect on economic and social developments;” “eventually, individuals would resort to illegal and anti-social means to survive or get even with the society.”

9) Effective and efficient use of resources: this reduces unfairness in wealth distribution and enhances accessibility of viable economic activities to majority of people. This, in turn, lowers the likelihood of incidences of civil unrest, communal clashes, lack of employment, etc.

Some Anti-corruption Recommendations

The work of Chikwanha suggests that valuable insights may be derived from local engagement mediated by a survey instrument. The present results appear to give credence to this, as the following anti-corruption recommendations came from the respondents

“Strict laws and a healthy justice system;” “people should be made to face the full weight of the law;” and there should be “effective punitive laws.” Respondents felt that penalties for corruption should be “stiff”, and “imposed without sentiments.”

Strong, honest, transparent, and sincere leadership were characteristics echoed by a couple of respondents who felt strongly enough to call for a revolution in order to establish good governance. In general, the consensus was that, “corruption free government or leadership can achieve” anti-corruption, but “it can only succeed if it starts from the top.” “Good governance,” “openness[,] and accountability” are considered to be essential among the executive, legislative, and judiciary arms of government if anti-corruption efforts are to yield optimal fruit.

“Self-discipline;” this implies a need for integrity education and training at all levels so that people can resist corruption.

“Improved standard of living nationally” and infrastructural “development;” this would mean greater human security, which in turn would decrease the anxiety that tempts or even drives some people to corrupt action. “When the leadership ensures that all basic necessities of life are provided and accessible without struggle,” corruption will decrease and human security will improve.

Whistle-blowing systems: “a reliable medium where people with information on corrupt officials can give such information anonymously.” This would aid the effectiveness of the
justice system and would also raise the perceptions of fairness and justice among individuals and reduce conflicts due to people feeling marginalized or cheated.

Development approach (Chikwanha, 2009) – a joint effort between the State and its citizens to eradicate corruption: a “revolution of accountability and integrity”; “a few committed Nigerians who can rise up and influence …” “trusted and respected people” to “motivate” the others.

Education: “more awareness about the destructive aspect of corruption;” “continuous enlightenment and mobilization of the masses;” “anti-corruption and its consequences should be taught in all schools.”

“Ethno-religious” inclusion: some respondents suggested that initiatives that encourage more unity and solidarity among the numerous ethnic and religious persuasions in the country would also be a strong and effective anti-corruption weapon.

Reward systems: “honest citizens should be identified and rewarded,” supporting the idea that one gets what one pays for.

Employment: “creating job opportunities to our youths,” along the same line as improving standards of living and improving infrastructure, would reduce the levels of desperation that push some people to engage in illicit and illegal actions.

Conclusion

The discussion of the survey results show how much the propositions from literature are supported in reality by countries that face challenges from human insecurity and corruption. The insights generated emphasize the need to fight (and how to fight) corruption more vigorously. According to the survey results, the causal relations were made clearer, confirming the assertions of Gasper and Truong (2005) that the discourse on human security would be served by emphasizing ethics. There will never be a single solution to the problems of human security; however, it is possible to identify which courses of action that can be taken to ameliorate these problems. Applying the same idea to issues of anti-corruption, bottom-up solutions can be very effective both for the country from which they originate and for others around the world facing similar challenges.

About the Author

Kemi Ogunyemi holds a degree in Law from the University of Ibadan and MBA and PhD degrees from Lagos Business School. She teaches business ethics, managerial anthropology and sustainability management at Lagos Business School while also functioning as Academic Director of the School’s Senior Management Programme. Her consulting and research interests include personal ethos, work-life ethic, social responsibility, sustainability and governance. After leaving Law School, Kemi worked as director, team lead and mentor in various projects of the Women’s Board (Educational Cooperation Society) before she joined Lagos Business School in 2006. She has also developed, directed and taught in management and leadership programmes for Nigerians of all ages aspiring to impact their country and the
world. She is a member of BEN-Africa, and of the EBEN, and was part of the team that developed the PRME Anti-Corruption Toolkit.

Notes


5 Id., Chikwanha, 2009.


7 Id., Poku, Renwick, and Gomes Porto, 2007, 1158.


11 Id., Gasper and Truong, 2005.


15 Id., Chikwanha, 2009.


18 Id., Chikwanha, 2009.

19 Movement for the Emancipation of the Niger Delta (MEND)

20 A militant organization in Northern Nigeria

21 Id., Chikwanha, 2009.

Bibliography


Appendix 1

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<tr>
<td></td>
<td>25.93</td>
</tr>
<tr>
<td></td>
<td>7.407</td>
</tr>
<tr>
<td></td>
<td>7.407</td>
</tr>
<tr>
<td></td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>
### Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Extractive</th>
<th>Financial services</th>
<th>Manufacturing</th>
<th>Construction and real estate</th>
<th>IT and Communication</th>
<th>Transport and Logistics</th>
<th>Cosmetics</th>
<th>Education and Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>3</td>
<td>11</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Percentage</td>
<td>11.11</td>
<td>40.74</td>
<td>3.704</td>
<td>7.407</td>
<td>11.11</td>
<td>18.52</td>
<td>3.70</td>
<td>3.70</td>
</tr>
</tbody>
</table>

### Role in Organization

<table>
<thead>
<tr>
<th>Role in Organization</th>
<th>Top Management</th>
<th>Middle Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>11</td>
<td>16</td>
</tr>
<tr>
<td>Percentage</td>
<td>40.74</td>
<td>59.26</td>
</tr>
</tbody>
</table>

### Size of organization (based on the European Commission User Guide)

<table>
<thead>
<tr>
<th>Size of organization</th>
<th>Large (250 employees and above)</th>
<th>Medium (50 to 249 employees)</th>
<th>Small (10 to 49 employees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>7</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Percentage</td>
<td>25.93</td>
<td>14.81</td>
<td>59.26</td>
</tr>
</tbody>
</table>

### Type of organization

<table>
<thead>
<tr>
<th>Type of organization</th>
<th>Public</th>
<th>Private</th>
<th>Public-Private Partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>5</td>
<td>19</td>
<td>3</td>
</tr>
<tr>
<td>Percentage</td>
<td>18.52</td>
<td>70.37</td>
<td>11.11</td>
</tr>
</tbody>
</table>

### Geographical spread

<table>
<thead>
<tr>
<th>Geographical spread</th>
<th>One city</th>
<th>Several cities in the same country</th>
<th>Multinational</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>4</td>
<td>12</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>Percentage</td>
<td>14.81</td>
<td>44.44</td>
<td>33.33</td>
<td>7.407</td>
</tr>
</tbody>
</table>

### Location of head office

<table>
<thead>
<tr>
<th>Location of head office</th>
<th>Nigeria</th>
<th>Outside Nigeria and within Africa</th>
<th>Outside Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>21</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Percentage</td>
<td>77.78</td>
<td>0</td>
<td>22.22</td>
</tr>
</tbody>
</table>
Corruption and Economic Security in the Arab Countries: The Role of Business Schools

Dima Jamali
Alessandro Lanteri
Amy Walburn

Abstract: Systemic corruption in the Arab region is a serious hindrance to economic growth and business prosperity. Not only does it incite millions of dollars in lost revenue and productivity every year, but it further slows growth by undermining foreign investment. In this paper, we investigate the relationship between corruption and human security in the Arab countries, and suggest that business schools can actively fight corruption and promote economic security. The paper highlights the peculiar features and determinants of corruption in the Arab world and documents how corruption undermines economic security. We then propose that business schools can play an active role in fighting corruption by adopting anti-corruption policies, by advocating ethical principles in the conduct of business, by sensitizing students to corruption and its multiple manifestations, by promoting the business case against corruption, and by supporting collective action against corruption.

Keywords: corruption; human security; economic security; Arab region; business schools

Introduction

It is often said that corruption is especially likely to occur when a high discretionary power over viable economic assets is coupled with limited accountability over how these assets are used or mobilized. In the past two years, we have witnessed a greater focus on accountability and more concern about unequal divisions of wealth across the Arab world, resulting in what has been dubbed the “Arab Spring,” or a series of uprisings and progressive transitions towards less autocratic regimes, still well underway at the time of our writing. In the aftermath of the Arab Spring, tackling corruption in the Arab countries has become an imperative, not only because it is immoral and illegal, but also because it has several negative repercussions on human security at different levels.

In this paper, we investigate the relationship between corruption and human security in the Arab countries, and suggest that business schools can actively fight corruption and promote economic security. We begin the paper by highlighting the unique features and determinants
of corruption in Arab countries as well as the specificities of human and economic insecurity. We then demonstrate how corruption promotes inefficient economic transactions and undermines economic security. Within this context, the main question we address relates to what business schools can realistically offer to reduce the occurrence and dependence on corruption in Arab states and to contribute to enhanced human and economic security.

The paper is organized as follows: section one introduces the concept of corruption, reviews both its supply-side and demand-side determinants, and shows how the demand-side determinants are problematic for the Arab Countries; section two discusses the consequences of corruption on human security, with an emphasis on economic security, and with a geopolitical focus on the Arab Countries; section three proposes that business schools can play a unique role in fighting the supply-side determinants of corruption by adopting anti-corruption policies, by advocating ethical principles in the conduct of business, by training students to recognize and resist corruption, by promoting the so-called business case against corruption, and by supporting collective action against corruption.

Corruption and the Arab Countries

The League of Arab States, or Arab League, is a regional organization founded in 1945 to promote bilateral trade. Over time, it has played an increasingly relevant role in policy-making and as a diplomatic actor. At the time of our writing, it is composed of 22 states (though Syria has currently been suspended), covering a total of 13,000,000 square Kilometers across Africa and Asia, with around 350 million citizens. The Arab Countries are very uneven in terms of development, both economic and social. After the exploitation of oil reserves began in the 60’s, Gulf countries have recorded remarkable progress along the three pillars of the Human Development Index (HDI): income, education, and health. Most of the population, however, lives in countries like Algeria, Egypt, and Morocco with great historical and cultural traditions and good health indicators, but lower income levels and weak educational systems and outcomes. Finally, over 60 million people live in countries with low human development (Table 1).

Table 1
Demographic Statistics, Arab Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Population</th>
<th>Area</th>
<th>GDP</th>
<th>HDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>37,367,226</td>
<td>2,381,741</td>
<td>$274.5 bil</td>
<td>.698</td>
</tr>
<tr>
<td>Bahrain</td>
<td>1,248,348</td>
<td>760</td>
<td>$32.4 bil</td>
<td>.806</td>
</tr>
<tr>
<td>Comoros</td>
<td>737,284</td>
<td>2,235</td>
<td>$872 bil</td>
<td>.433</td>
</tr>
<tr>
<td>Djibouti</td>
<td>774,389</td>
<td>23,200</td>
<td>$2.4 bil</td>
<td>.430</td>
</tr>
<tr>
<td>Egypt</td>
<td>83,688,164</td>
<td>1,001,450</td>
<td>$537.8 bil</td>
<td>.644</td>
</tr>
<tr>
<td>Iraq</td>
<td>31,129,225</td>
<td>438,317</td>
<td>$155.4 bil</td>
<td>.573</td>
</tr>
<tr>
<td>Jordan</td>
<td>6,508,887</td>
<td>89,342</td>
<td>$38.7 bil</td>
<td>.698</td>
</tr>
<tr>
<td>Kuwait</td>
<td>2,646,314</td>
<td>17,818</td>
<td>$165.9 bil</td>
<td>.760</td>
</tr>
<tr>
<td>Lebanon</td>
<td>4,140,289</td>
<td>10,400</td>
<td>$63.7 bil</td>
<td>.739</td>
</tr>
<tr>
<td>Libya</td>
<td>5,613,380</td>
<td>1,759,540</td>
<td>$87.9 bil</td>
<td>.760</td>
</tr>
</tbody>
</table>
Corruption is widespread across the Arab Countries. According to Transparency International, only 3 out of the 21 Arab Countries included in the 2012 report score above 50 on the Corruption Perception Index (on a scale ranging from 0 to 100, where 0 is ‘highly corrupt’).\(^5\) With few exceptions among the oil-rich gulf countries that have undergone major efforts to improve the quality and the accountability of their institutions, most Arab Countries score lower than the world average in terms of some crucial indicators of the (perceived) prevalence of corruption (Table 2).\(^6\)

\[\begin{array}{|c|c|c|c|c|c|}
\hline
\textbf{Country} & \textbf{Population} & \textbf{GDP} & \textbf{Corruption Perception Index} & \textbf{Political trust} & \textbf{Bribes} \\
\hline
Algeria & 34 & 2.7 & 2.2 & 1.8 & 2.6 \\
Bahrain & 51 & 5.1 & 5.2 & 4.2 & 5.8 \\
Comoros & 28 & - & - & - & - \\
Djibouti & 36 & - & - & - & - \\
Egypt & 32 & 3.6 & 2.6 & 2.8 & 3.4 \\
Iraq & 18 & - & - & - & - \\
Jordan & 48 & 4.5 & 3.8 & 3.4 & 4.8 \\
Kuwait & 44 & 4.2 & 3.4 & 3.2 & 4.4 \\
Lebanon & 30 & 3.2 & 2.5 & 1.5 & 2.7 \\
Libya & 21 & 3.7 & 2.9 & 3.5 & 3.8 \\
Mauritania & 31 & 3.3 & 2.6 & 2.5 & 3.0 \\
Morocco & 37 & 4.1 & 3.7 & 3.2 & 4.2 \\
Oman & 47 & 5.3 & 5.3 & 5.0 & 5.8 \\
Palestine & - & - & - & - & - \\
Qatar & 68 & 5.8 & 5.9 & 6.1 & 6.3 \\
Saudi Arabia & 44 & 5.3 & 5.1 & 5.6 & 5.6 \\
\hline
\end{array}\]
The Determinants of Corruption

In economic terms, corruption begins at the meeting point of the supply of bribes (usually by private actors) and the corresponding demand (usually by public officials).\(^7\)

On the demand side, poverty and national culture affect the prevalence of corruption.\(^8\) In emerging economies, low pay for civil servants, the existence of economic rents, the under-development of the legal system, and weak democratic institutions worsen the situation.\(^9\) All these precipitating factors are alive and salient in the Arab Countries.\(^10\)

Poverty and low wages are major drivers of corruption because they create a motivation – or even a need – to supplement income, sometimes by illegal means. In most Arab countries, poverty is a pervasive problem that is strongly correlated with corruption.\(^11\) The existing institutional framework also facilitates corruption. As a consequence of colonial rule, and the subsequent decolonization in the mid-20\(^{th}\) century, Arab states have retained a tradition of autocratic rule, with limited freedom and weak democratic institutions, characteristics closely associated with high corruption.\(^12\)

A culture of inefficient and corrupt civil service – legacy of the Ottoman administrations in the Arab states – was made possible the widespread practice of wasta.\(^13\) Wasta roughly refers to an act of mediation or intercession to influence decisions and bestow favors upon some party based on personal connections instead of merit.\(^14\) Wasta often permits: the avoidance of costs or taxes, thereby reducing state revenues; the acquisition of positions of power without having the required experience and skills, thereby weakening institutions; or the acquisition of monopolies over rent-generating assets.

Indeed, in Arab countries it is possible to extract huge economic rents from valuable, but scarce assets – such as natural resources like oil and other minerals, foreign military and economic aid, and cultural and natural attractions that lure international tourism\(^15\) – over which private parties can acquire a monopoly through corruption.\(^16\) These activities add up to over one-third of the Arab economies.\(^17\)

Finally, the prevailing Arab culture features “high power distance” or a general acceptance of differences in power and respect for those in positions of authority,\(^18\) which is associated with the propensity to bribe in developing nations.\(^19\) It also scores relatively high on “collectivistic” and “achievement” values (an expectation that personal ties and networks will ensure individual well-being and a drive to acquire money and other material rewards,
respectively\textsuperscript{20}, both of which have been found to be associated with higher levels of corruption.\textsuperscript{21}

On the supply side, private firms decide to engage in corruption based on a cost-benefit analysis in the attempt to obtain some benefit from the government or avoid a cost, while individual managers may seek a position of power.\textsuperscript{22} Two factors significantly affect the propensity to engage in corruption: the extent to which managers perceive corruption as a normal part of doing business and the presence of social (and especially family) ties with politicians and government officers.\textsuperscript{23} Whereas the perception that corruption is harmful to business as a whole does not affect actual corruption levels, belonging to industry networks substantially reduces corruption.\textsuperscript{24}

**Corruption and Human Security**

We have thus far discussed corruption without committing to a clear definition. Some classical definitions refer to it as the illicit exploitation of public resources for private gain, but we can observe corruption in the private sphere, as well as corruption that does not violate any law or does not generate private gain.\textsuperscript{25} For the sake of our argument below, we do not require a definition of corruption that involves the public sector or breaking the law, though most of our discussion refers to corruption as illegal transactions between firms and public bodies. We focus on the economic incentives of corruption, although our arguments are only valid if these illegal transactions are perpetrated for private gain.

We consider corruption as “the abuse of entrusted power for private gain,”\textsuperscript{26} which is the definition prevalent in the anti-corruption discourse at the international level. For example, the United Nations Convention against Corruption (UNCAC) invites ratifying members to criminalize bribery of public officials, embezzlement, trading in influence, abuse of function, and illicit enrichment by public officials, but also bribery and embezzlement in the private sector, money-laundering, and obstruction of justice.\textsuperscript{27} Admittedly, our argument is more powerful if corruption is outlawed, in line with the UNCAC. Yet, even in the absence of legal violations, corruption is immoral and it reverberates with damaging consequences throughout the social fabric, as we discuss in the next section.

Human security refers to the notion that people should be empowered to “exercise choices safely and freely,” while feeling “relatively confident that the opportunities they have today are not totally lost tomorrow,”\textsuperscript{28} and it constitutes, as it were, the “rearguard of human development.”\textsuperscript{29} While human development focuses broadly on the expansion of individual capabilities and genuine opportunities for pursuing the kind of life one has reasons to value,\textsuperscript{30} human security focuses on the reduction of threats to individual lives, livelihoods, and dignity.\textsuperscript{31} Human security revolves around three pillars: freedom from fear, freedom from want, and freedom from shame, which roughly corresponds to freedom from violence, deprivation, and loss of dignity. The main dimensions of human security include food, health, environmental, personal, community, political, and economic security.\textsuperscript{32} Evidently, corruption has negative economic, environmental, political, and social effects,\textsuperscript{33} and so affects human security in many ways.
Economic Security in the Arab Countries

Economic security is a crucial component of freedom from want. There is an implicit agreement in the literature that economic security ultimately refers to the extent to which individuals are protected against hardships that cause economic losses. Economic uncertainty reduces wellbeing both when economic losses occur – especially if they are unexpected and if their victims have inadequate buffer – and when they are merely feared. Such uncertainty affects individual wellbeing, labor market behavior, saving aspirations, and political attitudes.

Since research on economic security is still at an early stage, there exists no indicator recognized as an international standard. The three main approaches experimented with so far include weighted indexes of multiple measures, assets and resources sufficiency, and income volatility, each with its own strengths and weaknesses. As this is a broad and multifaceted concept, attempts at measuring it have employed a vast array of concepts and indicators at the individual, household, or national level – e.g., real per capita income or household income and growth thereof, unemployment rates, employment options, work conditions, income inequality, social protection, poverty or human poverty, vulnerability of economies to international crises, foreign exchange reserves, current account balance, external debt, national savings rate, health-care delivery and financing, household debt service burden, and out-of-pocket medical expenditures, among others.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income security</td>
<td>Adequate actual, perceived, and expected income either earned or through social security. It includes the level of income, assurance of receipt, expectation of current and future income, including during retirement.</td>
</tr>
<tr>
<td>Representation security</td>
<td>Individual representation enshrined in laws and access to institutions. Collective representation by large, independent, and competent bodies.</td>
</tr>
<tr>
<td>Labor market security</td>
<td>Presence of opportunities for income-earning activities.</td>
</tr>
<tr>
<td>Employment security</td>
<td>Protection against the loss of income-earning employment.</td>
</tr>
<tr>
<td>Job security</td>
<td>Control over job content and career development.</td>
</tr>
<tr>
<td>Work security</td>
<td>Occupational health and safety.</td>
</tr>
<tr>
<td>Skill reproduction security</td>
<td>Access to education and training.</td>
</tr>
</tbody>
</table>

Source: adapted from ILO
In this paper, we will limit our discussion to economic security, which is an important component of human security and is itself also a broad and multi-faceted concept. Doing so is necessary for the sake of rigor, given that good quality data are available pertaining to the general economy and income levels, as well as un-employment and poverty, which are fundamental pillars of economic security. Table 3 reports some indicators that help us map the situation of economic security in the Arab Countries.

Table 3
Selected Economic Security Indicators, Arab Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>EFI</th>
<th>GNI (PPP)</th>
<th>Gini</th>
<th>Unemployment</th>
<th>Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>0.715</td>
<td>$7,658.00</td>
<td>35.3</td>
<td>11.40%</td>
<td>23.0%</td>
</tr>
<tr>
<td>Bahrain</td>
<td>0.778</td>
<td>$28,169.00</td>
<td>36</td>
<td>15.00%</td>
<td>-</td>
</tr>
<tr>
<td>Comoros</td>
<td>0.271</td>
<td>$1,079.00</td>
<td>64.3</td>
<td>20.00%</td>
<td>60.0%</td>
</tr>
<tr>
<td>Djibouti</td>
<td>0.430</td>
<td>$2,335.00</td>
<td>39.9</td>
<td>59.00%</td>
<td>42.0%</td>
</tr>
<tr>
<td>Egypt</td>
<td>0.635</td>
<td>$5,269.00</td>
<td>32.1</td>
<td>12.20%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Iraq</td>
<td>0.625</td>
<td>$3,177.00</td>
<td>41.5</td>
<td>15.00%</td>
<td>25.0%</td>
</tr>
<tr>
<td>Jordan</td>
<td>0.641</td>
<td>$5,300.00</td>
<td>37.7</td>
<td>12.30%</td>
<td>14.2%</td>
</tr>
<tr>
<td>Kuwait</td>
<td>0.923</td>
<td>$47,926.00</td>
<td>30</td>
<td>2.20%</td>
<td>-</td>
</tr>
<tr>
<td>Lebanon</td>
<td>0.644</td>
<td>$13,076.00</td>
<td>45</td>
<td>10.00%</td>
<td>28.0%</td>
</tr>
<tr>
<td>Libya</td>
<td>0.753</td>
<td>$12,637.00</td>
<td>-</td>
<td>30.00%</td>
<td>33.0%</td>
</tr>
<tr>
<td>Mauritania</td>
<td>0.453</td>
<td>$1,859.00</td>
<td>39</td>
<td>30.00%</td>
<td>40.0%</td>
</tr>
<tr>
<td>Morocco</td>
<td>0.605</td>
<td>$4,196.00</td>
<td>40.9</td>
<td>8.90%</td>
<td>15.0%</td>
</tr>
<tr>
<td>Oman</td>
<td>0.811</td>
<td>$22,841.00</td>
<td>32</td>
<td>15.00%</td>
<td>-</td>
</tr>
<tr>
<td>Palestine</td>
<td>0.525</td>
<td>$2,656.00</td>
<td>28</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Qatar</td>
<td>0.852</td>
<td>$107,721.00</td>
<td>41.1</td>
<td>0.04%</td>
<td>-</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>0.826</td>
<td>$23,274.00</td>
<td>32</td>
<td>19.00%</td>
<td>-</td>
</tr>
<tr>
<td>Somalia</td>
<td>0.274</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sudan</td>
<td>0.369</td>
<td>$1,894.00</td>
<td>51</td>
<td>18.70%</td>
<td>46.5%</td>
</tr>
<tr>
<td>Syria</td>
<td>0.601</td>
<td>$4,243.00</td>
<td>35.8</td>
<td>12.30%</td>
<td>11.9%</td>
</tr>
<tr>
<td>Tunisia</td>
<td>0.644</td>
<td>$7,281.00</td>
<td>40.8</td>
<td>18.00%</td>
<td>3.8%</td>
</tr>
<tr>
<td>UAE</td>
<td>0.793</td>
<td>$59,993.00</td>
<td>31</td>
<td>2.40%</td>
<td>19.5%</td>
</tr>
</tbody>
</table>
While the Arab Countries differ greatly both in terms of human development and economic prosperity, when seen as a whole, it is fair to observe that their economies are largely dependent on oil. In 2006, for example, fuel exports constituted anywhere between 72.6% and 81.4% of the exports in the Arab Countries. Even the economies of countries that do not have or have not yet started exploiting oil reserves strongly depend on “oil-related services, worker remittances, intraregional investment flows, regional tourism receipts, and aid.” Yet oil, while having generally lifted the economic conditions of the region, is exchanged in volatile international markets and is subject to numerous and severe shocks on those markets, causing the patterns of economic growth in the region to reflect the cycles of the oil markets. For example, in Saudi Arabia GDP halved between 1981 and 1987 and in Kuwait it decreased by an astounding 18% year-on-year both in 1981 and 1982. As a consequence, the overall GDP growth for the region between 1980 and 2004 was a meager 6.4%, or less than 0.5% per year. Another unwelcome consequence of Arab oil-dependence is the progressive disappearance of agriculture and manufacturing. Moreover, in corrupt cultures, it is easy for economic elites to appropriate rents generated by oil, thereby exacerbating inequalities.

Another major source of economic insecurity in the Arab Countries is unemployment. With few exceptions, the rates are higher than the world average. What is worse, unemployment is growing, having passed from a weighted average of 10.6% during the 1980’s to a weighted average of 14.5% in the 1990’s. Women and youth are among the most severely disadvantaged groups in this respect. The overall youth unemployment rate is over 26%, more than twice the international average. Over half the population in the region is younger than 25 years old, making the pressure for new jobs creation even more urgent, with estimates of new jobs needed ranging from a low of 50 million to a high of 100 million by 2020. Among the main reasons for these high unemployment levels are a mismatch between skills provided by educational institutions and the requirements of the local economy – an issue to which business schools can offer an effective, if partial, solution – and the contraction of the public sector, which employs about a third of the work force in the region – and which is typically ripe with corrupt hiring and promotion practices. These figures, moreover, do not capture underemployment. Indeed, in the majority of Arab Countries, poverty rates are higher than unemployment rates.

Finally, poverty is a crucial element of economic security, as it largely captures the notion of freedom from want—namely, those who are poor are almost by definition in a condition of want. Where data are available, we observe figures ranging from a low of about 10% to a high of 60% of the population living below the national poverty line, with most countries in the 20%-40% bracket. There are also important pockets of poverty scattered across the Arab region, particularly in the low-income countries such as Yemen, Syria, Iraq and Egypt.
Overall, the economic security of the Arab Countries, as captured in the Economic Fabric Index (EFI),\textsuperscript{51} is not far from the world average, and sometimes above that figure (for oil countries), with the exception of the poorest countries well below the world average. Some aspects of economic insecurity including unemployment and underemployment are likely to have spillover effects not only to individual wellbeing but also to labor market behavior and interactions, serving to lubricate or facilitate different forms and manifestations of corruption.

**The Link between Corruption and Economic Security**

There is overwhelming evidence that corruption undermines and impedes economic growth and development because its negative externalities far outweigh the short-term advantages, if any. Indeed, the consensus supports the assertion that corruption has negative consequences on economic security: it increases costs and uncertainty, and so reduces economic efficiency while discouraging investments and creating barriers to trade.\textsuperscript{52} Through these various mechanisms, corruption hinders economic growth and also reduces individual income.\textsuperscript{53} Moreover, it diverts government spending away from social expenditures on health care or education,\textsuperscript{54} undermining trust in public institutions.\textsuperscript{55} Corruption is also negatively correlated with sustainable economic development, measured through genuine wealth per capita.\textsuperscript{56} Finally, when the elites have a stake in labor practices that exploit workers, they also have an incentive in pursuing further rents by disregarding labor standards, causing both economic security and human dignity to suffer.\textsuperscript{57}

| **Box 2** |
| Costs of Corruption |

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>Increased uncertainty and transaction costs</td>
</tr>
<tr>
<td></td>
<td>Ban from (or loss of reputation which lowers the chances of adjudicating) public tenders</td>
</tr>
<tr>
<td></td>
<td>Exclusion from business dealings</td>
</tr>
<tr>
<td>Financial</td>
<td>Increase of the average cost of doing business by 10%</td>
</tr>
<tr>
<td></td>
<td>Incur in fines (e.g., Siemens: $ 1 bn)</td>
</tr>
<tr>
<td>Legal</td>
<td>The above-mentioned fines reflect an increasing law enforcement (so higher risk of detection and harsher punishments)</td>
</tr>
<tr>
<td></td>
<td>Personal responsibility of key decision-makers, with risk of imprisonment</td>
</tr>
<tr>
<td>Ethical</td>
<td>Attract, retain, and motivate employees</td>
</tr>
<tr>
<td></td>
<td>Ethically-oriented investors</td>
</tr>
<tr>
<td>Socio-Economic</td>
<td>Estimated global value of bribes $ 1 trillion / year</td>
</tr>
<tr>
<td></td>
<td>All the issues mentioned in the section on</td>
</tr>
</tbody>
</table>

Source: adapted from Jamali & Walburn and PACI
In addition to the above, corruption is well known to be associated with other undesirable phenomena like human rights violations and distrust in public institutions, factors which worsen the losses of economic security. More generally, corruption fosters a veritable vicious cycle, whereby conditions associated with economic insecurity facilitate corruption and corruption precipitates economic insecurity.

Before moving on to the final section where we advance some practical proposals for business schools and universities to promote human security by fighting corruption, let us note that business schools can play a role in directly addressing several issues of economic (and human) security. For example, by creating an educated workforce equipped with the skills needed to succeed in local and global markets, business schools help foster economic growth and reduce poverty, thereby increasing economic security and undermining the factors that facilitate corruption. For the sake of rigor, however, on this occasion, we shall limit our analysis to the elements mediated by corruption.

**Business Schools against Corruption**

Over the years, many forceful calls to curb corruption have been voiced, usually targeted at public bodies, in an attempt to curb the demand-side of corruption or with the expectation that governments would play a pivotal role in fighting corruption. For example, the United Nations promoted the UNCAC, referred to above, and the UN Global Compact – that is, ten principles for responsible business, the tenth of which reads: “Businesses should work against corruption in all its forms, including extortion and bribery.” In the recent past, the focus of anti-corruption initiatives has broadened to include the private sector, with a stronger acknowledgment of the supply-side of corruption and with private-led and privately enforced anti-corruption initiatives. The World Economic Forum, for example, launched the Partnering against Corruption Initiative (PACI), a platform for businesses to address corruption. In this context, we argue that business schools can take a proactive lead role in combatting corruption, both in their capacity as institutions of higher education that touch the lives of future leaders, and in their own capacity as economic institutions.

**Embrace Anti-corruption Initiatives**

Universities are businesses. Although they often are not profit-driven, universities have a huge economic impact on communities wherein they operate. For example, the American University of Beirut is the largest private employer in Lebanon and has an operating budget in excess of US $200 million. Business schools should take the lead in enforcing rigorous standards within the walls of the ivory tower, contrasting egregious forms of corruption ranging from “the procurement of school resources and nepotism in the hiring of teachers, to the skewing of research results for personal gain.”

Besides directly reducing supply-side corruption, by engaging in anti-corrupt practices, business schools generate a positive externality in the reduction of cheating behavior by their
students (more on this below), which is correlated with lower levels of corruption at later stages in their career.62

**Mainstream Ethics Education and Training Programs**

Business schools should also actively pursue research and teaching in the field of business ethics. Ethics education is known to reduce both selfish behavior among students63 and academic cheating.64 These are worthy goals for school administrators to pursue, among other reasons, because they make their schools easier to manage (for example by reducing the need for initiatives to curb cheating (like anti-plagiarism systems, exam proctoring, and activities to punish it, such as like lengthy committee meetings), favor the achievement of educational goals (because students actually study instead of cheating), and improve reputation. Let us also note that mainstreaming business ethics education is a necessary condition to attain most international accreditations, and so also signals a commitment to high quality educational programs.

Ultimately, and most importantly, teaching business ethics will reduce corruption. One of the traditional arguments in business ethics is that economic actors should meet four progressive targets: first, create economic value; then meet legal obligations; then meet ethical obligations; and finally, pursue philanthropic initiatives.65 Even the most cynical views on corporate social responsibility66 openly require fulfilling the first two targets and acknowledge the third as a driver of value creation in many circumstances, though they dismiss philanthropy as wasteful and unjustified. Ethical training is also necessary to contrast those occurrences of corruption that do not violate the law. Finally, behaving ethically makes students better citizens and helps them avoid excess risks and higher costs, and generally produces beneficial outcomes for businesses, as discussed at greater length below.

A useful framework to pursue these educational goals is offered by the six Principles for Responsible Management Education,67 which focus on the promotion of the UN Global Compact, and specifically, as mentioned, its tenth principle. To this day, the business school at the American University in Cairo is the only academic organization in the region that embraces this initiative, though the Olayan School of Business, where the authors work, has undertaken several steps in that direction.

**Support Collective Actions against Corruption**

As businesses, universities should actively partner with other businesses to establish and enforce broad anti-corruption initiatives. As the Noble Prize recipient Elinor Ostrom68 has shown, bottom-up institutions of governance can emerge to successfully solve collective action problems even when top-down governmental initiatives fail. Since participation in business networks is associated with lower corruption,69 collective action initiatives are an especially important step in fighting corruption. There are currently over 250 businesses in the MENA region that are signatories of the UN Global Compact, which constitutes a critical mass to broaden regional anti-corruption partnerships.
To conclude, business schools across the Arab region face a unique opportunity and challenge to combat corruption and serve as agents of change. As shown in this paper, corruption carries with it huge economic and political costs and as the main incubators of future business talent, business schools have an important stake to rise to the challenge. We offer below suggestions of an integrated framework for business schools to adopt in fighting corruption, revolving around three main components, namely 1) mandatory exposure to business ethics and compliance frameworks, 2) gradual mainstreaming of ethics and CSR, and 3) a five P framework for teaching anti-corruption, “Pilot, Partner, Practice, Promote, PRME,” synthesized in table 4 below.

Table 4
Business Schools against Corruption – A Platform for Engagement

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Justification/Actionable Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exposure to ethics and compliance frameworks</td>
<td>Compliance frameworks including ethics, governance and corporate social responsibility are mandatory to teach because trends in global business indicate a need for business leaders to think about these issues. As demonstrated, corruption is a business compliance issue, as well as a pressing socio-economic issue. An anti-corruption agenda should be fully realized in the classroom. This can be achieved by teaching it in line with strategic Corporate Governance, Strategic CSR or as a stand-alone course. Placing these topics inside a strategic management or in a stand-alone course can direct attention to pertinent business trends in CSR and anti-corruption, which are gaining momentum in institutional practice and in enforcement.</td>
</tr>
<tr>
<td>Gradual Mainstreaming</td>
<td>For the majority of business schools in the Arab region strategic management courses, which are required in all BBA and MBA curricula, give the subject required “air-time,” without having to introduce new courses. To address anti-corruption in an academically rigorous manner using this framework, professors can use literature dealing explicitly with teaching anti-corruption in the business school setting. The coverage can be gradually expanded to other core course, in such a way that anti-corruption becomes a mainstream feature of all business school offerings, from finance, to accounting to strategic management, human resources management and entrepreneurship.</td>
</tr>
</tbody>
</table>
| The Five P’s | **Pilot** Innovative Approaches and a Reality-Based Curriculum: Case studies on corruption are plentiful and are a great starting point for trying to bring reality into the classroom. In addition to case studies, numerous anti-corruption resources can also be found from institutions such as: Ethical Corporation, Transparency International, Center for Private Enterprise (CIPE), World Economic Forum, United Nations and the Organization for Economic Cooperation and Development (OECD).  

**Partner** with Regional Business Leaders and Anti-Corruption Specialists: Partnerships offer the opportunity for both experiential and contextual learning that is integrative in framework and approach. There are over 250 businesses and organizations that are UN Global Compact signatories in the Arab region with which schools could partner.  

**Practice** Transparency and Anti-Corruption: It is important that students see these behaviors modeled and applied. The university settings should be modeling the way forward both in practicing and teaching transparency methodologies. If the
business school is encased in a larger university structure, it can act as an advisor to the university about sustainability practices, transparency and anti-corruption.

Promote Scholarship in Corruption: Business ethics as a scholarly field depends critically on the research of its leading scholars. If business schools make a commitment to teach business ethics, they must also accept an obligation to support scholarship in the field. As was mentioned in the notes of 30% of the completed questionnaires that relevant, regional, contextual material needs to be developed for the region.

Join the UN PRME Network: The value proposition for schools joining UN PRME is that it provides a framework for business schools to position themselves as innovators in integrating sustainability into management curricula and research. It also recognizes an organization’s efforts to incorporate sustainability and corporate responsibility issues in teaching, research and internal systems.

Concluding Remarks

Much of the evidence presented in this paper suggests that corruption is an economic transaction deeply embedded in social relations and affected by cultural values and norms of conduct. We have shown that corruption and human development are uneasy partners, and demonstrated how corruption undermines human security and impedes human development across Arab countries. Mainstreaming anti-corruption in the business discourse and actively engaging with the economic community in joint efforts to discourage corruption are central elements in fighting this plague. As argued, business schools are uniquely positioned to pursue this goal. Being responsible for shaping the cognitive orientations of future leaders, business schools are crucial partners in the fight against corruption. The paper concluded with an overview of pedagogical techniques available to business schools in buttressing the fight against corruption. Given the multifaceted spillovers of corruption on various dimensions of human security, we argue that engaging in an earnest and systematic grass roots effort to address corruption is likely to result in a broad improvement in human conditions, which is an especially urgent imperative in the Arab countries at this particular juncture in history.

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Notes

2 David S. Sorenson, “Transitions in the Arab World: Spring or Fall?,” Strategic Studies Quarterly (Fall 2011): 22–49.
6 Corruption does not refer to overt economic transactions and the parties involved usually go great lengths to keep it secret. Accurate measurements of actual corruption are therefore not available. Some studies nonetheless attempt direct measurements of the monetary value of the social costs of corruption (e.g., Dreher and Herzfeld, 2005). However, the consensus is that perceptions of corruption are reliable proxies for actual corruption. On the present occasion we follow this convention and employ these as indicators.


11 For the countries considered here, the correlation between the Income Index and the CPI is .78 (Table 1).


20 Id., Hofstede, Hofstede, and Minkov, 2010.


24 Ibid.


26 “Corruption Perceptions Index 2012”

27 We took some time to discuss our working definition of corruption, because the sources we refer to employ a variety of definitions. Ours here is broad enough to encompass all the definitions encountered in our sources, and narrow enough to be meaningful.


33 “Corruption Perceptions Index 2012”


35 Ibid.

36 Ibid.


Ibid., 99.

Ibid., 101.

“Arab Human Development Report 2009.”

However, income inequality in the Arab Countries is on a par with the rest of the world and generally lower than inequality in middle-income countries. Since most Arab Countries fall into the middle-income category, this is an indication that they are relatively equal; Richard JR. Adams and John Page, “Poverty, Inequality and Growth in the MENA Countries, 1980-2000,” World Development 31, no. 12 (2003): 2027–2048.


“Arab Human Development Report 2009.”


“Human Security Index.”


58 Ibid.
60 For example, the OECD Anti-Bribery Convention, which we will overlook in what follows as none of the Arab Countries are either signatories of the convention or members of the OECD.
69 Ibid.

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Sorenson, David S. “Transitions in the Arab World: Spring or Fall?” Strategic Studies Quarterly (Fall 2011): 22–49.


