Preventing corruption within government procurement: Constructing the disciplined and ethical subject

Dean Neu [a,*], Jeff Everett [a,1], Abu Shiraz Rahaman [b,2]

[a] Schulich School of Business, York University, 4700 Keele Street, Toronto, Ontario M3J 1P3, Canada
[b] Haskayne School of Business, University of Calgary, 2500 University Drive, Calgary, Alberta T2N 1N4, Canada

ABSTRACT

This paper examines the role of internal controls and monitoring practices in corrupt contexts and how these controls and practices shape the ethics and moral behaviors of organizational actors. Specifically focusing on corruption in government procurement and drawing on the insights of Michel Foucault and Gilles Deleuze, the paper proposes that effective anti-corruption practices depend upon an understanding and analysis of the practices and politics of visibility, and that effective 'luminous arrangements' have the potential to discourage corrupt practices and influence ethics within organizations. While such arrangements do not necessarily prevent corrupt practices, they do encourage certain actions and reactions among organizational actors, suggesting that organizational actors are at one and the same time free and autonomous, yet subject to and constructed by anti-corruption practices. These practices are thus both disciplinary and productive, affecting individuals in specific ways, while also benefitting the organizations for whom they work.

© 2014 Published by Elsevier Ltd.

1. Introduction

Governments are major consumers of goods and services. In the United States, for example, federal government procurement amounts to more than $450 billion annually (Federal Procurement Report, 2007, p. 2). In the European Union, the figure is even higher, exceeding $2 trillion each year (Deutsche Bank, 2011). It is perhaps not surprising then that government procurement is also a site where corruption flourishes (Berrios, 2006; Strombom, 1998; McCampbell and Rood, 1997). The magnitude and volume of procurement activities, ambiguity around the market value of many of the items being purchased, the spaces for political discretion that exist within government, and interdependence among political, bureaucratic, and business actors all make government procurement a key site for corruption (Hawkins et al., 2011; Søreide, 2002; Rose-Ackerman, 1999).

To prevent and detect government corruption, the literature emphasizes the role of internal controls and monitoring practices (cf., Strombom, 1998, p. 6; Fearon, 2009, p. 1000). The division of duties, procurement purchasing rules, policy manuals, ethical guidelines, and staff training figure prominently as ways of both limiting the opportunity for corruption and changing an organization's culture (Benavides, 2006, p. 471; McCampbell and Rood, 1997). Similarly, internal government auditors and external government audit agencies (i.e., supreme audit institutions) work to ensure compliance with the

aforementioned controls (Dye and Stapenhurst, 1998; Siame, 2002; Gilman and Stout, 2008). Together, these elements comprise 'government best practice' in the anti-corruption fight (Buscaglia, 2011, p. 455).

While numerous studies have examined the ethics-related aspects of corruption, particularly regarding bribery (cf., Cleveland et al., 2009; Ehlermann-Cache, 2007; Berrios, 2006; Turner et al., 1995; Kurland, 1993), there is little in the way of research specifically examining the role of internal controls and monitoring practices in preventing corruption, and how such controls and practices shape the ethics and moral behaviors of organizational actors. In response, the current study considers these issues, highlighting how internal controls and monitoring practices *effect* moral responsiveness and agency (Painter-Morland, 2011, p. 94), helping, in essence, to construct 'disciplined and ethical subjects'.

Starting from the insights of Michel Foucault, and further incorporating the vocabulary and ideas of Gilles Deleuze, the paper proposes that effective anti-corruption procurement practices depend upon an understanding and analysis of the practices and politics of visibility within government. Anti-corruption practices presume and depend on the use of written inscriptions to construct moments and spaces of visibility, the examination of these inscriptions by auditors, and the subsequent generation and circulation of inspection traces (cf., Foucault, 1979, p. 176; Deleuze, 1988, p. 36). These 'luminous arrangements' (Deleuze, 1988, p. 36) shine a light on and organize government procurement practices. If successful, these practices have the potential to construct a disciplined and ethical subject whose behaviors make corrupt practices the exception rather than the norm. That being said, the politics around what inscriptions will be gathered, the type of auditing that will occur, and the ways that inspection traces will flow through government and onward to the public have the potential to undermine the very purpose of anti-corruption activities (Neu et al., 2013a). Senior politicians, business actors, and bureaucrats are 'interested' participants within systems of procurement and inspection, and they often have reasons to block, diminish and divert inspection traces (Della Porta and Vannucci, 2007, p. 832). For these reasons, it is important to both understand and nurture the micro-practices of visibility.

The current study starts from and builds upon three bodies of research. The first is the policy-oriented and ethics-related research on corruption and procurement, a literature that describes and analyzes the contextual factors that make public-private corruption and, especially, procurement, such a vexing problem (Agbiboa, 2011; Berrios, 2006; McCampbell and Rood, 1997; Kurland, 1993). Secondly, we build upon the Foucaultian-based literature on management controls, as this highlights how accounting and auditing practices facilitate the construction of disciplined and ethical subjects (Power, 2004; Robson, 1992; Miller and O'Leary, 1987). Finally, we connect these two bodies of work to the theoretical insights of Gilles Deleuze, who provides us with an innovative way to think about the politics and processes of government procurement and, like Foucault, what it might mean to have agency in this field. Deleuze specifically asks us to think differently about our received understandings of terms like corruption by creating 'new ontologies', in the hope that we can change our perspective on such matters and, ideally, find new ways of addressing them (Stivale, 2005; May, 2005; Bonta and Protevi, 2004; Bogard, 2000; Hardt, 1993). Prior business ethics research has employed Deleuze's ideas (cf., Painter-Morland, 2011), and we extend this research by focusing specifically on management controls and how these not only help prevent and detect corruption, but also how they shape moral responsiveness and individual agency.

The research is important for two reasons. First, corruption involves billions of dollars and is one of the 'single greatest obstacles to economic and social development' (World Bank, 2005), consuming scarce resources that would otherwise be spent on education, health, and other social programs (United Nations and World Bank, 2007). Moreover, and contrary to popular perception, corruption is not limited to the developing world, since it is ubiquitous in countries such as Canada, the United Kingdom, the United States, and the countries of the European Union (Sutherland, 2003; Johnston, 2005). While the forms that corruption takes might vary between the developed and developing worlds, the consequences are the same. For this reason, it is important to understand how corruption is possible within developed-world settings, where seemingly strong democratic structures and robust anti-corruption controls are often in place.

Second, and while it might be productive to think of corruption as simply 'a deviation from a set standard' (Lennefors, 2007), it is still useful to view it as a class of social problem that involves, more narrowly, the illegitimate use of public or communal resources for private gain. Acts of fraud (Cohen et al., 2010; Chwastiak, 2013), environmental infractions (DesJardins, 1998), health and safety violations (Radin and Calkins, 2006) and income tax evasion (Everett et al., 2006; Otusanya, 2011) are but a few examples of activities that privilege private, 'self' interests over communal ones, and in these situations it is important to find ways to reduce such self-interested behaviors. To that end, the current study highlights the key roles played by form-based inscriptions and inspection activities in changing these behaviors, proposing that these practices combine with and complement other ethical practices within organizations.

The paper begins by examining the nature of government procurement and its susceptibility to corruption. We then discuss the form-, rule-, and inspection-based practices that are mobilized to prevent and detect corruption. Following this, we explore the ways that inspection practices can be blocked, diminished, and diverted by a variety of business actors, politicians, and bureaucrats. Finally, we consider the building blocks of 'effective luminous arrangements,' highlighting how these building blocks aid in the construction of disciplined and ethical organizational subjects.

2. Corruption and procurement

Government procurement is a fertile ground for corruption, and not simply because of the sheer magnitude of procurement activities. It is also because the area of government procurement has a series of unique features and participants that make it prone to corruption. First, government procurement involves the use of financial resources