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Rational Choice and Morality of Corruption

Mason C. Hoadley* and Neelambar Hatti**

Abstract

The article focuses on the individual actor's choice as to whether to condone or condemn corruption in their respective countries of India and Indonesia. Given the influence of traditions, the choice is rational in that it must be seen through the lens of cultural values, which by definition are seldom Weberian. Following the sketched illustration, the dichotomy between systems of values, the paper provides real examples of the types of conflicts that can arise when traditional cultural values are taken into account within a bureaucracy supposedly Weberian in nature. While the observations can help to clarify some aspects of corruption, they leave open the issue of how to lessen, or let alone eradicate it.

Key words: corruption, morality, India, Indonesia, rational choice.

Corruption is a global phenomenon since few countries are totally free of its grip. Even countries perceived as relatively corruption-free according to the Transparency International Perception Index seem to be accepting as normal forms of political and/or business behaviour usually described as 'corruption' when practised elsewhere. There is some validity in the complaint that actions which are business as usual in the West – foundations engaging in multimillion dollar transactions without audit or tax declarations,¹ political parties whose donors can remain anonymous even though they may be hostile to the country, a corps of professional lobbyists openly working for special interests, and so on – would be considered proof of the 'endemic crookedness' of Third World countries.

More specifically corruption usually includes bribery, nepotism, fraud, theft and embezzlement. What differentiates one country from another on a corruption index scale is the degree of its prevalence and how willing citizens are to eradicate or participate in it. A common manner of interpretation regarding the prevalence of corruption is that it occurs whenever people holding positions of power and authority in public and private spheres use their influence to violate prevailing moral and ethical norms. People who engage in such behaviour choose to do what is best for themselves rather than what is best for the society. They put self-interest before the interests of the society, even though it goes against the goals of their employment and/or duty. Unfortunately, with reference to India and Indonesia – the two countries best understood by the authors – corruption has become entrenched in the national ethos, politics, civil society and even many aspects of business and commerce. Almost all levels of the society in these countries have been permeated by pervasive and debilitating culture of systemic corruption.

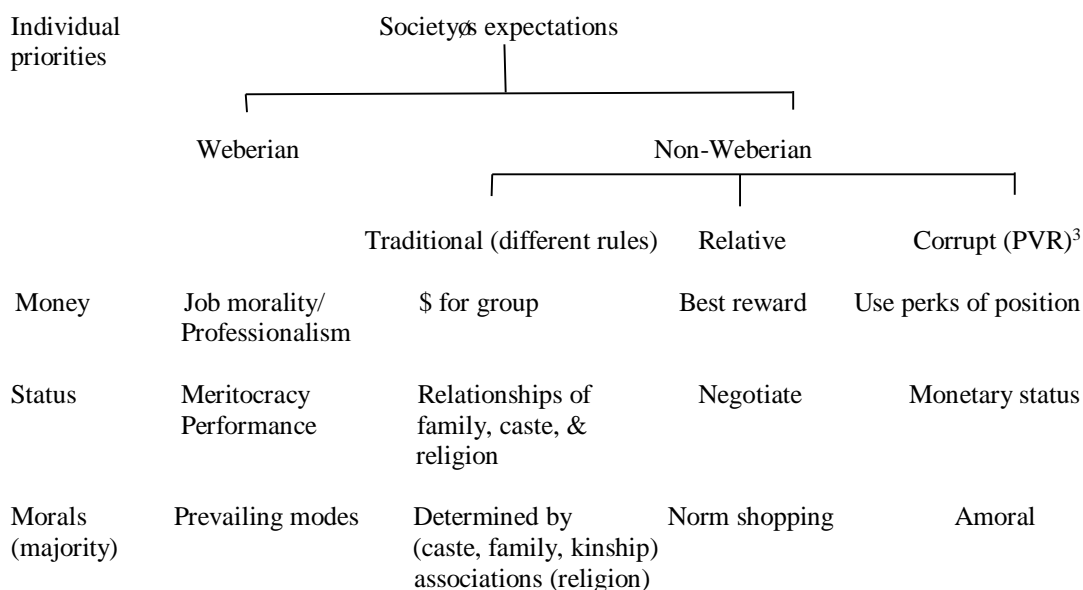
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¹ In the United States at present an issue hotly debated concerns who are the most successful kleptocrats, the incoming team of the new president or the outgoing elite establishment. At issue is not whether corruption taints the nation's highest governmental levels, but how much. Admittedly, much of this is in the form of sleaze, i.e., actions which are not statutorily criminal. Yet they clearly overstep the boundaries of acceptable norms of public behaviour, even though they may not be classified as out and out corruption. With each passing year the number of corrupt acts seemed to grow, often committed by supposedly virtuous people who disregard their moral convictions. Even Finland and Sweden, regularly topping the list of least corrupt countries, would seem to be heading in the same direction.

In this paper we depart from the usual approach of conventional morality in which corruption that prevails in the Third World is reprehensible whereas the assumed non-corruption of the First World is laudable. If instead one takes as the point of departure behavioural demands made by 'traditional' society upon its members, then many of the activities seen above as negative are, in fact 'business as normal'² They are parts of traditional behaviour carried over into public and administrative life. Since these have been defined as 'corruption' the colonial and neo-colonial powers of modern (Western) society have attempted to eradicate such behaviour by imposing an alien Weberian system. This prejudice for Western ideals has taken on a life of its own. To a great extent, modern leaders of the countries in question accept that the Weberian system is the way to order affairs, whether or not it fits with local society's predilection or needs. Thus, an important element in corruption revolves around a mismatch between individual priorities in which traditional values play a large role and the society's expectations based on an unrealistic belief in the Weberian assumptions in the context of opportunities.

Opportunities/demands of:



The horizontal axis shows the progression/nuances from 'traditional' to 'corrupt'. The vertical axis marks different categories of individual priorities.

Obviously the categories 'Weberian' and 'non-Weberian' are not all-encompassing. The fact that most public servants or administrators are to some extent a product of upbringing within traditional society overlaid by Weberian teachings as a part of higher education and/or training, there is room for a number of variations and degrees in the categories. Hence Weberian-non-Weberian dichotomy must be seen as defining the theoretical limits rather than reflecting the nuances of living reality. Some concession is made in the schema by further dividing the non-Weberian category into degrees marked by stages. In Traditional, hierarchic loyalty to the group/association is dominant; in Relative it is a mix of Weberian and traditional which includes most societies, while in Corrupt, free reign is given to the desire to acquire, be that in terms of money, status or morality. Also, in societies where family and kinship relations are important, providing 'services' to the members is a paramount consideration and is not deemed immoral or

² Dion (2013) has argued that the issue of corruption is a social phenomenon and that some cultures seem 'to be more predisposed to corrupt practices than others' p.413.

³ 'Prevalence of Rule Violations' Shalvi (2016), p. 457.

unethical. Morality and ethics are considered in relative terms (Gopinath, 2008). Thus, corruption as a phenomenon needs to be considered in cultural and social contexts.⁴

In this respect a very important aspect centres about the mutual exchange between actor and society. Only at the theoretical extremes is this relative clear. A completely moral person working in a totally Weberian system would be as un-problematic as a thoroughly corrupt actor operating within a corrupt environment. Both are abstract -ideal types. Corruption generally is the product of the interface between varying degrees of corruptness/honesty on the part of actor and those of the respective society.

From this it follows that the moral element of -corruption.ø plays a role only in relation to choices made by individuals. That is to say, in this day and age there are no purely traditional governmental or private sectors which could be served by traditional values. Parenthetically this raises the question of how historical kingdoms served by traditional officials could function which they did and well at that.⁵ At any rate, the bureaucracies of Asian countries with which we are dealing have embraced Western models, at least in theory and to some degree in practice. This means that one of the most important interfaces consists of traditional society's influence on the actor's choice. Confronted with a situation in which one must choose a course of action between Weberian or traditional values, say in hiring of a relation or friend, the pressure of traditional values expressed through expectations of family and community influences the actor's decision.

Even here we must not delude ourselves into thinking in terms of water-tight compartments. The category -relative.ø can cover a number of sins. This is not just between the theoretical concepts of Weberian and traditional, but also in terms of motivation. Thus, it is easy to imagine a situation in which the actor rationalizes his behaviour by reference to tradition. -But I had to hire my mother's second cousin due to family loyalty.ø while in fact doing so was advantageous to the actor in other ways, say, cashing in a large bribe for bowing to demands of -tradition.ø There are no innocent victims unwittingly tricked into corruption; all are active participants, albeit within various degrees of commitment and/or willingness to play the game.

Consequently, a more realistic approach to -moral.ø corruption must be through the individual. Yes, he/she can merely go along with a corrupt environment, but that is still a choice to conform and enjoy the fruits or not and pay the penalty. Similarly, one may bow to pressure from family, caste or religion to provide special treatment.⁶ Nevertheless, it constitutes more or less a conscious choice. That -everyone else participates in corruption.ø must be seen as a concession to conscience rather than a valid reason. Few would be willing to admit that they are corrupt.⁷

⁴ In an article on pervasive corruption among police officers in India, it has been argued that such pervasive corruption has cultural roots. See Verma. pp 264-279.

⁵ Examples of functioning traditional administrations include those dealt with by Fukazawa (1991), Gopal (1935), Sutjipto (1968) and Singh (1998). See also Hatti & Heimann (1998) who describe how the administration worked at village panchayat level in south India in the 1800s.

⁶ A common theme in Indonesian literature is the feckless husband who surrenders to corruption in order to buy higher status for wife and family, see Lubis, 1963.

⁷ The use of -image.ø by and of individuals seen as corrupt is a field of study in its own right. In light of the ambiguity in judging whether concrete actions constitute punishable behaviour as opposed to those merely immoral, anti-social or incompetent, the most common and believable is denial. -What me, corrupt?ø As shown by the trials and tribulations of Indonesia's *Komisi Pemberantasan Korupsi* (KPK, or Commission for the Eradication of Corruption), knowing corruption exists is a far cry from proving it in a court of law, even a tribunal or agency (Central Vigilance Commission in India) is dedicated to that purpose.

A somewhat more complex phenomenon is what allows public acceptance or even support for those clearly acting outside the bounds of generally expected modes of behaviour. -Moral rationalization.ø process and moral decoupling are two such psychological mechanisms. In the former -consumers construe transgressions as less immoral when they are motivated to do so.ø while the latter is characterized by a -psychological separation process by which consumers

Reality: India

But to return to contemporaneous Indian and Indonesian corruption, does the above model contribute to understanding the phenomenon under scrutiny? As support we cite some actual examples. The first two have been used in an earlier article. (Hoadley & Hatti, December 2015) Choosing to follow the Weberian expectations is a senior IAS⁸ officer known for his exceptional moral principles. His adherence to Weberian principles brought him into a number of greater or lesser conflicts. With regard to money, his lack of striving for monetary benefits of position tended to cut down opportunities for his more flexible subordinates and colleagues to exercise their desire to acquire by any means. Further research could answer whether this was for their own personal use or that of their traditional groups. In either case, it was an exercise in prevalence of rule violations. With regard for Status, this would depend upon who was judging. Clearly the IAS officer enjoyed acknowledgement of his moral high-ground by other followers of job morality. This, however, did not include his traditional reference group consisting of family and fellow caste members. Although we do not have any information, it seems likely that he would be missing out on the attributes of higher status via the accumulation of money. Again by choosing to follow the modes of his profession over those prevailing among his reference group, he would be seen not only as standoffish, but even as immoral by not fixing jobs and other services for relatives. He thus reneged on his duty toward family and kin. Here, of course, there is the possibility of Negotiation and even Norm shopping. That is, in instances of close relatives or individuals having a special claim on him in the form of a moral debt he could act in a traditional manner, thereby receiving (temporary) immunity without becoming permanently amoral, and thus corrupt. His actions were not compatible with the notions of loyalty to his caste and community.⁹

The obvious contrast was with his subordinate, also an IAS official. The latter seemed quite open in his choice of career in the IAS over a highly lucrative offer from a foreign software company. The civil service offered monetary rewards apparently surpassing those in other branches. It was, however, not only the purely monetary side that determined his choice but also that of status accruing to him, his family and kin. He openly stated that wealth acquired through his position as a bureaucrat would result in higher status in his village and among his family and relatives. This manifested itself in his ability to construct a nice house for his parents in his native village, as well as in acquiring properties elsewhere. His rationale for acquiring wealth in a manner he knew to be corrupt in the context of his official position was his stated duty to take care of his relatives. His behaviour is not solely selfish; it also served the needs and expectations of his own kin and community. This loyalty, dictated by local social and cultural norms, constitutes a moral value more important than the moral/ethical ones demanded by his profession. He saw nothing immoral or unethical in his actions. It is clear that morality and ethics have to be seen in the context of accepted practice in a given society and culture.

In wider perspectives, the subordinate's actions and rationale for them seem to have become the norm. Cultural factors embodied in religion, morality, ethics and notions of modernity and tradition are influential in this context. Family values thus exercise considerable influence on the individual actions and professional behaviour. Those holding to the Weberian scheme of things, which is supposed to provide the backbone of modern bureaucracy, are in a minority, even to the extent of being seen as abnormal. Thus, we have an example of the institutionalization of corruption.

selectively dissociate judgments of morality from judgments of performance, which is easier to justify and feels less wrong than moral rationalization. Bhattacharjee, Berman, & Reed II (April 2013), p. 1168, and cited literature.

⁸ Indian Administrative Service, IAS, is the premier administrative civil service of the Government of India as well as the state governments. IAS officers hold key and strategic positions in the bureaucracy.

⁹ Besides being unpopular with his relatives, the officer had also been subjected to some bad postings due to his honesty and integrity, and his unwillingness to accommodate political biddings.

Reality: Indonesia

The Indonesian equivalent of the example of a top IAS officer's impeccable behaviour is an upper echelon administrator. His anti-corruption beliefs have been shaped by his father's dictum 'Don't feed your children with food bought by corruption'. This can be seen as a mix of traditional morality strengthened by the professionalism of his father's experiences as a military functionary.¹⁰ In any case, the administrator's moral stance brings its own ideological conflicts. Even the existence of conflicts, no matter how great or small, flies in the face of the Javanese basic principle of avoiding dissonance of any kind.

In his case more specific conflicts arise between job morality, on paper Weberian, and subordinates' desire to acquire by any means. For high-to-middle ranking bureaucrats the monetary conflict is not confined to missing out on his/her own income. It also influences the scope of opportunities open to the organization's entire bureaucratic hierarchy. This is because in a culture of corruption a part of the corruption 'take' is remitted upwards within the organization's structure to higher bosses as a 'tax' for looking the other way, if not actually condoning their subordinates' various scams. Hence, a non-corrupt bureaucrat has a double pain; his/her stance not only dampens subordinates (corrupt) activities through the image of honesty but also blocks the modest, but not unimportant, supplementary income obtained by bosses without any effort. The situation of these relatively rare non-corrupt officials can easily be imagined: low status on the part of subordinates (mixed with nagging guilt?), which is matched by approbation on the part of Weberian colleagues, including foreign providers of funding.

Even the position of his subordinates is not entirely problem free. This is particularly noticeable in the rationale of tradition. In Indonesia loyalty to one's reference group, as caste, village, old-boy network, etc., has never been as strong as in India. The process of nation building has further undermined the strength of such forces. For example, the often-cited ideal of *gotong royong* (community self-help, mutual cooperation, etc.) has become a measured instrument whereby those participating do so in the expectations that they will receive exactly what they have put in, usually measured in time invested in communal projects. Another ideal, that of *koperasi* written into Art. 33 of the Indonesian Constitution is honoured more in the breach than implementation by Indonesia's ersatz-capitalistic economy. Under the circumstances, corruption cannot be excused on the grounds of loyalty to a tradition requiring an alternative set of rules. That reference to such cultural values has always been questionable is seen by the enduring Indonesian characteristic of 'norm shopping'. This means that in a case where different sets of norms are available, as during the period of strong external influences, they tend to pick those seen as best serving one's own needs and priorities. This is, in fact, a more modern version of what has been termed 'local genius' or 'localization' through which impending foreign influences are selectively adopted and adapted for use in an indigenous manner.

The conclusion is that for Indonesian public and private administrators to choose between standing against the flow of corruption or riding it for gain is more of an individual choice than seems to be the case in India. This leaves the thread-bare excuse that 'I do it because everyone else does' or 'it is the system'. Realization of how empty such rationalizations sound may account for the fact that, by and large, Indonesians are far less open in discussing corruption; it is something that others do. A practical replacement by what can be seen as a modern version of Moslem morality seems equally baseless. Even as a theoretical ideal, there is a built-in conflict between modelling contemporaneous behaviour on that of the Arabic Islamic community of the seventh century, complete with all the accoutrements of the twenty-first. Aside from moral homilies, there seems little in the Abrahamic religions of direct relevance to corruption, for or against.

¹⁰ The question is whether the military profession as one of the few rationally-organized institutions in the Third World constitutes a model of Weberian bureaucracy.

A third example of how traditional modes can complicate the picture concerns the relations between a high-ranking Indonesian academic administrator and the representative of a foreign agency which has been funding an important research project. The academician was criticized for drawing on the grant's funds to pay for those arranging seminars and study groups, as well as to those delivering papers or making addresses to the research team. According to the European representative this was corruption, all the more complicated by the fact that there was no category in the audits to cover such outlays. For the Indonesians involved in the project it was natural (traditional) that inputs to the project be met with monetary rewards as a manner of recognizing their importance. This was a more or less constant source of friction.

Suspicion of irregularities was not a one-way street. This is shown by the academician's amazement over the way the representative used the common funds of the project. On several occasions the representative spent lavish weekends at luxury hotels in which his whole family participated, all at the project's expense. Indonesians are known for their hospitality, but using scarce research resources for purely private holidays simply did not fit in their definition of responsibility in terms of the project goals. Hence, he was in a dilemma every time he had to co-sign payments for such conspicuous consumption. In some respects, one could say that the European representative was acting according to one part of European tradition, this one much in keeping with the colonial mentality. For many Europeans there are several moralities. One is that expected at home and another or others when abroad. (Certainly the reverse also holds true. But generally it is the European standards that are enforced or expected in Asia rather than the reverse.) The question becomes not only which set of traditional morality is dominant but also which constitutes corruption.

Within the context of rational choice much of the above illustrates the relativity of corruption seen in moral terms. As recognized by many observers this seems inevitable. Since human behaviour is rarely classifiable in neat, self-defining compartments, one must accept artificial boundaries to distinguish between *acceptable* and *unacceptable*, shady and punishable, sleazy and criminal. In this respect there is a precedent in legal rules of behaviour, as for example between juvenile and adult (with different punishments), even murder and manslaughter, etc. All are arbitrary but necessary for ordering of society. For that matter are not the non-corrupt officials mentioned above also guilty of tolerating corruption and thus by inaction become collaborators. In the Indonesian case one is reminded of the guiding principle of Javanese justice, i.e. *sidhempramanem*, the crime of silence, in which anyone not reporting a crime to the authorities is to be punished as stringently as the actual doer.

By way of conclusion it seems clear that the rational choice between traditional and Weberian norms by individual actors helps to explain the origins of certain public behaviour. Corrupt behaviour arises not from a conflict between being good and being selfish but instead a tension between conflicting moral norms (Dungan *et al.*, 2014). Yet as a means of counteracting corruption however defined, it offers explanations rather than solutions. In other words, the mix between them clarifies the wide-spread occurrence of corruption and to a certain its attraction. Any real attempt to get at corruption would require a serious effort to build up values of honesty, integrity and appropriate social and cultural traits in society (Basu, 2011). In the final analysis, however, it must be the rules and their enforcement that determine the future of corruption.

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