



# Improving anti-corruption agencies as organisations

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agencies

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## Abstract

**Purpose** – Anti-corruption Agencies (ACAs) have been seen by donors and commentators as a visible and discrete institutional response to a country's commitment to anti-corruption work. A number of reports have commented adversely on the general effectiveness and impact of ACAs in practice. Much of the concern relates to the environment in which the ACA works, but over which they have limited control, but often fails to address an ACA as an organisation something over which an ACA does exercise much more control. The purpose of this article is to argue that there are common organisational issues that face any new and small institutions in both public and private sectors, that may assist an ACA's development.

**Design/methodology/approach** – The article reviews the extensive literature to assess what appear to be the key issues facing such organisations in the private sector usually termed small to medium-sized enterprises (SMEs) – and discusses whether their experiences offer any applicability to an ACA's organisational strategy and development.

**Findings** – The article argues that a number of organisational issues are generic and ACAs, and those who support and fund them, should draw on the lessons from the wider private sector management and organisational development literature on SMEs for ACAs.

**Practical implications** – The article provides a framework for ACAs to consider organisational reform and to guide donor support.

**Originality/value** – ACAs are rarely reviewed as an organisation. Indeed, much of the criticism identified in this article points to this as a significant issue, for which private sector approaches may provide guidance for organisational reform.

**Keywords** Corruption, Anti-corruption Agencies, Organizational development, Small to medium-sized enterprises

**Paper type** General review

## 1. Introduction

Anti-corruption agencies (ACA)[1] are seen as a visible and discrete institutional response by governments to address corruption. The response can come from a number of sources, such as donors, or the European Union as an accession requirement, or even from a government itself to provide evidence of reform to its citizens, or of a means to discredit its predecessors, or as a consequence of signing the United Nations Convention against Corruption (UNCAC). Invariably such a response tends to be elicited from lesser democratising countries; ACAs are not a common feature of the institutional anti-corruption landscape in developed countries[2]. Nevertheless, multilateral and bilateral aid agencies continue to provide encouragement, support and resources for the establishment of an ACA. Acceptance by the government to set up an ACA is often



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taken by aid agencies as proof of commitment to address pro-public developmental progress and what is often a significant constraint on democratisation.

In practice the success or effectiveness of ACAs either as an organisation or in terms of its contribution to improvements in the prevention or detection of corruption is increasingly subject to criticism. The concerns include: the specific added-value of a dedicated organisation, the location and resourcing of a new organisation within an institutional anti-corruption landscape, the specific expertise available to the ACA, and its ability to address different types of corruption, the roles of governments and donor support, and so on.

As will be noted below, there are arguments as to whether ACAs and private sector organisations can be compared but, as organisations, a number of the issues facing an ACA relate to its newness, its size, and its internal approaches it chooses to adopt as it seeks to define its roles and organise itself to deliver its functions. As a process such issues are common across both the public and private sectors, and do relate to success or performance in terms of what an organisation must do to deliver its intended or stated functions as an organisation.

In the private sector, new and small companies must also address such issues as a process and as an organisation. The enthusiasm for small to medium-sized enterprises (SMEs) in developed and developing economies has initiated significant research to consider what common themes are associated with sustainability and success. The article reviews and evaluates the research to identify common themes. The article then considers the concerns over the apparent weaknesses of ACAs in becoming effective organisations and thus achieve their intended functions. It assesses whether the themes could improve, or be used as a basis to improve, the work of the ACAs and facilitate their organisational processes development in ways that work more efficiently and effectively toward delivering their functions.

## **2. SMEs: definition and characteristics**

SMEs cover a wide range of products and services from agriculture to construction, from local to international activities. Dependent upon the region of the world, their defining feature has been their size; a common assessment of an SME would be an autonomous organisation with (for a medium enterprise) either have less than 250 staff or a turnover of less than €50 million (European Commission, 2010).

The typical characteristics of SMEs have been connected to small scale, personality and independence. Nooteboom (1994) writes that the high number of SMEs distributed in different industries and different markets means that one of the most important characteristics of small business is its diversity. Before an enterprise can take advantage of an opportunity, it must be recognised. According to Shane (2000) people recognise those opportunities related to the information and knowledge that they already possess and further suggests that the recognition of opportunity is the starting point to developing a business.

It can be argued that SME growth may be the result of strategic choices of entrepreneurs (Hambrick and Mason, 1984) or the structural characteristics of the external environment (Eisenhardt and Schoonhoven, 1990). However, Storey (2000) suggests that for many business owners the growth of their business is not an objective, they are targeting at survival. Morrison *et al.* (2003) summarise that a key distinguishing feature of a pro-growth small business is a balanced alignment of the owner-managers' intention,

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the business abilities and the opportunity environment. Most organisations spot an opportunity in the market place, and the sole purpose of the venture, is to satisfy the wants and needs of a specific customer or organisation. This can often lead to a short term vision within the business (Simpson *et al.*, 2006).

### 3. Key SME themes: leadership, strategy, management and resources

Many studies focus on the organisational leader, including their individual traits (Halikias and Panayotopoulou, 2003) and motivations (Barringer and Jones, 2004). Other studies focus on the organisational structure as the core component of growth (Davidsson *et al.*, 2002) – or networks (Beekman and Robinson, 2004). Through reviewing much literature on the subject (Wikmund and Shepherd, 2003; Dobbs and Hamilton, 2007; Fielden *et al.*, 2000; Forsman, 2008) some broad core themes emerge as critical overarching factors in developing and growing successful SMEs (adapted from Storey, 1996):

- Leadership and management.
- Resources.
- Strategy.

#### *Leadership and management*

Many studies surrounding the growth of SMEs, focus on the organisational leader, including their individual traits (Halikias and Panayotopoulou, 2003) and motivations (Barth, 2004). It can be argued that within SMEs a common assumption is that the owner-managers have sufficient technical knowledge to drive the business forward, but it has been found that they often lack managerial skills or sophisticated managerial practices (Morrison *et al.*, 2003). It can be argued that small firms are more likely to engage in informal management practices than to adopt sophisticated planning and control techniques.

Other studies focus on the organisational structure as the core component of growth (Davidsson *et al.*, 2002) – or networks (Beekman and Robinson, 2004). All business development and growth activity involves change. The ability to respond to market changes is an essential prerequisite for the success and growth of SMEs (Eirich, 2004; O’Gorman, 2001; Sadler-Smith *et al.*, 2001). The notion of flexibility is particularly pertinent to smaller businesses as they generally engage in a narrower range of activities, use a narrower range of materials, employ fewer skills and serve single markets, all in contrast to their larger counterparts (Dooley *et al.*, 2005). One of the core factors for a small firm is its ability to change and be flexible within the environment it operates, whilst also acknowledging the required flexibility of their core resources; people and finance.

The success of a small business or an SME can be linked to how well they manage their knowledge and the organisation (Dollinger, 1984; Brush, 1992). Organisations who are successful in leveraging knowledge, normally witness increased efficiencies in operations, higher rates of successful innovations, increased levels of customer service, and an ability to have foresight on trends and patterns emerging in the marketplace.

SMEs compete on their know-how and hence have to use knowledge to their advantage, even more so than traditional resources (De Sousa and Awazu, 2006). SMEs are usually hindered by a lack of resources such as land, labour, and capital. They are often required to do more with less. Knowledge housed in the SME must be leveraged so that goals can be achieved in an effective and efficient manner. While an SME might

be constrained by not enough capital or labour, their knowledge and management skills can be a great source of competitive advantage. The only way an SME can limit these resources are through not using them effectively. Individuals who manage SMEs do so because they have knowledge in key areas of competencies and think they can compete using such knowledge.

Managing organisational knowledge and managing staff effectively to ensure maximum return on knowledge investment are key factors in the success of SMEs. The management dimensions that are relevant include resource management and strategic development (Collinson and Quinn, 2003).

### *Resources*

Much research has been done looking into barriers to growth in business, a wide range of studies have highlighted resources, often financial, as one of the leading barriers to growth (Amini, 2004; Audretsch, 2004; Dobbs and Hamilton, 2007; Fielden *et al.*, 2000; Robson and Bennett, 2000). Finance in general is a critical issue for growing businesses (Carpenter and Peterson, 2002; Sexton *et al.*, 1997), forming the primary resource base from which other factor inputs are acquired (Barringer and Jones, 2004; Locke, 2004). A study by Fielden *et al.* (2000) highlighted lack of resources at the start-up phase and then in the business development phase, as the main barriers to SME growth.

Finances have major implications upon other resource bases such as staff, equipment and business function capabilities. The ability of a firm to attract, develop and retain skilled and capable employees effects the probability that they will be able to effectively implement and maintain a growth-orientated strategy (Barringer and Jones, 2004; Pena, 2002). Most SMEs strive to achieve competitive advantage through offering highly specialist skills or products and to develop their offering, qualified and skilled employees are required (Simpson *et al.*, 2006). Due to limited resources SME owners are often unable to offer the resources to attract the high quality work force required to support continual competitive differentiation.

### *Strategy*

According to Simpson *et al.* (2006) SMEs have a limited capacity for marketing, strategy, acquisition of new knowledge and technology, and they are much more sensitive to external pressures and risks. The ability of businesses to grow can be regarded as the competitiveness of a business under the marketing economics (Zhang, 2000). However, Simpson *et al.* (2006) goes even further and suggests that the role of strategy is not considered within a host of SMEs and that often the only strategies utilised are short term in approach and can be related to a sales orientation, aimed at meeting a specific market or customer need.

In one of the only studies of its type the relationship between planning sophistication and performance in 253 small businesses was investigated by Rue and Ibrahim (1998). Their results concluded that those SMEs with a greater level of planning sophistication also showed greater growth in sales. Perry (2001) supports this and states that SMEs using sophisticated planning activities may enhance their chances of survival and ultimately success. Rue and Ibrahim (1998) further infer that the results highlighted that most organisations involved in the study, which utilised strategic planning expected the task to create greater returns in the medium – long term. Active engagement of small firms in the management of products and markets is therefore particularly important for

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achieving growth over an extended period (Smallbone *et al.*, 1995). A constant awareness of new technologies, markets and competition, as well as the ability to carry out research and development (R&D) are vital to an organisation's ability to successfully introduce new products into the market (Dobbs and Hamilton, 2007; Yasuda, 2005).

A range of tools such as the Ansoff matrix (Ansoff, 1965; Watts *et al.*, 1998) are commonly used in strategic business development meetings to highlight potential growth strategies. Many authors have commented on the typical limitations of strategic alternatives available to the small firm by virtue of such factors as small market share and limitations of resources and skills (Carson, 1985). Because of these limitations, it has been suggested that certain strategic alternatives are typically more appropriate for a small firm, namely those that avoid direct competition with larger firms and that involve the development of close customer relationships and product adaptation (Storey and Sykes, 1996). The number of strategic business development models available has allowed SME managers to have a greater understanding of how to enter the market place or develop an organisation in a more structured and focussed manner.

Simpson *et al.* (2006) further argue that strategic planning within SMEs has become much more attainable in recent years, due to the rise in readily available information and greater computing power; however this is still considerably less than the capabilities of larger organisations. Due to the structure of their organisations, SME owners and managers also often operate in a multi-role capacity and as such do not have the time to devote to strategic planning. It can be argued that all SMEs adopt strategy, even though often without a formalised process, Campbell-Hunt (2000) suggests that all organisations as a default aim to achieve some form of competitive differentiation, whether based upon price, quality or service. In relation to the Ansoff's Matrix, it has been suggested by Perry (1987) that for SMEs the most appropriate growth strategies are therefore product development and market development. Strategic planning and understanding market developments and opportunities are essential assets in achieving high growth within SMEs.

### *Overview*

SMEs are established by those identifying an opportunity that will satisfy a specific customer or market. While resources and initial leadership can be a common problem, the common themes lie in organisational flexibility, management of knowledge and staff, taking a strategic approach to what the organisation does, and how it does it, using R&D, and new technologies.

Limited resources and competition for customers, and from other organisations, mean that survival rather than success often characterise their early years. On the other hand, the type of management, organisational flexibility, management of staff, use of specialist expertise enhance an SME's longevity and potential success. In particular, the use of R&D – both understanding the SME's market and refines its own products and services – and the level of planning sophistication in understanding how to position itself in the market and align its products and services with customers' needs are crucial.

Before considering how far these organisational issues may or may not apply to ACAs, the article addresses the roles of ACAs and concerns over their performance.

## **4. ACAS: creation and characteristics**

Corruption is a recognised development issue to be addressed, and evidence of doing so is also often seen as evidence of a country's commitment to developmental progress.

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Much of the debate on how to address corruption has been on the necessary legal, institutional and procedural mechanisms. While some attention has been given to mainstreaming anticorruption measures in donor programmes, the recognition of the failings of existing institutions, particularly law enforcement agencies which were seen by many donors as corrupt or inefficient (and often both), has resulted in a generally preferred institutional approach. This has been the establishment of a new and specific agency – the ACA:

[...] the domestic context of the creation of an ACC is increasingly intertwined with the international level. World institutions have incessantly recommended the creation of ACCs as an important piece of the national institutional architecture and grand strategy against corruption. In Central and East European countries, ACCs have also been recommended as part of macro anticorruption programmes promoted in view of EU membership (De Sousa, 2009, pp. 6-7).

The defining characteristic, drawing on De Sousa (2006) report is the institutional status – ACAs are legal entities, institutions in their own right, and undertake executive as opposed to advisory functions, including at least one of three anti-corruption functions – investigation, prevention and awareness – or a permutation of those functions. This article is thus focused on dedicated institutions/stand-alone institutions which have a number of identifiable characteristics, which are described by Charron (2008, p. 6) as:

1. Distinct from other government agencies, with a single issue of preventing and controlling corruption.
2. Are permanent in nature, not meant to serve as a “temporary fix”, but as a long term institution.
3. Are publically funded.
4. Are accountable to at least one other government body – parliament, ministry of justice, the executive, etc.
5. Contain both preventative and repressive dimensions of corruption control.
6. Centralize information on domestic corruption which is disseminated to other actors – media, IO's, law enforcement, etc.
7. Mainly recognized by, and accessible to, the general public.

The separate institutional entity, rather than a specialist unit within another agency or an agency where addressing corruption is a secondary function, is important because it means that the ACA will also operate as an organisation, with management, resourcing and staffing responsibilities. While there is no central directory of ACAs, various sources[3] suggest over 80 ACAs as distinct organisational entities. Indeed, the momentum in establishing new ACAs continues – in South East Asia alone, 12 new (or reconstituted) ACAs have been established and remain in existence in the past 20 years; three were set up in 2010 in Cambodia, Timor Leste and Papua New Guinea.

## 5. ACAs: concerns

The effectiveness of ACAs to deliver an anti-corruption agenda is increasingly under question from both academic and practitioner perspectives. Some of the inhibiting factors to ACA effectiveness relate to the disjuncture between the newness of the organisation, the level of competence and the expectations of performance in terms of the levels and sophistication of the corruption to be addressed. Others relate to assumptions about the multi-functional approach copied from the Hong Kong ICAC model expected of what are, in public organisation terms, small agencies working

in specific, often complex dynamic environments (Heilbrunn, 2004; Doig *et al.*, 2005; Huther and Shah, 2000).

Academic and practitioner reports on the performance of ACAs, and their impact on levels and persistence of corruption, have been increasingly pessimistic. In 2003 a Development Assistance Committee (DAC) (2003, p. 18) report noted that:

[...] it is important to be aware that there are few success stories or examples of actually reducing corruption in a sustained way. The only clear-cut successes have been in Hong Kong and Singapore, both city-states that had fairly authoritarian governments when they initiated their anti-corruption efforts. They are also special cases and it is debatable how much these examples apply to other countries.

The UNDP (2005 p. 5) report on institutional anti-corruption arrangements noted that:

[...] several countries have opted for or are currently considering creating an independent commission or agency charged with the overall responsibility of combating corruption. However, the creation of such an institution is not a panacea to the scourge of corruption. There are actually very few examples of successful independent anti-corruption commissions/agencies.

At the same time an OSCE (2005, pp. 175-6) report noted:

[...] one may suspect that some other anti-corruption agencies have been established with perhaps no real expectation of their ever tackling difficult cases at senior levels of government. They have been staffed and resourced accordingly. Some have done good work in attacking defects in integrity systems, but only at junior levels; however, most have had a negligible impact on tackling grand corruption.

In some cases setting up a new ACA can be interpreted as “a desperate cosmetic manoeuvre to regain trust from a disenchanting electorate” (De Sousa, 2006, p. 17). Others have argued that “ACCs in poor and badly governed states are generally ineffective, if not actively harmful” (Meagher, 2005, p. 69), that ACCs “fail to reduce public sector venality in all but a few special circumstances” (Heilbrunn, 2004, p. 20), and that political leaders in developing countries have “an incentive to create ACAs that are hollow organisations to divert attention away from other possible reforms” (Heilbrunn, 2004, p. 2).

Much of this concern, however, focuses on the ACAs’ external environment. Clearly the governance context and operating environment plays a significant part in determining the performance of an ACA – and other agencies – in delivering their roles (Huther and Shah, 2000). Thus, Shah (2007) argues that, among the various anti-corruption reforms, ACAs will be ineffective when governance is weak and only moderately effective when governance is good. For this to happen, one can take USAID’s (2006, p. 13) two sets of criteria:

- (1) Enabling environment: functioning courts; free and active media; energetic community of NGOs and public interest groups; other capable agencies of restraint such as capable financial management authorities, supreme audit institutions and central banks; freedom of Information Law; and regional and global treaties that provide for cross-border exchange of information and resources.
- (2) Background conditions: macroeconomic stability; political stability; confidence that an attempt to challenge corruption would not lead to violence; public order; absence of crippling distortions (such as widespread famine or conflict, recent

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genocide, large populations of Internally Displaced Persons); an environment where corruption is not entrenched in the whole system [. . .]; and legislation and practice that supports freedom of expression and decriminalizes defamation.

Many of the critical comments about ACA performance focus on the need to reform the external environment. Thus, Heilbrunn (2004, pp. 15-16) looks to the absence of laws necessary for an ACA's success, independence from interference by the political leadership, a clear reporting hierarchy, the presence of oversight committees, and the size of a country, either geographically or in terms of its population (which "may explain the effectiveness of anti-corruption efforts"). Other commentators look to broader state reform issues. Civil service reforms, institutional capacity development, building integrity systems, upgrading the policy capacities, strengthening all branches of power in a way that improves their responsiveness without creating unbalance, are all important elements in the anti-corruption context (Dionisie and Checchi, 2008; Smilov, 2010). Quah Quah (2010, p. 51) that the credibility of ACAs is dependent on consideration of all complaints; public perceptions of the ACA's professionalism; enforcement of the anti-corruption laws; and the public image of the ACA but then goes on to argue that:

[. . .] in the hands of a clean government, the ACA can be an asset and a powerful weapon against corrupt politicians, civil servants and business persons. Conversely, a corrupt government will make a mockery of its anti-corruption strategy by using the ACA to victimize its political foes instead.

Such arguments primarily see an ACA as a creature of its environment, more likely to be effective only when that environment is stable and supportive. They very much reflect the tautological approach by some commentators that ACA will only be effective where corruption is not a pervasive phenomenon. It ignores the fact that ACAs are set up in poor governance environments and also ignores how far an ACA as an organization can address and adapt to that environment with the management and resources it has.

## 6. ACAs as organisations

Most ACAs are "small" in institutional terms (certainly in terms of other public sector institutions)[4]. The operating model for many from the outset has been on the multi-functional investigation, prevention and awareness approach (with some also including a prosecutorial function), reflecting the "matured" HK ICAC model of investigation, prevention and awareness[5]. All are established with an expectation that the ACA would be able to function effectively from the onset across its various functions, and focus in terms of investigation at higher-end, complex corruption often involving international actors and/or national politicians.

This approach has raised a number of organisational issues. First, the decision to establish an ACA may not be seen as an opportunity but an expectation or requirement. In an unpublished 2010 study of middle eastern ACAs, the four reasons were given as: the requirements of UNCAC; requests by international organisations (including the international investment and donors community); internal anti-corruption advocacy groups and forces/pressures; larger economic, political or institutional reform. This reflects a wider issue concerning using an "opportunity" in terms of planning a response rather than a reactive decision. In many contexts, there is no prior needs assessment on the types of corruption to be addressed, the



added-value of a new agency, the expertise and resources required. Specifically this often means no modelling of likely workload, complexities of cases, and so on, which would drive the financial and staffing business plans[6]. This failure to plan for an ACA as an organisation that reflects the circumstances, is one of a number of generic issues that flow as a consequence. As the OECD (2007, p. 26) noted:

[...] it is crucial that the decision to set up a specialised anti-corruption body and the selection of a specific model be *based on analysis and strategy*. The country must first take stock of where it is, decide on where it wants to go, and finally elaborate a detailed roadmap. While these steps might seem obvious, it is surprising that many countries have established anti-corruption agencies without proper evaluation or strategy in a context where basic legal, structural and financial prerequisites were not in place.

The first issue from such a consequence is the choice of leadership and senior management, and their responsibilities for the organisation *qua* organisation. De Sousa notes that, “similar to other new-born institutions, these agencies tend to reflect the imprint of its initial leadership. The way the initial leadership sets on track the organisation’s activities and internal procedures and imposes standards of conduct to its members will shape its performance in the following years. This is a general feature of institutionalization” (De Sousa, 2006, p. 33) while the OECD (2007, p. 26) includes:

[...] a clear identification of functions and tasks, as well as rules on inter-agency co-operation  
[...] adequate budgetary resources [...] working out internal administrative, operating and reporting procedures, and establishing manageable work plans and benchmarks [...].

Second, the appointment of the leadership is often intended to demonstrate credibility and status – thus ex-ministers, former judges and senior lawyers, senior law enforcement, and so on – without regard to their experience or competence as managers or budget-holders. Their inability to elaborate a road map is often compounded by the absence of attention to the organisational shape and management arrangements to be put in place. Thus, it has been suggested that:

[...] the building blocks of effective organisations including establishing conditions of service, standing orders, operating procedures, financial control systems and enabling legislation are [...] neglected when there is political or donor impatience for “results” (Doig *et al.*, 2005, p. 37).

Further:

[...] there are, however, a series of (un)intended errors committed at the conception phase that will have negative repercussions on the agencies’ future performance, for example: little care in choosing their format, location and in setting adequate management strategies from the outset; even lesser care with regard to their financial autonomy; expectations inconsistent with the available resources (financial, human, knowledge); and unfit recruitment and reporting/accountability arrangements (De Sousa, 2010, pp. 19-20).

Third, failure to address the organisational purpose and ensuring that the ACA is fit for that purpose can result in what is termed “The Icarus Paradox”. The concept:

[...] applies the Greek myth of Icarus who was so successful in creating wings based upon feathers held together with wax that he flew too close to the sun and the wax melted, causing his wings to disintegrate. In essence the basis for the wings’ success provided the basis for their failure. When applied to business, it relates to companies which achieve initial success,

but whose ambition encourages them (or they are encouraged by others) to grow beyond their existing capabilities or to take on roles and responsibilities that are not supported by the organisation's current infrastructure or competences (Doig *et al.*, 2005, p. 47).

Fourth, failure to address the organisational purpose often results in organisational inconsistencies. As UNDP Bratislava noted of their 2009 review of the Preventative Department of the Kosovan ACA:

[...] a major problem is that awareness raising and legislative support functions are located in the investigative department, while logically they should be carried out by the prevention of corruption department. Other problems are related to the lack of codified internal procedures and business processes (UNDP Regional Centre Bratislava, 2009, p. 3).

In the report on middle eastern ACAs, it was noted that the system of management used by one ACA was not based on planned objectives, performance indicators and results/impact assessment. In the absence of a system of performance planning and evaluation of results it is hard to expect effective utilization of financial and human resources.

A related issue is either the opportunity of un-committed governments to implement ineffective agencies, or function-drift – an inability to manage function delivery and poor performance, often the consequence of a failure to recruit appropriately-qualified or trained staff. Thus, a review of ACAs in South-east Europe noted that:

[...] preventive agencies, in addition, can be easily deprived of any significant power and in many countries may represent the easiest and cheapest way to satisfy the request of the donors and the international community for the introduction of a preventive body (Dionise and Checchi, 2008, p. 16).

A number of reports have also commented on the failure of the ACAs to deliver specific functions, whether investigation or prevention or awareness:

[...] in most cases, anti-corruption lead agencies do not invest enough time and effort in explaining to ministries their particular roles and responsibilities in implementation. Instead, booklets are sent around while putting them into practice is left to self-initiation. More often than not owing to the lack of real buy-in or engagement with the anti-corruption policy, the ministerial or agency executives do not issue the required instructions on how their staff are supposed to implement the anti-corruption measures. Also, incentives for doing so or sanctions for not doing so are absent [...] (U4, 2007, p. 35).

Finally the absence of organisational integration, the road map of what the organisation wants to do, the available resources, and the immediate and longer-term needs of the organisation will compound the organisation's problems, particularly in terms of developing staff expertise which invariably is provided by donor agencies who themselves do not undertake any organisational needs assessment. One consequence may be ACAs that are inflexible and organisationally unstable, lacking capacity, flexibility and internal integration. For example, a 2005 review[7] of the Sierra Leone ACA noted heavy donor funding but no business planning processes and a budget which precluded virement of funds and led to an inflexible organisational structure, very experienced expatriate law enforcement personnel with a focus on a reporting, intelligence and tasking model based on a standard investigation model used for serious and complex crime in the UK, uncoordinated and piecemeal operational training from consultancies which created false expectations among staff about their operational

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abilities, and the availability of extensive but unrealistic equipment. Conversely, in a report on the Nigerian agency, the Economic and Financial Crimes Commission, a new leadership removed (on the grounds of a lack of loyalty) “a dozen of the EFCC’s most experienced and highly trained personnel as part of a purge of as many as 60 staff in total”. Nearly all were police personnel who had been seconded to the EFCC, including some who had received significant specialized training by the US Government. A private US Government demarche to the Nigerian authorities (later made public by WikiLeaks) expressed concern that the redeployments would leave “a shell of inexperienced replacements at best in most areas, wasting considerable US Government and international training, threatening the EFCC’s institutional integrity, and jeopardizing cooperation efforts” (Human Rights Watch, 2011, p. 44).

### 7. Discussion: what this means for ACAs

The discussion is whether future work on existing ACAs, and planning for new ACAs, could benefit from lessons from private sector approaches. The question is asked because of the paucity in both academic and practitioner literature on how to address the issues and their consequences. Most of the suggested reforms focus on the external environment issues – such as better laws, more resources and political will. In organisational terms, the only suggestion has been to revert to the HK ICAC template, where the failure to:

[...] understand the policies and practices that brought success to Hong Kong is mystifying. The inclination of the international donor community to minimise and even disparage the method that has been proved to succeed is more understandable [...]. It has taken time to realise that international donors are on the wrong road. Fifteen years is more than long enough. It is time for them to reconsider, to understand the recipe for success, and to develop an expertise in tackling corruption that really would help the countries that desperately need their assistance (de Speville, 2010, p. 68).

On the other hand, any transfer of public sector organisations and approaches, including ACAs, requires attention both to the external environment and to the internal organisational dynamics, neither of which is often addressed in advance (see for some of the issues, De Sousa *et al.*, 2009).

The discussion is not intended to address the external environment but on the ACA as an organisation, capable of adapting to and working in its specific environment. Indeed, one of the main lessons from the literature on ACAs often point to an external environment that requires a type of organisation that is flexible and adaptive and where sustainability and success will depend on, as De Sousa (2010, p. 19) puts it, “being creative; by maximizing their competences and resources to the full; and by seeking alternative ways to exercise their mandate”. Thus, Lawton and Rose (1991) argue that:

[...] different structures may be necessary for the different activities that an organisation performs and takes account of the differing environment within which organisations work. The stable mechanistic organisation form is more appropriate when the following conditions hold:

- the environment is relatively stable;
- the goals are well defined and enduring;
- the technology is relatively uniform and stable;

- there are routine activities; and
- decision making is programmable and co-ordination and control processes tend to make a tightly structured, hierarchical system possible.

The adaptive organic organisational form is more appropriate when the following are true:

- the environment is relatively uncertain and turbulent;
- the goals are diverse and changing;
- the technology is complex and dynamic;
- there are many non-routine activities in which creativity and responsiveness are important; and
- the systems of communication and co-ordination are informal and non-hierarchical (1991, p. 49, drawing on Kast and Rosenzweig, 1985, pp. 111-17).

SMEs recognise this at the outset, and the themes identified above are those relating to how they develop the organisation and their business, based on taking a strategic approach and exploiting their strengths and expertise in such an environment. While all SMEs will suffer from limited resources and staff at start-up, much then depends on the capacity of leadership, their technical skills and flexibility to operate in a dynamic environment, their ability to work with but ensure differentiation from, cooperating or competing institutions, as well as their ability to manage the competencies of its staff and maintain their focus, and maintaining expertise and focus through R&D.

In terms of core components, the SME emphasis is not on additional resources or staff, or even on changes to the operating environment but on: the quality of leadership, and particularly one that has the appropriate management competencies and the time to manage the organisation, understand its market, assess its organisational strengths (and especially in terms of staff expertise), and develop an appropriate strategy. The effective SME organisation is both flexible and focussed in how it deploys its resources – staff and finance – toward work that fits its organisational competences and does not compete with other organisations. If three key determinants stand out, it is an understanding of the nature and demands of the market, the quality of competent management and a clear and realisable strategy.

Indeed, drawing on De Sousa's (2008) "Ten guiding principles on how to avoid the institutional failure of ACAs" (Table I), it can be argued that the main themes that lie at the centre of an SME's likely sustainability and success also apply to ACAs as organisations (Table I).

If these themes of the SME experience are relevant then, as the OECD report also notes, their applicability to an ACA relates to the centrality of clarifying the type of institution and its mandate, and aligning and focusing an ACA by, first, having a clear understanding of the types, patterns and location of the corruption it intends to address, as well as the roles and responsibilities of other institutions with a direct or indirect involvement in anti-corruption work, and the dynamics of its operating environment. This has, second, to be translated into a realistic and realisable strategy. This has two aspects. Thus, the assessment will review two aspects of the strategy – the "business strategy" in terms of what are the ACA's objectives and the "organisational strategy" in terms of how the ACA intends to deliver the business strategy.

Developing both strategic aspects requires "intelligent" leadership who can ask whether the ACA strategy reflects the main types of corruption to be addressed, the inhibiting/facilitating enabling level factors, the roles of and interaction with

Principal	Main themes from principle	Main focus	
		External	Internal
1.	Think first, then act	Yes	Yes
2.	Reach pro-active forms of consensus (not immobilising ones)	Yes	–
3.	Avoid traps and gaps in the authority's statutes	Yes	–
4.	Promote a leadership and a social composition with integrity and dedication	–	Yes
5.	Define a strategy of resource management	–	Yes
6.	Create communication strategies and an IT-based complaints system	–	Yes
7.	Flexibility, adaptability and informality	–	Yes
8.	Build up strategic alliances	Yes	Yes
9.	Integrate the ACA into international cooperation networks	Yes	Yes
10.	Anchor ACA action in civil society	Yes	Yes

**Source:** Authors' own creation based on data adapted from De Sousa (2008)

**Table I.**  
Ten principles

other agencies, the existing organisational capacity and the existing levels of staff competencies before confirming the strategy and thus the type of organisational structure to deliver this. This means a leadership which understands how strategy is devised and what comprises a strategy and its implementation, already have the appropriate management expertise and experience, who understand capacity assessment and who have the authority to devise flexible management processes to fit the strategy and address the corruption on which the ACA will focus. As the OECD (2007, p. 26) argues:

[...] at the outset, it is important to clarify the type of the new body and its institutional placement. Further, its mandate should be developed, with clear identification of functions and tasks, as well as rules on inter-agency co-operation.

In other words, and unless the ACA has, after analysis and strategy, all the resources and staffing that it expects to be necessary to address the totality of corruption, then the role of the ACA must be strategic and, in terms of its existing resources and staffing, realistic. It can be argued that an ACA should investigate all allegations of corruption but small organisationally-immature institutions cannot perform satisfactorily across all functions. It needs to assess what it can do that other agencies cannot do, and what specialised work its powers and existing expertise is capable of addressing. This is predicated on the staffing and resources it has. This also means careful consideration as to what functions it should prioritise in terms of establishing organisational confidence

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and competence, developing the organisational culture and delivering a degree of credibility.

This requires a continuing structured organisational developmental process, in other words management that understands the development of capacity, confidence, competence and organisational maturity. How ACAs were funded by donors and governments, and what governments and donors expected of them, was often not grounded in reality, nor approached through a clear management development strategy. The Doig *et al.* (2005) review argued that this was central to ACA “success” and that governments and donors must agree on what the role of an ACA is – focus now on what they are good at, and what they have the resources and capacity to achieve. This would mean that ACAs should avoid seeking to fulfil a wide range of roles for which they did not possess the organisational competency and all such roles must either be divested entirely or delegated to other agencies. This approach is predicated on evidencing what the ACA wants to do on the basis of its current resources and expertise – its current strategy – and what it would like to do – its future strategy – which is both gap analysis and the OECD’s roadmap in terms of its development and what it needs by way of staffing, expertise and resources. The organisational strategy addresses the organisational structure and the management processes that align the organisation to implement the strategy, and the best use of its resource capacity to actually deliver the strategy.

## 8. Conclusion

The literature on ACAs and SMEs share a common theme in that organisations which achieve sustainability and success are those that work on the basis of their existing capabilities, current infrastructure or competencies, and which are driven by a strategic approach based on existing resources and staffing, a leadership with expertise in strategic, management and financial matters, an understanding of the nature of flexible organisational structures, roles based on staff expertise, and expertise in the effective use of staffing and resources. Such competences are central to developing an ACA, without which the criticism of their performance is likely to continue.

## Notes

1. The term here applies to independent agencies, with their own budget-line and staffing complement, which are not part of another agency. On occasion the term ACC (Anti-corruption Commission) is also used for the same body.
2. For example, of the original European Union Member States, only France, has a dedicated agency (which only deals with prevention). Portugal had such a body but abolished it. The UK has a government department, the Serious Fraud Office, that now investigates corruption involving UK companies overseas, but it rarely investigates cases of corruption within the UK and is primarily focussed on complex commercial fraud. Among the major donors (including the USA, the UK, Sweden, Norway, Denmark, Canada, and Australia) only Australia has set up an ICAC (NSW) and is planning one in Victoria State. None of the multilateral agencies are based in countries which have ACAs. Most developed countries locate any anti-corruption role within prosecutor or law enforcement agencies. The point is that multilateral and bilateral aid agencies are based in, and seek to draw expertise from, countries that themselves have little or no experience in independent organisations involved in anti-corruption work.
3. As De Sousa notes, “ACAs differ substantially in terms of competences and powers to carry out their mandate. Some agencies do not have investigation and prosecution powers.

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Some have been provided with a strong preventive and educative capability. In principle, all ACAs were created with a special mission to combat corruption (as already mentioned). In practice however, the 'Anti-Corruption Agency' label expresses different institutional realities. The discrepancy of capabilities is so wide that we could not put in the same league, the French SCPC, which has not been provided with detection and prosecution competences, and the Croatian USKOK or the Romanian NAD" (De Sousa, 2006, p. 24). Reviewing reports from the World Bank, the Asian Development Bank, the United Nations Office of Drugs and Crime, and the International Association of Anti-corruption Authorities, however, suggest more than 80 falling within the definition suggested in Charron (2008).

4. Most have less than 200 staff. A small number have over 600 staff (for example, Romania and Thailand); the number with over 1,000 staff are very few (for example, Iraq, Hong Kong and Malaysia).
5. In a number of cases, donors and others have failed to appreciate the incremental development of the HK ICAC. Set up in 1974 and led by a senior Hong Kong civil servant and a very experienced Hong Kong policeman with a background in intelligence, its initial workload for much of its initial 255 staff came from complaints about police corruption and involved investigations of corrupt officers. Such was the adverse reaction to their work that the Hong Kong administration provided an amnesty for all pre-1977 offences. Thereafter, the ICAC moved on to civil service and private sector corruption. As it grew it maintained an approximate 75-25 per cent balance between its investigative function and the other functions; many of its initial senior staff, and subsequently, were drawn from UK law enforcement. It never had a resource issue in a colonial dependency where the executive funded all public sector institutions without a parliamentary budgeting process in a small country with a high per capita GDP and significant business taxation.
6. When the UK Standards Board for England was established in 2001 to implement a national code of conduct for elected local government politicians (some 25,000) and to investigate breaches, the likely volume of complaints was modelled from those then received by the Local Government Ombudsman as a basis on which to determine the initial size of organisation and number of investigators.
7. By one of the authors.

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