EUROPEAN ANTI-CORRUPTION AGENCIES: PROTECTING THE COMMUNITY'S FINANCIAL INTERESTS IN A KNOWLEDGE-BASED, INNOVATIVE AND INTEGRATED MANNER

ORGANIZATION: IN COOPERATION WITH: CO-FINANCED BY:

ISCTE, Lisbon
17-19 May 2006

Fighting Corruption in a Knowledge-Based Manner: What Role for Research and What Knowledge Production/Transfer?

Peter Larmour, Australia
Australian National University
7 May 2006

When Transparency International's founders went to the Ford Foundation for funding they were asked 'where is your intellectual capital?': what was the store of knowledge on which their arguments against corruption were drawn. They scrambled to assemble it, particularly the Source Book (authored by Jeremy Pope) and the controversial corruption perceptions index (devised by Johan Lambsdorff). Now their website provides a vast menu of toolkits, lessons learned and best practices in dealing with corruption. One of TI's founders, Fredrik Galtung sees 'knowledge management' as one of the organisation's critical tasks.

Knowledge management is an issue, in a different way, for official anti corruption agencies (ACAs). Knowledge is embodied in the professional expertise of investigators, or the experience of managers. Data and information are stored in files and emails. An Independent Commission Against Corruption is typically divided into three prongs: investigation, prevention and education. Each relies on different professional skills, and a plays different role in relation to knowledge. Investigation is typically a process of discovery: looking for new patterns in existing information, gathering new information, testing out explanations, and turning the results into a story that will convince a court or tribunal. Corruption typically takes place in secret, so investigation may require special techniques like hidden cameras or microphones.

Prevention asks slightly different questions about the information thrown up by Investigations, and has a different audience. It looks at how a particular act, or type of act, might have been prevented, and turns the results into a story that will convince a public service manager to change her procedures. Prevention may draw on the same

store of information as Investigations, but may also look in social science journals, or to try to link its knowledge to other arguments for reform in the public service.

Education has a third take on the knowledge stored up in the ICAC. It must reframe and represent it to specific, different audiences: public servants, potential whistleblowers, members of the public, or schoolchildren. The ICAC's press office also plays an important part in managing knowledge about investigations through the media.

Knowledge management is also an issue in an ICAC's relationship with other government agencies. How and how much should it share and trade information with the police or other security agencies? Issues of security and privacy may serve to limit the flow of information, and hence the possibility of knowledge. It is also accountable to other actors and agencies. It must keep information that an auditor may request, some time in the future. It must transform its information about cases into statistical data to include in future reports to the legislature.

This paper is intended to introduce a discussion of knowledge management, transfer and research government and non-government agencies dealing with corruption. It draws on several literature reviews and Bryane Michael's recent writing on anti corruption campaigns. The paper also draws on my own experience of these NGO, ACA and academic relationships in several overlapping contexts. I have been running a training course with the Corruption Prevention branch of the NSW ICAC since 1997. This involves considering what counted as 'useful knowledge' for officials in ACAS from a wide range of countries, and how the knowledge students bring to a course relates to the knowledge embedded in academic journal articles. Students also typically do a small 'research project' as part of their assessment, raising questions about similarities and differences between academic and policy related research.
I have also been doing research, with Luis de Sousa and Barry Hindess, on Transparency International, the anti corruption NGO.

What counts as 'Knowledge'?

Knowledge is often defined as the top end of a hierarchy of knowledge, information, and data. Information and data can be stored in files and discs, but it does not become useful knowledge until it processed in the minds of individuals and is presented in the form of words or graphs (Alavi and Leidener 2001: 4). Its representation in words and symbols makes it a collective as well as an individual phenomenon, defined as 'justified belief that increases an entity's capacity for effective action' (ibid).

Much of the research on knowledge management goes back to the distinction made by the philosopher Michael Polanyi between 'tacit' and 'explicit' knowledge (Polanyi 1962). Tacit knowledge is specific to a particular context, often unspoken, and acquired by trial and error, or watching how others do it. Explicit knowledge is more universal, codified, and acquired by formal education and training. An example of tacit knowledge is the ability to drive a car. Explicit knowledge is set out in the car's manual or handbook which prescribes when the oil should be changed. They may be differently valued. Police dramas on TV often unfavourably contrast the 'book learning' of desk officers with the well-honed instincts of their counterparts on the

street. John Le Carre (I think) invented the phrase 'tradecraft' to describe the tacit knowledge of spies. Tacit knowledge may become codified in manuals, or statements of official doctrine set out in speeches by chief executives, or annual reports to the legislature. In the other direction codified knowledge may become tacitly understood through training courses, internships, or apprenticeships. The distinction applies in all kinds of professional contexts, including teaching and academic research (where tacit knowledge may include 'grantsmanship', and how to get published in the right journals).

As these examples show the relationship between tacit and codified knowledge is often one of power and authority. The official text often holds an authority that is resisted by the instinctive wisdom of the street, field and caseworker. The extreme case is when knowledge is codified as law. In some cases, however, 'street wisdom' 'experience' and other forms of tacit knowledge may trump 'fancy qualifications' and 'book learning'. Authority does not always lie with the text.

Both NGOs, like TI, and official ACAs, like the ICACs, generate and trade in data, information and knowledge. So Knowledge Management provides a useful framework for comparing and distinguishing between them. It also provides a way of bringing academic researchers think tanks and the media into the picture. It opens up the 'fourth wall' dividing the actors on the stage from the audience – in this case relationships between the agencies and academics and journalists watching them perform.

What counts as 'Research'?

Knowledge Management also asks about the role of 'research', however that is conceived, and the role of expert witnesses, consultants and advisers. ICACS, NGOs and academic departments all claim to be doing different kinds of research about corruption and anti corruption (including research into the agencies themselves as well as the problems they deal with). 'Research' may include assembling material from files, making phone calls, googling the web, looking at press clippings, ringing up experts, interviewing witnesses and reading academic journal articles. Some agencies have specialised departments dealing with research, and appoint full time research officers, while others 'mainstream' it in other activities or treat research as incidental to other work. Different parts of a single agency – for example the three prongs of an ICAC – may do different kinds of research, and conceptualise and value it differently.

The relationship between academics, NGOs and government agencies is often fraught. TI's founders speak bitterly of an early awkward encounter with academics. One describes how they were refused entry to a meeting of political scientists in Berlin, on the grounds that nothing practical could be done about corruption. More recently academics have started to do research on or in TI, and aroused sensitivities about the organizations self-image, history, 'dirty linen' and the degree to which it should be transparent to outsiders.

TI itself became bitterly divided over the organization of research, leading to a split between its founding fathers as Jeremy Pope and Fredrik Galtung left to form a breakaway organization, Tiri. Within TI there has also been a long running and deeply

DRAFT – NOT FOR PUBLICATION OR QUOTATION

divisive internal debate about the role and status of individual members and the National Chapters of the organization. It is partly a debate about knowledge, with the individual members selected by the founding fathers for their tacit knowledge of networks, contacts and ability to 'open doors'. They knew 'who you should speak to' and how to 'get things done' (or maybe just 'knew Peter Eigen' the founder who recruited them).

Knowledge Management in Anti Corruption Campaigns

The phrase 'knowledge management' was coined in the 1980s, and most of the work has been on the private sector, and in the context of Information Technology (Nutley et al 2004). Clearly TI's websites are a major part of its activity, and Hong Kong's ICACs website particularly elaborate informative and bilingual.

Research on 'policy transfer' has looked at how 'knowledge about' policy is transferred between countries. International organizations like the UN or the OECD play an important role in formalising and transferring knowledge. TI was set up precisely to provide a non-government counterpart for knowledge about corruption. My research on policy transfer in the Pacific Islands looked at how the idea of a Leadership Code was transferred from Africa to Melanesia in the 1970s, at the introduction of TI chapters in the 1990s, and at the work of the OECD's Financial Action Task Force in pressuring island governments to adopt new laws against money laundering (Larmour 2005) in the 2000s. I was particularly interested in what made transferred policies 'stick'.

The only work on knowledge management in anti -corruption I have found is in a series of stimulating articles and a working paper by an economist, Bryane Michael (2004a, 2004b, 2004c and 2006). These have grown out of, and reflected on his own work as academic, trainer and consultant on donor sponsored anti corruption campaigns. In these papers a wide range of concepts are rapidly introduced – sometimes rather falling over each other. Unusually, Michael has tried to theorise about (endogenise, in his economic language) the relationship between theory and practice.

Michael (2004a) notices the rapid diffusion of anticorruption programs throughout the world. The literature on policy diffusion distinguishes two kinds of process: one coercive, involving the interests of powerful players, and resistance to their ideas; the other more diffuse, in which ideas flow more readily, and are copied eagerly - perhaps inappropriately - by their recipients. Michael argues that both approaches are dealing with 'knowledge about policies' but faults them for not recognising the role of 'policy knowledge mangers' who recognise the need for tacit as well as codified knowledge, if the transfer is to succeed.

Michael (2004 c) returns to the lessons purportedly learned from the anti-corruption projects in Africa. He looks at the anti-corruption recommendations made by the participants in the World Bank sponsored Anti-Corruption Core course, piloted in several African countries. He scores these for their 'specificity', 'relevance' and 'fit' with local thinking, and finds them generally low on each factor. The programs, he says, seem to refer to each other, rather than specific, local circumstances. However

he commends a project involving Nigerian judges for higher levels of specificity, relevance and fit – though conceding that its effectiveness was yet to be shown.

His working paper for the Utstein group of European aid donors (2006) evaluates their anti corruption projects in terms of whether they based on recipient needs, consider the environment in which they are operating and adopt knowledge management principles – and generally finds them wanting.

Processes of Knowledge Management

In their review of the literature on knowledge management, Alavi and Leidner (2001) identify four general social processes:

1. creating knowledge;
2. storing and retrieving it;
3. transferring it; and
4. applying it (2001: 11).

This tends to frame knowledge as a thing, out there, to be manipulated, rather than a process embodied in particular people, and their relationships with each other. But it helps raise questions for NGOS and ACAS.

Creating Knowledge

Creation can take place within both elements of Polanyi's tacit-explicit pair, and by movement between them. In the latter case Nonaka (1994) has identified four modes

- Socialisation (tacit to tacit eg apprenticeships)
- Externalisation (tacit to codified, eg best practices)
- Internalisation (codified to tacit eg training)
- Combination (codified knowledge is reorganised eg literature review)

Alavi and Leidner (2001) identify the following research questions

- What conditions facilitate creation and sharing?
- What cultural as well as technical issues are involved in sharing versus hoarding knowledge?
- Do closely-knit networks reduce opportunities to encounter new ideas?
- How is externally generated information evaluated for internal use?
- Does the absence of shared context inhibit adoption of outside knowledge? (ibid: 21)

Storing/retrieving knowledge

Organisational memory may be systematic, and explicit, or episodic and context specific. Alavi and Leidner's (2001) research questions include

- What are the incentives for individuals to contribute their knowledge to the organization? What are the incentives for secrecy?

- How much contextual information needs to be stored to make sense of information?
- Is stored knowledge accessed by individuals who don't know the originator?
- What mechanisms – push or pull – are most effective? (ibid p 22)

Transferring Knowledge

Knowledge may be transferred between individuals, groups and organizations. The degree of transfer depends on factors such as the perceived value of source's knowledge, the motivational disposition of source (to share) and the receiver to learn, and the existence and richness of channels (formal and informal; personal and impersonal, including IT). Alavi and Leidner's (2001) research questions include

- How can knowledge be transferred effectively between groups?
- How does IT help or hinder (perhaps through sheer volume)?
- What is the right balancing of pushing information to individuals or waiting for them to pull it down?
- When do individuals discontinue using external sources and rely only on internal?

Applying Knowledge

Knowledge may be applied by directives, which are rules, standards and procedures for non-specialists, or by routines that allow specialists to apply knowledge without articulating it. It may also be applied by self-contained task teams. Alavi and Leidner's (2001) research questions include:

- How can the organization encourage the use of available knowledge (against distrust, lack of time, preference for routine)?
- What factors contribute to the knowing/doing gap and how can they be reduced?

Hiding and Forgetting Knowledge

So far, we have been assuming that knowledge is a good thing, and that the more it is shared the better. But organisations also keep secrets and forget information, in systematic ways (Thompson and Wildavsky 1986). An ACA must keep some kinds of secrets. An investigation may be compromised if officials know they are being watched and their conversations recorded. But the agency may also use secrecy to cover up its mistakes, and avoid accountability.

Agencies may forget knowledge through long-term processes of misfiling or through shifts from paper based to electronic forms of storage. They may more deliberately forget embarrassing knowledge, for example about their behaviour under a previous director, or regime. Forgetting may be no bad thing – a well-established body of knowledge, institutionalised in a filing system, can blind an agency to new kinds of challenges.

Investigations – like the current Cole Commission in Australia, which is looking at the Australian Wheat Board's payment of kickbacks to Saddam Hussein's regime in Iraq – uncover floods of emails and telegrams from which they must establish 'who knew what and when'. In this case ministers have defended their ignorance by saying that they, or their staff, cant be expected to read everything that comes across their desk, or that information produced by Intelligence agencies was 'unprocessed' and hence its significance unrecognised.

There may also be a trade-off between knowledge and effective action. Organizations have to decide at what point they 'know enough' to charge an official, or take a case to court or a tribunal. Senior officials may feel they are overloaded with information. They wont read beyond the first few paragraphs of a report, demand an 'executive summary', or prefer verbal to written briefings.

Secrecy is an issue for anti corruption NGOS in a different way. TI was set up precisely to expose the 'open secret' of corruption in international business transactions. Everyone knew in a tacit, sotto voce, informal way that corruption was going on. But no one talked about it in the formal sessions of meetings of international organizations, or wrote about it in their reports. TI thus brought it out into the open, able to be codified, quantified, and made the subject of consultancy reports and feasibility studies. Whether this is increased official talk leads to action is another question, which can be asked of much other official talk.

Secrecy about its own activities is especially awkward for an NGO that calls itself 'Transparency International' but – for example – it has set up an intranet through which it can communicate privately with its national chapters. And NGOs may feel the need, like other organizations, to be secret (or, more politely, private) about the pay and conditions of their officials.

Truth and Falsity

So far we have treated 'knowledge' in a neutral, inclusive, sociological way – we have not asked if it was true or not, merely if it carried authority, or credibility. We know, for example, that bodies of professional knowledge – for example in medicine or physics – that were once regarded as true are now regarded as false. Thomas Kuhn's famous book on *The Structure of Scientific Revolutions* (1962) describes the process of 'paradigm shifts' between periods of normal science. Similar paradigm shifts must have gone on in the bodies of professional and academic knowledge associated with corruption. The rise in economic thinking about corruption is one example. The medical profession has initiated a process of self-reflection on the empirical foundations of its doctrines in the movement for 'evidence based policy making' (Nutley at al 2002). A similar process may be overdue in the anti corruption industry, among ACAs as well as NGOS.

References

Thompson, M and a Wildavsky 1986 A Cultural Theory of Information Bias in Organisations *Journal of Management Studies* 23(3): 273-286.

Alavi, M. and D. Leidner 2001 Knowledge Management and Knowledge Management Systems: Conceptual Foundations and Research Issues *MIS Quarterly* 25(1): 107-136.

Hansen, M, N. Nohira and T. Tierney 1999 'What's your Strategy for Managing Knowledge' *Harvard Business Review* 4: 61-86.

Hovland, Ingie 2003 Knowledge Management and Organisational Learning: An International Development Perspective: An Annotated Bibliography Working Paper 224 London: Overseas Development Institute.

Kuhn, T., 1962 *The Structure of Scientific Revolutions*.

Michael, Bryane 2004 a 'The Globalization of Anticorruption Policies: the Diffusion of Best Practices and the role of Knowledge Management' in D. Levi-Faur and E Vigoda-Gadot, eds *International Public Policy and Management: Policy Learning Beyond Cultural and Political Boundaries*. New York: Marcel Dekker pp 325-349.

Michael, Bryane 2004 b 'Explaining Organizational Change in International Development: the Role of Complexity in Anti Corruption Work' *Journal of International Development* 16: 1067-1088.

Michael, Bryane 2004 c 'What do African Donor-sponsored Anti-corruption Programmes Teach us about International Development in Africa?' *Social Policy and Administration* 38(4).

Michael, Bryane, with H. Mathisen and N. Warner 2006 'Knowledge Management for Anti Corruption: Problems, Perspectives and Prospects' U4 Issue 2: 2006 U4 Utstein Anti Corruption Resource Centre.

Nutley, Sandra, Huw Davies and Isabel Walter 2004 Learning from Knowledge Management Conceptual Synthesis 2 Research Unit for Research Utilisation, University of St Andrews.

Nutley, Sandra, Isabel Walter and Huw Davies 2002 'From Knowing to Doing: a framework for understanding the evidence-into-practice agenda' Discussion Paper 1 Research Unit for Research Utilisation, University of St Andrews.

Larmour, P., 2005 *Foreign Flowers: Institutional Transfer and Good Governance in the Pacific Islands.* Honolulu: University of Hawaii Press.

Polanyi. M. 1962 Personal Knowledge: Toward a Post-Critical Philosophy New York: Harper Torchbooks.