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Hidden in plain sight:
Perceptions and experiences of
corruption in New South Wales
local government

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Declaration

This thesis is an original work of the author. None of the work has been previously submitted by me for the purpose of obtaining a degree in any university of other tertiary education institution. To the best of my knowledge, this thesis does not contain material previously published by another person, except where due reference is made in the text.

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Abstract

This thesis explores the relationship between perceptions and experiences of corruption within local government entities (councils) in New South Wales (NSW) from a social policy perspective. The literature on corruption and anti-corruption has evolved exponentially in the past three decades, with much focus on how to define, measure and regulate this complex phenomenon. Yet, limited attention has been paid to corruption within the administration of local government, where day-to-day services affect the lives of all residents within Australia's most populous state. The thesis shows how local council practices, cultures and structures impact on the visibility and subsequent management of corruption in its different guises. While some forms of corruption are outwardly visible, others take place in plain sight, but are very much hidden.

This research took the form of a mixed methods study undertaken between 2015 and 2016. Through synthesisation of data gleaned from an attitudinal survey completed by frontline workers across ten different council entities in NSW, and from semi-structured interviews held with a small sample of individuals who have experience and expertise in governing corruption, the research identified divergences between perceptions and experiences of, and regulatory responses to, corruption. It highlighted the ambivalent outcomes of corruption management strategies, both in terms of their comparative successes and unintended consequences. The research identified that the discourse of corruption is largely informed and mediated by external influencers, such as the NSW Independent Commission Against Corruption (ICAC) and tabloid media, the former focusing on the investigation and exposure of high-profile matters, and the latter representing such examples in sensationalised ways. This has created something of a disconnect between how corruption is popularly understood (in terms of what it is and is not) and how it is then situationally encountered and interpreted in the workplace. When first-hand experiences of corrupt practices were explored with participants, it was revealed that certain lower threshold practices (termed as 'mundane corruption') have been frequently observed. Such practices have become institutionalised as normal, in spite of the different modes of regulatory management that are deemed to be effective, and a broad view that the level of corruption in local government is low. Many suspicions of corruption have not been raised or pursued. Of those that have, many have

been met with an inadequate or unconvincing response, attributed to the organisational architecture and culture, and perceptions that certain corrupt practices must breach a given threshold of severity to be reportable and then actioned.

Overall, this thesis makes a significant contribution to corruption studies by showing how popular, if reductionist, frameworks of corruption, shaped by key institutions in society, mediate everyday perceptions, understandings and practices of corruption. These frameworks can, and do, affect the prevention and management of this complex social activity.

A more holistic approach to understanding organisational corruption is recommended across the domains of research, education, regulation and policy, so that optimal strategies of prevention and management can be co-designed and co-delivered.

Publications and presentations

Throughout the duration of this PhD journey, I have had the opportunity to engage in various forums and to present ideas to a range of audiences on different aspects discussed in this thesis. These are listed below.

Co-authored journal publication

Yates, A & Graycar, A. (2020). Death by a thousand cuts: Recognizing, responding and reporting on corruption in local government. *Public Integrity*, 22(1), 85-103.

Conference papers

Yates, A. (2018, 4 September). PhD findings: An insight into how corruption is perceived, interpreted and addressed in New South Wales local government. Paper presented at the Corruption Prevention Network (CPN) Forum 2018: Decoding the corruption puzzle, Sydney (following invitation).

Yates, A. (2018, 31 January). The importance of a positive reporting culture in the prevention of corporate fraud and corruption. Paper presented at the Risk and Assurance Group (RAG) Conference, Sydney (following invitation).

Yates, A. (2017, 15 November). Factors that impede efforts to address corruption in local government and how to overcome them. Paper presented at the Australian Public Sector Anti-Corruption Conference (APSACC), Sydney (following acceptance of an abstract).

Yates, A. (2016, 9 November). Understanding and addressing barriers to creating a positive reporting culture. Paper presented at the National Investigations Symposium, Sydney (following acceptance of an abstract).

Yates A (2016, 26 October). What does a good culture look like and how do you measure it? Panel facilitation at the [inaugural] Public Sector Fraud & Corruption Summit, Canberra (following invitation).

Yates, A. (2016, 19 October). Understanding, interpreting and addressing corruption in local government. Watchdogs and whistleblowers: Integrity, ethics and obligations (Open State), Adelaide (Part of a panel discussion, following invitation).

Yates, A (2015, 29 July). Is local government sufficiently resistant to corruption? Paper presented at the Public Sector Fraud and Corruption Congress, Melbourne (following invitation).

Guest lecture

Yates, A (2015, 20 April). Policing corruption. Controversies in Crime Control, School of Sociology, Australian National University, Canberra.

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List of abbreviations and acronyms

ACA	anti-corruption agency
ACELG	Australian Centre of Excellence for Local Government
ACFE	Association of Certified Fraud Examiners
ACT	Australian Capital Territory
ALGA	Australian Local Government Association
ANU	Australian National University
CAQDAS	computer-assisted qualitative data analysis software (e.g. NVivo)
CCC Qld	Crime and Corruption Commission (Queensland)
CCC WA	Corruption and Crime Commission (Western Australia)
CEO	chief executive officer
CPI	Corruption Perceptions Index
DFID	Department for International Development (United Kingdom)
DLG	Division of Local Government (New South Wales)
DPP	Director of Public Prosecutions, Office of the (New South Wales)
FSR	financial sustainability rating
FTE	full-time equivalent (staff member)
GDP	gross domestic product
GM	general manager
HREC	Human Research Ethics Committee
LGA	local government area
LGION	Local Government Internal Ombudsman Network
IBAC	Independent Broad-based Anti-corruption Commission (Victoria)
ICAC Hong Kong	Independent Commission Against Corruption (Hong Kong)
ICAC NSW	Independent Commission Against Corruption (New South Wales)
ICAC Act	*Independent Commission Against Corruption Act 1988* (New South Wales)

ICAC SA	Independent Commissioner Against Corruption (South Australia)
NSW	New South Wales
OECD	Organisation for Economic Co-operation and Development
OLG	Office of Local Government (formerly Department of Local Government) (New South Wales)
PID Act	*Public Interest Disclosures Act 1994* (New South Wales)
SEIFA	Socio-Economic Indexes for Area
SPSS	Statistical Package for the Social Sciences
TASP	types, activities, sector, places
TCorp	Treasury Corporation (New South Wales)
TI	Transparency International
UK	United Kingdom
VPS	Victorian Public Service
WGI	Worldwide Governance Indicators

Preface

In defining my approach and role in relation to the topic explored within this thesis, I might be, to borrow Edgar Schein's terminology, something of a scholar-practitioner (Wasserman & Kram, 2009, p. 12). Tenkasi and Hay (2008, p. 49) define scholar-practitioners as 'actors who have one foot each in the worlds of academia and practice and are pointedly interested in advancing the causes of both theory and practice'. Before I immigrated to Australia, my work within avenues of fraud prevention, education and investigation spanned different sectors in the United Kingdom (UK), and this influenced my fascination with, and desire to find out more about, why fraud and corruption continue to manifest. The more I have researched these concepts academically, and seen, as well better understood, how and why they thrive within different sectors and organisations, the more I continue to realise that there is so much more to learn about why this is.

When I arrived in Australia in 2012, my intellectual interest was piqued when I commenced full-time employment as an Internal Ombudsman within the then Warringah Council, situated in the northern beaches region of Sydney, prior to its merging with Pittwater Council and Manly Council in May 2016 to form Northern Beaches Council. Despite my work experience in different UK settings, this was my first experience within a local government environment, and it transpired to be an inspirational milieu for the study that forms the basis of this thesis. As a practitioner at the coalface of a metropolitan council, I quickly came to grasp how matters of *misconduct* might, or might not, be construed or interpreted as *corrupt* conduct in situ. Different investigative pursuits involving corruption, publicised through media and council communication channels, had clearly heightened council workers' awareness of corruption; yet, they did not seem to engage with the concept or practice, from an empirical and regulatory perspective. I was not convinced that the concept of corruption, as it was reported on by the media and discussed in select academic publications, aligned with the perceptions and experiences of employees who might encounter its incidence on the frontline of local government. These might include employees, as well as senior officials, who might have a responsibility to educate on anti-corruption strategies and regulate or govern practices of corruption. From an

ethnographic position, the two concepts seemed incongruent; there appeared to be a disconnect between practices that might be considered 'corrupt' under the relevant jurisdictional definition and the exceptional examples of corruption that dominated popular news.

This realisation inspired me to explore distinctions between the perception of corruption and its multifarious realities. I was keen to explore the meanings of corruption, both formal and informal, in the context of organisational structure, culture and practice. I was also interested in exploring the interpretations of corruption and its associated characteristics, informed by third-party publications – such as academic literature, measurement indices and stories about corruption in local government – but also by those who encounter or experience its *everydayness* in the course of their work.

I am now able to present a thesis which delves into these various aspects. I have had the privilege of presenting many of the findings at various Australian conferences and symposiums during the course of this doctoral program, but it has been an equally rewarding experience to have had the opportunity to apply them to the different workplace endeavours that I have been involved with. Following my tenure at Warringah/Northern Beaches Council, I have worked within, or consulted to, a range of councils within New South Wales, as well as a state government department and now within the corporate setting. These experiences have afforded me with opportunities to apply much of the knowledge that I have acquired during the course of this doctoral program to different educational and preventative strategies.

CHAPTER 1:   INTRODUCTION

Most anti-corruption efforts are bound to fail unless we can find more effective ways of unpacking the problem we are seeking to address. (Heywood, 2017, p. 28)

1.1   Introducing the thesis

This thesis explores how occupational corruption is perceived, interpreted and managed within local government in New South Wales (NSW), Australia. It finds that corruption in local government is infrequently recognised and rarely reported. On the occasion that corruption is identified and subsequently reported, any response is lacking or is inadequate. Local government is studied here as it is the closest level of government to the people, with inherent opportunities for corruption to arise through daily operational activities. This thesis highlights and unravels the complexities associated with corruption, by exploring council workers' perceptions, insights and experiences, as well as the accounts of those tasked with investigating and managing corruption in local government. It accentuates the contradictions and tensions that are inherently entwined within the organisational culture of many councils, highlighting how different forces impact on the in/visibility of corruption and strategies designed to manage its incidence.

The topic of corruption is one of great interest and importance. In recent years, it has been discussed more frequently than the economy, unemployment or poverty (GlobeScan, 2011), and is considered to be a 'defining issue of the 21st century' (Fukuyama, 2017). Despite this degree of interest, corruption is by no means a new phenomenon, and this thesis explores how it is subject to misunderstanding, popularly, academically, but especially organisationally. The term has existed since the beginning of time (Graycar & Prenzler, 2013, p. 3), yet only in the last three decades has the study of corruption gained pace (Bjørnskov, 2011, p. 135; Kuris, 2015, p. 126; Wedel, 2012, p. 453), primarily through the lens of its impact on economic growth (Heywood, 2017, p. 23) but also because it has increasingly become newsworthy and an object of public interest. From a causation perspective, it is notable that, during this time, multifarious examples of the damaging effects of corruption have been cited by eminent scholars; specifically, it is asserted that: corruption in public service undermines 'the legitimacy

and effectiveness of government' (Rose-Ackerman, 1999, p. 9) and the meritorious and egalitarian principles of economic distribution (Smith, 2010, p. 449); corruption deters investment (Graycar & Smith, 2011, p. 3), especially in core services such as education and health (Transparency International, 2015, p. 7); corruption causes injustice and affects quality of life, as well as adding to business costs and competition (Lee, 2006, p. 221). Even petty bribery, as a form of corrupt conduct, has the ability to erode public trust and institutional legitimacy (Dix et al., 2012, p. 36).

Corruption, as a broad concept, has been referred to as one of the 'greatest challenges societies face' (Maduna, 1999, cited by Johnson & Sharma, 2004, p. 1). In 2013, just before the commencement of this research project, corruption was estimated to cost 5% or US$2.6 trillion of global gross domestic product (GDP) (World Economic Forum, 2012). If this sum is correct, the cost of corruption sits just outside each of the top five countries' respective contributions to global GDP (howmuch.net, 2017). On the basis of such accounts, corruption appears to be a ubiquitous phenomenon without jurisdiction. And yet, despite being referred to as a single concept, corruption has different cultural manifestations and meanings as a consequence of its situatedness; thus, who or what is doing the defining or measuring of corruption is as important to examine as the social contexts in which the practices materialise.

Despite the growth of academic research on corruption, there is uncertainty as to whether such research has a direct impact on reducing corruption (Heywood, 2017, p. 21). Hence, one might wonder what the implications are of this increase in exploration. The aforementioned statements about its purported enormity and cost to society do little to assist practitioners and policymakers in their efforts to map its various forms, reduce its incidence or degree of risk, or to unravel its complexities so that apposite solutions might be designed and delivered. Do such claims have an empirical foundation or are they hyperbole: amplifications that reveal deep societal misunderstandings of this phenomenon and therefore generate excessive agitation? Although corruption is deemed to be 'a complex, dynamic and multifaceted phenomenon that can take a variety of forms' (DFID, 2015, p. 80), it is often cited as a catch-all term for a number of individual practices. Such references rarely unpack the component parts of corruption or explore the array of economic, political, historical and socio-cultural factors that mediate and contribute to its prevalence.

The local government sector in NSW provides an apt case study, as it is the milieu most frequently complained about by members of the public to the state's anti-corruption agency (ACA), the Independent Commission Against Corruption (ICAC) (ICAC NSW, 2016, p. 17). ICAC was created in 1989 'in response to growing community concern about the integrity of public administration in NSW' (ICAC NSW, 2014b) and was the first ACA to be established in Australia. Yet, despite the majority of complaints about local government made to ICAC being by members of the public, the 152 councils that serviced a population of approximately 7.7 million residents (Australian Bureau of Statistics, 2017c) made just 120 reports to ICAC in 2015–16 (ICAC NSW, 2016, p. 20). It would seem that many councils either purposefully or inadvertently omitted to report any suspected form of corrupt activity to ICAC, despite a statutory obligation to do so (ICAC NSW, n.d.). Noting that council officials are well placed to identify and respond to the risk and reality of corruption, as a consequence of their proximity to and engagement in everyday operations, this sum of just 120 reports indicates that much suspected corruption is failing to come to external attention and investigation; it is a significantly minuscule number given that there are more than 54,000 local government employees in NSW (Australian Bureau of Statistics, 2017a). Given the purported degree of corruption in public and professional life, especially as captured in economic portrayals and calculations, very little research focus has been paid to the peculiar lack of reportage and equally curious dearth of investigatory responses. This thesis therefore examines why corruption is failing to come to light in ways one might expect, by exploring and detailing the various factors which explain this lack of reporting and consequent visibility. At the present time, the chronic under-reporting of corruption appears to fall under public notice without any degree of scrutiny, and remains significantly under-researched.

In spite of the increased interest in corruption during the preceding three decades, and the fact that ICAC has existed in NSW for almost that length of time, the study of corruption at the local government level is relatively marginal (Masters & Graycar, 2016, p. 46). Previous research has addressed corruption from a multitude of perspectives and has proposed conceptual models germane to particular academic disciplines (Jancsics, 2014, p. 358). However, few studies explicate the rich nuances associated with the notion of corruption at the grassroots of Australian local government. Salient

distinctions exist between corruption in poor countries and rich countries such as Australia (Graycar & Monaghan, 2015), yet influential measurement indices, such as Transparency International's Corruption Perceptions Index (CPI), tend to focus on cross-country comparisons (Transparency International, 2013b). These could be construed as objective indices, with limited or conveyed elucidation of geographical, cultural and historical contexts. The CPI, in particular, attracts public interest (Davidson, 2013), yet it fails to unravel multifarious factors such as geopolitical situation or religiosity (Dreher et al., 2007, p. 448), differing and situated definitions (Kurer, 2015; Philp, 2009), or cultural divergences and practices (Larmour, 2008). As an example, cultural divergences compound ambiguities between corruption and practices associated with gift-giving (Graycar & Jancsics, 2017), a specific facet that is viably contextualised within the multicultural context of Australia, and NSW in particular, which is home to a third of the nation's population (Australian Bureau of Statistics, 2017c). The correlation between gift-giving, culture and corruption is discussed further in Chapter 2 (Section 2.3.1).

It seems logical that the meanings that citizens attach to corruption are significant in terms of understanding the complex nature of corruption. This thesis explores these subjective meanings as they circulate and mediate the frontline of local government, canvassing the perceptions and interpretations of employees in local government who might observe the risks and realities of corruption during the course of their employment. Accordingly, this thesis is not focused on why the interest in corruption has transpired and grown in the last three decades, nor on contributing explicitly to any debate about how corruption should or should not be defined. Of course, these issues feature heavily in the current scholarly discourse on corruption, as explored in Chapter 2, and are influential in terms of how practitioners and policymakers conceptualise and approach corruption management within their respective jurisdictions. Instead, this thesis seeks to invert this dominant approach, by coming to a grounded understanding of corruption from the inside out: to understand what corruption means to those whose occupational role brings them into close proximity with anti/corruption discourses and practices, and to those who may encounter or experience its manifestations in the weave of their everyday doings, both as participants

and witnesses; and to explore the extent of any deviations and tensions that may exist within the diverse local government sector of NSW.

Blumer's (2007, pp. 68-69) theory of *symbolic interactionism* is relevant in this regard, being a direct examination of group dynamics, meanings and conduct, contending that if the scholar 'wishes to understand the action of people it is necessary for him to see their objects as they see them'. Building on this, Blumer (2007, p. 69) argues that 'people act toward things on the basis of the meaning that these things have for them, not on the basis of the meaning that these things have for the outside scholar'. Blumer's theory is salient to this thesis, which is original in its exploration of the rich nuances associated with corruption, as seen through the lens of those who work at the frontline, this being a focus which has been sparsely explored to date. As such, the thesis seeks to contribute to public and policy understandings of local government corruption by grounding this concept, phenomenon and practice within everyday meanings and workplace cultures.

On this basis, it is worth outlining the broad landscape of local government within NSW, Australia's most populous state. This context significantly shaped the approach taken in the study and the research methods that were employed, particularly when determining how best to elicit views from public officials in local government.

1.1.1   Local government in NSW

Australia comprises three tiers of government: federal government, state or territory government, and local government. State and territory governments define the powers of local government, or local councils as they may also be referred to, and their geographical boundaries (Australian Government, 2014). At the commencement of this research project, the local government sector in NSW comprised 152 councils, some of which were amalgamated in 2016, resulting in a reduced number of council entities (N=128) (NSW Government, 2017b). While amalgamation is a novel development in the state of NSW, the Australian states of Victoria, South Australia and Tasmania have previously experienced similar modalities of local government reform with the main rationale being economies of scale (Baker, 2003, pp. 119-120; May, 2003, pp. 89-96). Key to these changes was the erasure of boundaries between former local government areas (LGAs), which are defined by the NSW state government (Australian Government, 2014), but also the merging of staff, constituents, elected officials, and cultural and

occupational models of practice. It could be argued that this process amplified the timeliness of this study. During any period of organisational change or restructuring, where there is a period of administrative disruption and messiness, corruption has the potential to metastasise through the emergence of weaknesses in the existing governance of controls which might have previously limited or governed opportunities for corruption (ICAC NSW, 2017c, pp. 7-8).

It is pertinent to note that, in addition to the sector's fragmented, heterogeneous composition, local governments are quite unique in the way they operate (Dollery et al., 2003, pp. 3-4). Each council is comprised of a pool of democratically elected members, but the day-to-day operations and administrative functions fall to each council's general manager (GM), or chief executive officer (CEO), to perform. As such, there were 152 GMs in NSW local government at the commencement of this study, with each council governed by an elected body.

Many well-regarded countries today have been the focus of political corruption at one stage or another (Johnston, 2012, pp. 60-61). Yet, while there have been examples of corrupt conduct committed by elected representatives in NSW (e.g., ICAC NSW, 2014d), the democratic election process provides opposition leaders with the opportunity to expose corrupt incumbents (Rose-Ackerman, 1999, p. 142). Consequently, public 'visibility' of corruption in the Australian local government context is often spotlighted on the elected officials, rendering public opinion with a perception that the local government is a 'hotbed of corruption' (Solomons, 2018). Sensationalistic notions such as this do little to assist practitioners, policymakers and scholars develop their understanding about this broadly referred to, but situationally diverse and popularly misunderstood, phenomenon, that is categorised as *corruption*.

Council members are democratically elected to civic office; while their actions are somewhat visible and accountable, the day-to-day administration predominantly takes place out of public view. This thesis explores the occupational and administrative workings that ensue behind the veneer of the elected domain and the high-profile political matters that stimulate public interest. It focuses on the administrative and operational aspects of local government, which are far less observable to the collective population. It is here that less exceptional practices of corruption, which are less

newsworthy and of lower priority for regulatory attention, are potentially interwoven within the administrative tapestry of a sector that is for the most part self-governing.

In this regard, each council *inter alia*: collects rates and manages its own finances; makes procurement and personnel decisions, including the hiring of subcontractors; collects fines; and applies discretionary judgement to applications. Within dispersed operational environments such as these, corrupt practices may feasibly be less discernible, manifesting as low-level transgressions and conceived by the majority to be unexceptional or 'mundane'. Such practices would be vastly dissimilar to the more sensationalised and exceptional examples that inform public opinion, but equally might be concealed within the routineness and ordinariness of public administration. The premise behind this argument is formulated on the basis that, if a mere 120 reports are made to ICAC by 152 councils in NSW, one might surmise that many councils are: not experiencing any form of corrupt conduct; dealing with the risk and reality of its occurrence in a different way; omitting to notify ICAC out of concern for organisational reputation or ensuing investigatory disruptions, or because the activity is not adjudged to merit investigation; or the conduct is not designated as corrupt, but is instead enmeshed within the everyday machinery of council operations.

In terms of how corruption is conceptualised and explored within this thesis, it is pertinent to note key definitions of corruption that exist in the literature when seeking to formulate a baseline on what corruption is, and how it may be researched, understood and governed.

1.1.2   The nature and concept of corruption

In terms of dominant definitions of corruption, Transparency International's simplistic interpretation, 'the abuse of entrusted power for private gain' (Transparency International, 2018; Treisman, 2000, p. 399), is notably influential. While there are well documented problems associated with this definitional phrasing, which are discussed further in Chapter 2, this framing and meaning of corruption has arguably influenced the everyday discourse on corruption, especially in the last three decades of increasing international interest (Sampson, 2010, p. 262). In terms of how corrupt conduct is designated more locally within NSW local government, the legislative framework has important leverage, bearing down on how corruption is defined, understood and

regulated. ICAC's legislative decree is cogent in this regard. The *Independent Commission Against Corruption Act 1988* (NSW) (ICAC Act) offers a definition of corrupt conduct and places a number of accountabilities on local government, as well as on other public authorities in the state of NSW.

Underpinning the theoretical base of this thesis, it is pertinent to note that the application of any definition is an inherently subjective and contingent social process (Rose, 2018, p. 229). This is relevant in the study on corruption, as a variance in understanding exists between those who see corruption as a structural principal–agent problem and those who see it as an offshoot of political and economic systems and processes (Heywood, 2017, pp. 22-25); in other words, a societal problem. The more traditional idea of corruption as a societal problem differs broadly from the notion of corruption as a principal–agent problem, and is thought to be rare in contemporary references to corruption (Holmes, 2015, p. 1). From a societal perspective, corruption is assumed to be an 'infection of the body politic' (Hindess, 2012, p. 5), a symptom of social dysfunction rather than an individual pathology. Conversely, the doctrine of the principal–agent model assumes that corruption is committed by the *agent* and that corruption control rests with the *principal* (Groenendijk, 1997, p. 207). This model tends to focus on corrupt practices and individuals: a degree of *quid pro quo*, being a favour or advantage granted in return for something, on the part of the agent. The principal–agent model assumes that a 'benevolent and ethical principal' has a vested interest in tackling corruption, but a fundamental critique of this model notes it is 'quite rare that systemically corrupt societies produce such leaders' (Rothstein, 2017a, p. 14). As argued by Andvig and colleagues (2000, p. 117), 'the political and administrative leaders may themselves be corrupt'. In this case, if the principal is corrupt or complicit, the model is limited in its ability to control corruption (Persson et al., 2012, p. 452) and anti-corruption measures would be futile in a council that is already inherently corrupt (Rothstein & Teorell, 2015, p. 88).

The consideration for this thesis, and one that compounded difficulties for conducting research of this nature, is that those within the system of administration may not comprehend that their actions, or those of their colleagues', are or would be considered by an outsider to be corrupt (Chibnall & Saunders, 1977, p. 143). This point is crucial to the research: while corrupt behaviour might be thought of as individualistic, its

institutional context means that it is often not perceived as such by those who work within the system (MacLennan, 2005, p. 165). Contemporary references might tend to focus on specific practices that fall within the regulatory purview of the ICAC Act, in which punishment is individually ascribed. However, it is not clear whether such practices are disentangled from the organisational and cultural context of local government. Compounding this, if everyday practices are not deemed to be in the same league as the types of 'corruption' that dominate public opinion, this potentially informs the organisational discourse and allows them to be normalised or routinely disregarded.

This scholarly debate intrinsically informs the position of this thesis and the rationale behind the methodological approach utilised: the empirical examination of corruption in local government by those who might encounter its mundane forms and those who have a role in managing it. Neither model is favoured within this thesis, but it seems pertinent to accede that any notion of corruption that is restricted to being a societal problem appears amorphous and difficult to disentangle. In this regard, Groenendijk's (1997, p. 207) view is a noteworthy one, that 'although corruption is generally analysed as a social phenomenon … it is from the decision of individuals that corruption stems'. Corruption may be the outcome of structured activity that has been institutionalised over time, but corrupt practices may manifest from sporadic or routine actions and behaviours, committed by individuals who do or do not see wrongfulness in their actions. This thesis, therefore, seeks to review corruption as a broad concept, but also to unpack its component parts so that its complexities can be examined systematically and responded to in nuanced ways. Given this, approaching the research project with a single, unifying question did not seem to be the best means to achieve the research objectives, and was considered to be potentially limited. This served as a basis for why a more explorative and inductive approach was undertaken. Moreover, because of the multi-method and iterative character of the primary research, I embraced a holistic and situational and participant-driven framework for binding the main thesis around.

1.2   Research questions

This thesis explores and attempts to explain how occupational corruption is perceived, interpreted and managed within the appointed and administrative purview of NSW local government. In this regard, it addresses four sub-questions:

1. How do local government employees understand the nature and prevalence of corruption in local government?

2. What perceptions and experiences do employees have of corruption and what explanations do they provide for its existence and management within local government?

3. How does the organisational arrangement and culture of councils either facilitate or hinder the incidence of corruption?

4. How do councils recognise and respond to the risk and reality of corruption?

1.3 The study

Recognising the inherently negative connotations of the term 'corruption' (Mulgan, 2012, p. 25), a key challenge of this research project was how best to operationalise the study of corruption, as a nuanced, subjective experience, and to elicit candid views from appointed officials in a way that would be credible and enhance validity. To expand on observations by Rothstein and Torsello (2014, p. 264), key challenges were envisaged in exploring a contentious and contested topic that is not only subjective in nature, but arguably sensitive in the organisational realm. This is amplified when one is seeking to explore first-hand encounters with corruption, as well as perceptions and perspectives on the effectiveness or otherwise of organisational responses.

Accordingly, the research employed a mixed methods approach to data capture and analysis, to elicit insights from workers and practitioners that might not be sufficiently probed and explained by the use of one research method alone. Through integration of results based on two divergent approaches – one attitudinal in scope, the other more about intersubjective and biographical experience – the research explored the views of those who might see, experience and potentially report on corruption (Phase 1), and those who might have a guardianship role in preventing or managing corruption (Phase 2). While the sample base in Phase 1 was utilised to explore the meanings and implications of employees' understanding about corruption, Phase 2 approached the topic via an anti-corruption practitioner perspective, owing to the fact that anti-corruption features within practitioners' everyday discourse and forms part of their 'guardianship' mandate (Clarke & Eck, 2003). The insights and experiences of the

participants in Phase 2 added considerable value to the knowledge base, by expanding on and elucidating contextual issues that facilitate or hinder the reality and risk of corruption and the effectiveness of efforts to address it.

1.3.1 Assumptions underpinning the development of this thesis

The following assumptions underpin the research undertaken for this thesis. They highlight how the thesis will be developed through the following chapters, as a baseline for how corruption may be situated, understood and attended to.

Baker (2003, p. 119) asserts that ICAC has 'had a significant impact on organisational culture in local government'. ICAC is potentially not only influential in terms of how corruption is understood and addressed by those who work within this sector, but as a perceived authority on which practices, behaviours or activities may, or may not, be designated as crossing a 'corruption' threshold. The creation of ICAC as the first ACA in Australia, and its evolution during the past 30 years, coincided with the upsurge of global anti-corruption initiatives during the same period (Kuris, 2015, p. 126; Wedel, 2012, p. 453) and a corollary increase in citizens' outrage and concerns about the detrimental effects of corruption (Rothstein, 2017a, p. 4). However, ICAC's mandate to investigate and make public 'serious and systemic corruption' (ICAC NSW, 2016, p. 20) assumes that the types of matters predominantly brought to the attention of the public are the ones that have reached a level of pervasiveness or seriousness, or both. Such matters are not representative of everyday, mundane corrupt events, nor do they enrich public opinion on how cultures and social factors reify particular practices and understandings. ICAC's visible pursuit of some matters over others, as publicised through tabloid media, focuses on the 'tip of the iceberg'; it thus represents what corruption is or might be and, by virtue of this socially constructed normativity, what it is not. The implications of this are discussed within Chapter 4.

Building on this line of argument, which is explored in more detail in Chapter 2, a theoretical assumption underpinning this study is the fact that many activities designated as 'corrupt' are not always legal infractions (Dormaels, 2015, p. 607; Graycar & Villa, 2011, pp. 435-436; Philp, 1997, p. 441; Zimring & Johnson, 2005, p. 797). From a legislative and regulatory perspective, the ICAC Act stipulates that corruption may be a 'criminal offence or warrant disciplinary action or … amount to a substantial breach of

an applicable Code of Conduct' (ICAC NSW, 2014a). Therefore, 'corrupt conduct', as per ICAC's jurisdictional definition, need not be illegal. Yet, despite this defined regulatory decree being introduced at the inception of ICAC in 1989, it remains that instances of suspected corruption have not been referred to ICAC in the quantities one might expect. Moreover, there is limited effort to understand why this might be so. Chapter 5 explores the range, nature and extent of practices that have been suspected and witnessed by front line employees, before developing insights into why such matters have not come to light or are otherwise institutionalised within the occupational realm. This chapter also explores how practices less prone to the label of corruption are subsumed within the organisational messiness of council operations or considered unexceptional when compared to the newsworthy forms of corruption that attract the interest of ICAC. This chapter further identifies different social stigmas and preconceptions about corruption, noting their degree of influence in terms of how employees react and respond to corruption, including by reporting it, or not.

Until the point of intervention, instances of suspected corruption have continued for that duration, with many activities not reaching the attention of ICAC or not receiving any investigative response. These instances, therefore, remain unattended to. Chapter 6 describes the different factors that disrupt or enable different practices that may be construed as corrupt, with a particular examination of the structural and cultural elements that have a bearing on this. It explores the multifarious tensions that exist within councils and the administrative systems that facilitate or hinder efforts to understand and manage corruption. From there, this chapter examines the extent to which these factors influence the willingness and inclination to manage corruption on the part of those who have a stewardship role, as well as those who might experience forms of corruption.

In Chapter 7, the findings from each of the three preceding chapters are discussed. This discussion reflects on the broader implications of the findings for how corruption is understood and managed, and recommends a number of theoretical and practical trajectories.

1.4   Research importance

No previous research has explored perceptions and experiences of corruption, in any jurisdiction of Australian local government, at the depth and scale probed by this study: the degree to which corruption manifests in various mundane forms in local government contexts and practices; how it is perceived, understood and responded to; and whether current anti-corruption measures are fit for purpose and address some of the situated and intra-organisational tensions and complexities that mediate the corruption field. Key to this research was establishing, via a mixed method approach, whether the degree of corruption within NSW local government is considered to be so widespread or systemic that anti-corruption endeavours have become ineffective (Klitgaard, 2000, p. 5; Persson et al., 2012, p. 453), and if so, what factors might explain this.

Efforts to address corruption at the stage of it being widespread and systemic could be metaphorically likened to the expression, 'closing the stable door after the horse has bolted'. By then, scholars, practitioners and policymakers have lost the opportunity to understand the rich and multifarious complexities of corruption, which would enable them to design appropriate methods of management. Hence, the choice of Paul Heywood's quote to introduce the thesis: in order to *address* corruption before it becomes widespread or systemic, there is a need to better *understand* corruption. If organisational practices are, or were at one stage, defined or seen as wrong, deviant, even corrupt – as per contemporary definitions of corruption – then what factors contributed to the degree of acceptance, toleration and normativity, and why were regulatory interventions not forthcoming?

This reasoning underpins the importance and necessity of this research. The knowledge produced will have broad theoretical and practical benefits, and will potentially have implications for how corruption is perceived, defined and practised, in addition to how it is managed and regulated.

1.5   Summary

This chapter introduced the study context, objectives and purpose of the thesis, and drew attention to the nature and complexity of corruption, as a theoretical notion, a

contested discourse and a socially situated practice. It suggested that the paucity of reports made to ICAC by councils within the NSW local government sector is an indicator that corruption is a socially constructed phenomenon amenable to multiple levels of definition and regulatory manipulation. Specifically, many forms of corruption, as regarded by scholars and regulators working in this field, are failing to come to light as a consequence of particular organisational, cultural, political, economic and social factors. It proposed a research question that seeks to elicit greater understanding about this intangible phenomenon by grounding it in the experiences of those who may encounter its multiple manifestations in local government.

Chapter 2 will now proceed to examine the relevant literature in the field of corruption studies, as a foundation for the project methods and methodology discussed in Chapter 3.

CHAPTER 2:   LITERATURE REVIEW

2.1   Introduction

This chapter explores the relevant literature associated with the objective of this study, which is to understand:

> *How occupational corruption is perceived, interpreted and managed in NSW*
> *local government*

While understanding corruption is a key element to this thesis, in terms of how it is then researched and explored in practice, the research needs to explore underpinning theories associated with crime prevention before unpacking the literature on corruption. Several ideas and approaches informed the theoretical foci of this study, which are developed by a review of the literature that follows in this chapter. These ideas and approaches assist in providing an analytical lens with which to explain the complex nature and situated meanings of corruption among those who encounter its incidence or potential within the organisational and administrative realm of local government. Considered as core concepts that might inform relational thinking (Berman & Smyth, 2015, p. 127), each has the potential to inform any conceptualisation of corruption, the relationship between its discernibility and degree of tolerance, and social relations of reaction or inaction.

2.2   Theoretical influences

Several theoretical concepts are influential in terms of how this thesis explores: the nature, level and types of corruption in local government; the symbolic meanings that individuals ascribe to corruption; and the different explanations that might explain the existence of seemingly deviant or corrupt practices within the workplace culture and any corresponding proaction, reaction or inaction. These concepts are:

- differential association theory (Sutherland & Cressey, 2004)
- techniques of neutralisation (Sykes & Matza, 1957)
- fraud triangle (Cressey, 1973)
- denial theory (Cohen, 2001)

- broken windows theory (Kelling & Wilson, 1982)

- crime triangle (Clarke & Eck, 2003)

- routine activity theory (Clarke & Eck, 2003)

- differential rationalisation theory (Shepherd & Button, 2018)

These theories, explained further below, are discussed in accordance with Bauman's (1990, pp. 145-146) reference to culture as a 'human activity' that comprises two elements: the *individual* and the organisational *environment*.

2.2.1 Theories associated with individuals

Drawing on Sutherland and Cressey's (2004) differential association theory, which explains how individuals interact with others and come to learn that crime and deviance are normal social processes, this thesis seeks to make sense of the different understandings that exist in relation to corruption and the interrelationship with occupational status and network (Dormaels, 2015, p. 596). The normalcy of deviant or corrupt conduct becomes commonplace as individuals rationalise or neutralise their behaviour in correspondence with the cultural script of the social organisation or group (Sutherland & Cressey, 2004, pp. 67-69). As a well-documented component of fraud and corruption theory (Gorta, 1998, p. 76), these conceptual notions are largely influenced by Sykes and Matza's (1957) work on techniques of neutralisation, which was developed as a theory to describe juvenile delinquency, but is relevant in the context of corruption, whereby ordinary employees find ways to avoid moral culpability. Five types of neutralisation techniques are identified: the denial of injury; the denial of responsibility; the denial of the victim; the condemnation of the condemners; and the appeal to higher loyalties (Sykes & Matza, 1957, pp. 667-669).

Sykes and Matza (1957, p. 666) state that 'these justifications are commonly described as rationalisations'. Likewise, the notion of rationalisation features as a component in Cressey's (1973) fraud triangle, which states that three categories are required to commit a fraud: (1) opportunity; (2) pressure; and (3) rationalisation. This third category, *rationalisation*, is not an *ex post facto* means of justifying the act, but a necessary component that is required before or during the act (Cohen, 2001, p. 58; Wells, 2004, pp. 11-12); rationalisation is a means of mitigating or justifying any illegitimacy, deviancy or wrongfulness, such that it becomes embedded as culturally

acceptable within its socially situated context (Chibnall & Saunders, 1977, p. 139; Ditton, 1977, p. 149; Scott & Lyman, 1968, p. 54). These theories are not only noteworthy in the operationalisation of the research and in explaining the findings, they also further assist in the search to understand whether, to what extent, and why, corruption may be habitually perpetrated, accepted or disregarded.

Assisting this understanding, denial theory focuses on the accounts given based on an acceptable language of motives acquired through socialisation techniques (Cohen, 2001, pp. 58-59). Denial theory builds on Sykes and Matza's techniques of neutralisation and is considered in this thesis in the context of whether denials are by a person or several people, or are culturally endemic within either a particular council or across the local government sector. This theory does not necessarily support the 'bad apple vs. rotten barrel theory' (Torsello & Taylor, 2016), but more whether conscious or sub-conscious vocabularies indicate complicity in the denial (Cohen, 2001, p. 64) or a degree of 'wilful blindness' (Heffernan, 2011); that is to say, whether such factors contribute to the practice of 'unseeing'. There have been many instances of employees 'turning a blind eye' to fraud and corruption (Heffernan, 2011, p. 104), meaning a psychological state of mind which assumes that the individual is broadly cognisant of the situational reality but chooses to ignore or deny it (Cohen, 2001, p. 5). Feasibly, any preference for ignoring an instance of corruption might be attributed to fear, loyalty, apathy, or any number of factors. States of denial thereby affect reporting of and investigations into corruption, acting as a driver to discourage response and thus offering a symbolic form of complicity in or tolerance of the practice.

Should individual corrupt practices be commonplace – whether ignored, condoned or unrecognised – the net effect can resonate with Kelling and Wilson's cumulative (1982) broken windows theory. This theory focuses on the symbolic properties of crime and proposes that if a neighbourhood window is broken and left unrepaired, people will soon continue to walk past without noticing the build-up of gradual degradation. Applied to corruption, this theory would postulate that any inaction by observers of corrupt behaviour would result in the corrupt acts becoming naturalised in the organisational culture, thereby contributing to its normalcy and regularity.

2.2.2 Theories associated with the organisational environment

It follows that in seeking to explain and elucidate the different meanings and understandings of corruption, the context and environment in which they are socially situated needs to be considered. In this regard, the crime triangle, which stems from Cohen and Felson's (1979) routine activity theory, is the theory that crime occurs when a motivated offender and suitable target converge in an opportune place in the absence of effective guardianship (Clarke & Eck, 2003, p. 27). Felson (1995, p. 53) defines 'guardianship' as the presence of any person who 'serves by simple presence to prevent crime and by absence to make crime more likely'. In this sense, the person acts as a moral authority or mechanism of surveillance. Guardianship may also be referred to as 'the physical or symbolic presence of an individual (or group of individuals) that acts (either intentionally or unintentionally) to deter a potential criminal event' (Hollis-Peel et al., 2011, p. 54). This implies that the guardian does not need to be an actual person, but instead may be a technology or ICAC or the media, for example, the activities of which inform citizens' impressions.

At a local level, guardianship could be the existence or effectiveness of ethical culture, as typified by management's ethos and leadership. The widely cited term 'tone at the top' is deemed to be a symbolically fundamental component in any anti-corruption regime. It is based on the premise that the CEO sets and maintains an ethical tone which then permeates into the wider organisation so that fraudulent, corrupt and unethical behaviours are not normalised or tolerated (ACFE, n.d.; Deloitte, 2015; PwC, 2010). Such a notion might align with the 'ethical principal' aspect within the 'principal–agent' model of corruption, in that any guardianship mandate rests with the GM and their setting of an 'ethical' tone. This is a precarious supposition, if one considers Rothstein's (2017a, p. 14) assertion that the agents at 'the top' are in fact the presumed principals earning the most from corruption proceeds. Rothstein (2017a, p. 14) states that 'such principals will have little incentive to change the incentives for their opportunistic agents that are engaged in corruption'. Thus, it could be perceived that such a notion is referred to tokenistically which dilutes its importance and renders it cliched.

While the 'tone at the top' concept is considered to be widely influential in regard to organisational culture, Shepherd and Button (2018, p. 2) observe that there is 'little

empirical analysis of the cultural conditions which stimulate occupational fraud'. Shepherd and Button's (2018) examination of organisational criminogenic characteristics concludes with a theory which they refer to as differential rationalisation theory. As an addendum to differential association theory (Sutherland & Cressey, 2004), which focuses on the offender, differential rationalisation theory posits that organisations employ similar avoidable rationalisations to justify their decision not to tackle occupational fraud (Shepherd & Button, 2018, p. 18). The authors observed the normalcy of fraud within many organisations, a practice influenced by and to some degree synched with broader economic imperatives and therefore avoidant of any criminal labelling.

Developing on the aforementioned theoretical concepts, the following section engages critically with the term 'corruption'. It explores some of the difficulties in establishing a consensus of understanding and interpretation, based on the origins of corruption, its associated connotations, and other factors that inform perception and practice. Through this exploration, corruption, as a concept, is deciphered and a definition is posited for the purpose of operationalising the findings of this thesis.

2.3   The concept of corruption and its position in this thesis

The literature on corruption is vast, with a range of disciplines providing insightful contributions to the subject. Within this review of the literature, key works have been differentiated by considering aspects that might add value to the questions posed by this thesis and the approach taken.

Corruption has stood the test of time as a subject that continues to interest scholars, practitioners, policymakers and the general public; yet, its definition, and efforts to measure it effectively and accurately, remains a subject of much debate. There is widescale concord among experts that finding an international definition that can be agreed upon is problematic (Heidenheimer & Johnston, 2002; Johnston, 2005; Klitgaard, 1988). This has been a topic of contestation for many years (Johnston, 2005, p. 11) and appears unresolved in the present day (Rothstein & Torsello, 2014, p. 2). One widely used and influential definition of corruption is 'the abuse of entrusted power for private gain' (Transparency International, 2018). This definition is by no means a universal one,

but prior to exploring this further, it is pertinent to refer to the term's origins and its diverse – i.e. historically and culturally contingent – meanings.

Hindess (2012, pp. 2-3) indicates that corruption conjures up connotations of 'impurity, intrusion or distortion'. Similarly, Mulgan (2012, p. 25) states that '"corruption" is a term of unqualified ethical condemnation [and] to label any person or practice as "corrupt" is to stigmatise them as beyond the moral pale'. Accordingly, labelling an act, a person, or an entity as 'corrupt' has distinctly negative connotations (Philp, 2015, p. 19), indicating untrustworthiness and unscrupulousness. Such a stigma would have considerable implications for any person or council entity branded as such. It potentially undermines their reputation, credibility and virtuousness, and erodes impressions that public servants or councils are, or might be, acting in their own interests rather than those of the community they serve. Allegations of corruption, therefore, have the capacity to threaten basic tenets of the interaction order. Underkuffler (2013, p. 74) contends that corruption 'confers a status' on a person, namely 'that evil has captured their essence and soul', and yet this is not how everyday acts of corruption are necessarily experienced or perceived.

Connotations such as these stem from the term's Latin origin, *corruptus*, yet it is important to acknowledge that the meanings and practices associated with corruption have changed markedly over time and place (Wedel, 2012, p. 454). This has implications for how practices are perceived, interpreted and managed in local government, especially given corruption has plural forms and situated manifestations. The concept of contemporary corruption, as Ritner (2011, p. 7) argues, should not be associated with the Machiavellian theory of corruption, which was considered to be more of a 'political problem with systemic implications [rather than] a personal moral failing' (Buchan, 2012, p. 82). In contemporary society, citizens' understandings would arguably be incongruent with the traditional or historical notions of corruption posited by Greek philosophers such as Plato and Aristotle (Mulgan, 2012, p. 25; Saxonhouse, 2012, p. 39). Aristotle was less concerned with 'private misuse of public funds [but more so] the degeneration or dissolution of the polity itself', argues Buchan (2012, p. 75). Hindess (2012, p. 5) extends this argument, observing that since the late eighteenth century, corruption is no longer thought of as a 'condition of the body politic [... but] has been used to designate problematic behaviour on the part of one or more

individuals, or behaviour that is often seen as a matter of using one's public office for the purpose of illicit private gain'. This has implications for any contemporary research conducted on local government. By way of example, transgressions once tolerated within an organisation and dealt with managerially – such as abusing sick leave or using the organisation's computer for personal business – are now subject to investigation and may result in disciplinary, and even criminal, action (Anechiarico & Jacobs, 1996, p. 5). 'Conduct that was legal is now corrupt' and what was referred to as "honest graft" 50 years ago is today's 'illegal conflict of interest' (Anechiarico & Jacobs, 1996, p. 6). On this basis, the original connotations of 'moral decay' are becoming increasingly detached from the meaning of corruption, which Buchan (2012, p. 89) argues is now largely affiliated with misdemeanours in public office. Corruption seems to have been subsumed within the economic and political realm, rather than the moral and ethical, which may explain why much of the anti-corruption focus is on the economic implications.

The language of corruption has changed, with increased reference to 'forms' of corruption or specific practices, such as bribery, nepotism and cronyism (Andvig et al., 2000, p. 14; Mulgan, 2012, p. 25) featuring heavily in the discourse of corruption. This transition is one that is not favoured by some scholars, who contend that this view is too narrow or technocratic; that corruption is not akin to individual failure but rather a societal phenomenon (Buchan, 2012, p. 73; Hindess, 2001, p. 7; 2012, p. 11). However, if the rhetoric of corruption is confined to thinking of corruption as 'infection of the body politic' (Hindess, 2012, p. 5; Mulgan, 2012), a metaphor which posits that 'the state's constitution is connected like the head and limbs of a body' (Harvey, 1999), the concept of corruption appears amorphous and difficult to disentangle. It potentially dismisses individualised forms of corrupt behaviour that local government officials most likely experience and which ultimately come to inform the way they define the situated nature of corruption (Thomas, 1928, p. 572). That said, it is argued that an exclusive focus on corrupt forms of behaviour 'misses the social element that makes corruption a persistent problem' (World Bank, 2014, p. 60). Such a view is augmented by Mungiu-Pippidi (2017, p. 8), who contends that 'we should understand corruption as a social practice or institution, not just the sum of corrupt acts'. Accordingly, the social and cultural elements are not disassociated from the corrupt acts or the events described

within this thesis, as structures and actions work interactively and concurrently. Juxtaposing these two aspects – that is, corruption seen as a systemic *and* individualised phenomenon – allows them to be systematically examined, with the aim of understanding not only the social practices that function to institutionalise corruption and contribute to its persistent nature, but also the institutional structures that help make corrupt conduct appear unexceptional or acceptable.

This dialectic of corruption underpins the following review of literature on: factors that influence how local government employees may understand corruption; efforts to quantify and capture corruption; and factors which might heighten awareness of corruption, but also have an impact on its degree of pervasiveness and reification. Through exploration of such elements, the dynamics can be better understood in terms of their impact on efforts to manage corruption in local government, bearing in mind that corruption is not a single, but rather pluralised, phenomenon, and that social or 'lived' impressions of corruption rarely correlate with formal definitions (Gorta, 2001, p. 13). These factors are relevant in the context of corruption as a concept with a social meaning but with formal definitions potentially dominating the governance and regulatory endeavours at the coalface of local government. It is in this empirical space, in building a deeper sense of what corruption means to those who are either implicitly or explicitly implicated in its operation, that this thesis seeks to contribute important knowledge.

2.3.1   Defining and understanding corruption

Corrupt behaviour is often considered to be synonymous with bribery (Johnston, 2005, p. 6). Bribery may be the most recognisable form of corruption, yet many other practices have been designated as corrupt, including embezzlement, extortion, conflict of interest, nepotism and cronyism (Graycar & Prenzler, 2013, pp. 3-9). This is not an exhaustive list, and what comes to be regarded as corrupt is as much influenced by the situation as it is by the type of perspective – legal, social or moral – taken up (Gorta & Forell, 1995, p. 315).

Banfield (as cited by Bjørnskov, 2011, p. 136) defines corruption as being 'unambiguously dishonest behaviour', but this generalised statement may be associated with a series of acts (e.g. criminal or ethical violations) that may not conventionally be

perceived as corrupt. The surreptitious nature of corruption is perhaps what sets it apart, being 'a secret crime hidden in full view' (Dormaels, 2014, p. 131). Yet, even this account treats corruption as a criminal activity without acknowledging the inherent tensions and contradictions that exist when one is seeking to define and conceptualise corruption. Such vague and limiting definitions of corruption neglect to account for economic and social variances (De Maria, 2008, p. 780), with bribery, as discussed further below, being one example that is understood differently across cultures and milieu (Larmour, 2008, p. 232; Recanatini, 2011b, p. 46; Rose-Ackerman, 1999, pp. 5, 53). Such influences cannot be ignored in Australia, which is a truly multicultural nation. In Greater Sydney, which accounts for nearly two-thirds of the NSW population (TCorp, 2013, p. 27), nearly 40% of all residents speak a non-English language at home (Ting, 2014).

In dense areas of Greater Sydney, such as the Burwood LGA, where nearly 60% of residents speak a non-English language at home, Mandarin and Cantonese feature heavily (NSW Government, 2017a). It seems pertinent, therefore, to note the potential influence of *guanxi*, a Chinese custom incorporating gift-giving obligations between parties that activate obligations of mutual assistance (Andvig et al., 2000, p. 72). *Guanxi* is an integral feature of Chinese business interaction and is based on the cultivation, strength and endurance of relationships (Smart & Hsu, 2008, p. 177). In 2010, three successive public inquiries were held by ICAC following their publication of guidelines to communicate anti-corruption messages in various community languages (ICAC NSW, 2010a). Each inquiry related to bribery and shared similar cultural circumstances, which featured as mitigation by those accused. In two of these inquiries, the individuals were of Chinese descent (ICAC NSW, 2009a, 2009b), and in the third, the alleged corrupt act was perpetrated by a Korean (ICAC NSW, 2010b).

Companies seem to be drawing attention to issues of culture and local custom as key contributing factors to the incidence of corruption (OECD, 2003, p. 135), yet it seems that cultural explanations are treated with less patience (Larmour & Wolanin, 2001, p. xi) and corruption is less accepted as an excuse for differing customs and values (Johnston, 2005, p. 18). Notwithstanding, from a position of symbolic interactionism, when one is seeking to understand different forms of interaction between human beings (Blumer, 2007, p. 70), cultural influences and interpretations seem crucial in terms of

whether or not a person perceives their actions as corrupt, dishonest, illegal or wrong. For example, Hepkema and Booysen (1997, p. 415), as cited by Rose-Ackerman (1999, p. 53), note that bribery is illegal in Chile, but 'accepting a bribe is not unless accompanied by other wrongdoing'. However, in Taiwan, offering a bribe is not considered illegal (Rose-Ackerman, 1999, p. 53). In the Pacific Islands, behaviours which may appear corrupt to Westerners are viewed differently, with genuine 'gift giving' regarded by some outsiders as constituting corrupt practice (Larmour, 2008, p. 225). Larmour (2012, p. 1) claims that 'what looks like a bribe, is really a gift, and behaviours that appear to constitute nepotism are really genuine concern for one's kin'. As each council's customer base is diverse in its multicultural make-up, cultural variances potentially impact upon the interpretation and understanding of corruption and corruption-management strategies.

From a sociological perspective, actors may be operating in a way that is oblivious to the corruption 'label' if gift-giving is not considered immoral or inappropriate (Shore & Haller, 2005, p. 17). In Bauman's influential work, the complications associated with personal interests and motives associated with of gift-giving and exchange are explored; he states:

> Human interaction succumbs to the pressure of two principles, which all too often contradict: the principle of equivalent exchange and the principle of the gift. In the case of equivalent exchange, self-interest rules supreme [but] not so in the case of the gift; here, the needs and the rights of others are the main – perhaps the only – motive for action. (Bauman, 1990, p. 90)

Mauss (2002 [1950], p. 50) proclaims that there are three themes of gift-giving: the obligation to *give*; the obligation to *receive*; and the obligation to *reciprocate*. The last of these, reciprocity, was a key motivation for the actions identified in the ICAC' investigation Operation Jarek, where suppliers were focused on making public officials feel 'psychologically indebted' (ICAC NSW, 2012, p. 109). Out of 15 public authorities investigated, 14 were local councils, indicating the significant potential for such influence to manifest in local government. Following the identification of what ICAC deemed to be 'systemic' corruption, recommendations were made to all councils in NSW (ICAC NSW, 2012, p. 8).

2.3.2 The designation of corruption

Considering the above involvement of ICAC in identifying corruption, and how this might impart meaning and understanding to the term, it is worth considering how corruption is designated in NSW from a specifically regulatory standpoint within the public sector. Corrupt conduct is defined under sections 7, 8 and 9 of the ICAC Act, but to fall within ICAC's jurisdiction, it must be:

> Intentional wrongdoing either by a NSW public official or which affects a NSW public official that is serious enough to be a criminal offence or warrant disciplinary action or, for members of the NSW Parliament and local government councillors, amount to a substantial breach of an applicable code of conduct. (ICAC NSW, 2014a)

By virtue of ICAC's regulatory remit that wrongdoing must be *serious* or *substantial*, milder forms of corrupt conduct would not meet the criteria for attention by the ICAC, even if referred as an allegation. This might be an important explanation for why more cases are not referred to ICAC by councils.

Practices of corruption, as defined by the ICAC Act, include fraud and embezzlement,[1] which differ from practices of corruption that require collusion, such as bribery and nepotism, in that a single person can commit them (Sampson, 2010, p. 267). It is argued that corruption and fraud should be theorised distinctively (Hodgkinson, 1997, p. 17); while their distinctions may be narrow (Doig, 2006, p. 118), there may well be unintended consequences of any definitional typology. Confusion is created when cataloguing practices that are lawful – but otherwise ethically or morally wrongful from most perspectives – alongside unlawful practices. By way of example, Graycar and Villa (2011, pp. 435-436) observe that many countries legislate against some acts of corruption, such as bribery, fraud and misappropriation, but the legislation fails to address other acts such as 'patronage, abuse of discretion, nepotism … and conflict of interest'.

Bribery and fraud, in particular, bestow economic benefits on corrupt participants, while nepotism and conflicts of interest do not (Masters & Graycar, 2015, p. 53). The fact that these latter examples are not unlawful does not mean they would not fall within the

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[1] Section 8(2) (e) and (h) of the ICAC Act respectively.

territory of corruption (Philp, 1997, p. 441; Zimring & Johnson, 2005, p. 797). An important consideration for this thesis is that acts that are not legally forbidden could be considered more morally and socially acceptable (Gorta & Forell, 1995, pp. 316-317). This supports assertions made by Anechiarico (2009b, p. 84) that 'a notable failing of public administration has been reliance on the law enforcement model for the control of corruption', and that this may contribute to certain practices of corruption being omitted from view or 'unseen'. These are activities that are not illegal per se but that still breach public trust, referred to by Wedel (2015, p. 5) as the 'new corruption'. In this regard, the figurative reference to corruption as an 'umbrella' concept (Varraich, 2014, p. 3) seems worthy of note. Beneath this umbrella of corruption, there are different situated cultural understandings which have been under-considered and relatively unexplored in the local government sector. As such, any measurement or quantification of corrupt practices becomes challenging; these challenges are explored in the next section.

2.3.3   Measuring the immeasurable

It is argued that corruption typically takes place in secret, without witnesses and between complicit parties, rendering it invisible (Larmour & Wolanin, 2001, p. xii). Johnston (2012, p. 61) argues that 'it is virtually impossible to measure corruption'. Due its intangible and clandestine nature, some of the world's most influential measurement efforts have been by proxy. Within Heinrich and Hodess's (2011, p. 20) exploration of such measurements, proxies take the form of perception-based indices, with two of the most widely used indices being the CPI, compiled and published by Transparency International, and the Worldwide Governance Indicators (WGI), published by the World Bank Group. The following literature regarding measurement indices is explored in terms of its usefulness to this thesis, especially in its accentuation of the problematic nature of defining corruption and, by virtue of this, observing and addressing its pluralised, and contextually specific, manifestations.

Transparency International claims that its CPI, which was first launched in 1995, is 'widely credited with putting the issue of corruption on the international policy agenda' (Transparency International, 2013b). By inference, therefore, the topic of corruption on the international policy agenda was studiously ignored until this (recent) development.

Eminent scholars argue that perception-based indicators have advanced the study of corruption (Heinrich & Hodess, 2011, p. 31; Lambsdorff, 2006, p. 3), yet these indicators have also been criticised for various reasons (Hansen, 2012, p. 516; Hawken & Munck, 2011, p. 23; Johnston, 2012, p. 67; June et al., 2008, p. 38; OECD, 2005, p. 10; Olken, 2009, p. 950). While it is not necessary to engage with each of these different criticisms, what is significant for this thesis is that the 'perceptions' aspect is frequently omitted when indices such as the CPI and WGI are reported on by the media; thus the indices are taken to reflect 'actual levels of corruption' (Abramo, 2008, p. 3). While perceived corruption may be indicative of a number of issues, such indices do not measure the actual prevalence of the phenomenon itself (Treisman, 2007, p. 215) but rather 'epiphenomena' (De Maria, 2008, p. 781), which again will be shaped by the diverse social meanings that underpin public understandings of corruption. Such indices do, however, inform citizens' views about corruption and arguably any impression they may have about its perceived nature, level and impact.

As a means of contextualising this across the perceptions landscape, Transparency International's CPI maintains that the general view of corruption in Australia is that it has increased in recent years (Transparency International, 2012, 2013a, 2014a, 2015). In other studies, nearly half of surveyed participants thought that corruption had increased in the previous three years (Graycar, 2013, p. 5; McAllister et al., 2012, p. 12) and nearly two-thirds of surveyed participants (59%) thought that it had increased in the previous two years (Transparency International, 2014b). At a more granular level, one survey conducted in Australia claims that only 11% of respondents stated that local government was 'not at all corrupt' (McAllister et al., 2012, p. 26). In spite of these results, it is not clear to what degree the term 'corruption' applies to citizens' experiences or why there is no moral panic at this time. Only abstract and general views on corruption exist; being broad, such views neglect to unpack the component parts of corruption and how these then relate to different occupational milieus.

A key observation is the fact that anti-corruption campaigns may have increased the perception that corruption is on the rise, but in fact, the level may not have changed at all (Sampson, 2010, p. 265). The highly sensitive nature of corruption invariably attracts media attention, which in turn has the effect of potentially distorting corruption perceptions (Anechiarico & Jacobs, 1996, p. 15; OECD, 2005, p. 26). Henceforth,

perceptions become higher than they would have been otherwise (Dreher et al., 2007). Publication of egregious incidents, or the controversial or dubious practices of high-profile figureheads, are instantly newsworthy (Shoemaker & Vos, 2009, p. 25). They inform local government employees' interpretations of what corruption is and how it may materialise. This is not the situated reality of witnessed corruption, but rather a perceived or approximated reality. The relevance for this thesis is that a construct of corruption is created and the problem then becomes one in which corruption is reified by impressions of it rather than actual encounters with it. The result is that low-level infractions and conduct perceived as less harmful ('mundane' corruption) are not identified as corrupt, as they are considered separate and distinctive from the scandalous forms of corruption which predominantly inform public opinion (Berger & Pullberg, 1965, p. 64). These complexities are unravelled further below.

2.3.4   Practices of corruption and their degree of classification

Drawing on their distinction between corruption in poor and rich countries, Graycar and Monaghan (2015, p. 588) note that in Australia 'demands for bribes would cause outrage', but bribery is just one category of practice. As previously registered, bribery has an economic benefit, unlike practices such as nepotism and conflict of interest (Masters & Graycar, 2015, p. 165); it is frequently referred to synonymously with corruption (Johnston, 2005, p. 6), which means that other forms of corruption may not be front-of-mind and so may not be of paramount concern. What is significant for this thesis is whether this has an impact on any observer's reaction. Does the perceived harm, obviousness or economic implication of an act, such as bribery, correlate to its degree of visibility and rifeness?

In a study conducted in the Australian state of Victoria, the most frequently identified opportunities for corruption were 'conflict of interest, followed by misuse of information, abuse of discretion and hiring friends or family for public service jobs' (Graycar, 2013, p. 2). Bribery was not recognised as an act that was prevalent, with only 4% of respondents suspecting it to be taking place and less than 1% personally observing it (Graycar, 2013, p. 2). However, over half of all respondents (54%) considered that bribery was the corrupt act that had the most damaging effects (Graycar, 2013, p. 15). This may signify a lack of understanding about the harms of

other forms of corruption, or whether indeed public officials even associate these practices with corruption.

Disentangling the elements of corruption, instead of referring to it as a broad phenomenon, was a key consideration in the context of the research problem posed by this thesis. In the absence of a robust typology, which seeks to classify different practices of corruption, the concept of corruption appears to be broad, diverse and unquantifiable (Gorta, 2001, p. 14). The term evidently means different things to different people, be they members of the public, employers, regulators or frontline employees. Hence, any devised typology is limited in its usefulness, as it is dependent on how corruption is culturally understood, then recognised, reported and managed.

Building on observations by Rothstein and Torsello (2014, p. 264), a key challenge in the approach to research of this nature was how best to examine first-hand encounters and observed practices of corruption from those who might work in the field. In framing the design of the research and approach to the subject matter, inspiration was derived from the TASP framework (types, activities, sectors, places), which proffers an alternative unit of analysis to the perception-based indices (Graycar & Prenzler, 2013, p. 11; Graycar & Sidebottom, 2012, pp. 385-386). The TASP method of classification is a working framework for evaluating a corrupt event, defined as follows:

> The event may arise from structural features, in which corruption is embedded in processes and tolerated, sometimes it is situational and fleetingly opportunistic. Sometimes the participants are willing, so the behaviour involves collusion, sometimes one participant is unwilling, and thus the behaviour is extortionate. (Porter & Graycar, 2016, p. 425)

This method of classification was significant when considering potentially corrupt events; however, building on salient viewpoints noted within the anthropological literature, contextualisation was considered to be necessary in the analysis of corruption. As an example, Torsello and Venard (2016, p. 37) state that anthropological research identifies 'the significant intricacies involved in the unfolding of corruption … [that corruption is] a dynamic social reality linked to its social and political environment, which by nature changes over time'. Such insights assisted in framing the research project and highlighted a need to elicit subjectively meaningful responses from project participants, while simultaneously examining the local government landscape and the different corrupt events which might transpire in a council environment.

In consideration of these observations, one particular focus of this research was investigating: whether these factors are acknowledged by local government employees, and if so, to what degree; and whether the concept of corruption is concentrated on the more spectacular forms of corruption that are investigated by ICAC and then subsequently sensationalised by the media. This latter aspect is discussed below in terms of its potential impact on perception, understanding and cognition.

2.3.5   Sensational corruption – the influence of the media

The media plays a fundamental role in exposing corruption (Grimmelikhuijsen & Snijders, 2016, p. 345) to the extent that it is 'perhaps the most important mechanism in public culture for the circulation of discourses on corruption' (Gupta, 1995, p. 385). However, inconsistent media reporting has resulted in a distortion of public perceptions about corruption (Masters & Graycar, 2015, p. 173), with various factors affecting this. Dormaels (2015, p. 596) argues that 'the media … applies the term corruption to define all kinds of public situations that are the result of bad governance'. Osrecki (2015, p. 348) argues that 'anti-corruption programs based on principal–agent models do not differentiate between corruption and functional deviance but frame all informal, i.e. intransparent, behaviour as potentially corrupt.' Compounding the problem, Loves (2015, p. 159) contends that 'the media can distort the reality of corruption events and investigations by pursuing their own agendas, which often distort and impact public opinion'.

ICAC's practice of holding hearings in public are commended on the premise that public hearings expose corruption and encourage proactive anti-corruption behaviours (Aulby, 2017, p. 1). However, when media reporting of these events is disproportionate, sensationalised and focused on the salacious details which attract viewers and readers (Wilson et al., 2017, pp. 282-283), the public discourse is limited to a narrow rhetoric that focuses on individual pathologies, greed and power. The implication for this thesis is that any media focus becomes synoptic in nature, creating a situation where 'a large number view something in common which is condensed' (Mathiesen, 1997, p. 219). A celebrification of political or high-profile figureheads being publicly prosecuted is not representative of everyday public officials' experiences with corruption. It not only disregards the broader implications of pluralistic practices of corruption, but diverts

attention away from their existence in various situations, structures and relationships (Clammer, 2012, p. 117). This has the potential to create a disconnect with what council employees experience, and *do*, daily. It also widens the gap between the more exceptional forms of corruption that attract media interest and pursuit by ACAs, with those that might be more mundane or nuanced. This perception gap is elucidated below.

2.3.6   The perception and situated reality of corruption

In their study of corruption compared between poor and rich countries, Graycar and Monaghan (2015, p. 592) note that in poorer countries, perceived levels of corruption are attributed to 'lived corruption', which is distinctly different to the basis of perceived levels of corruption in more affluent countries such as Australia. That is to say, in richer countries, the perceived level of corruption is more subjective and not necessarily based on first-hand or personal experiences with different practices of corruption (McAllister et al., 2012, p. 12; Van de Walle, 2008, p. 233). For example, in the case of bribery, 4% of people surveyed in Australia reported paying a bribe for a public service, whereas in India this figure is as high as 69% (Transparency International, 2017, pp. 16-17). When different corrupt practices are further examined in this context, Zimring and Johnson (2005, p. 802) refer to acts such as bribery as being 'crude and visible' and distinctly different to 'subtle and hidden abuses', such as conflict of interest and nepotism, which they term the 'dark figure of corruption'. The authors contend that there is a 'larger proportion of corrupt acts in complex and developed societies than in less developed nations', which they attribute to 'the adaptive tendency to hide higher-status offending in developed nations' (Zimring & Johnson, 2005, pp. 802-803). An example might be abuse of public office, which is more prone to detection in developed nations (Andvig et al., 2000, p. 82). Heidenheimer (2009, p. 142) offers a reason for why this may be, stating that 'the more complex the network of social interaction and the more complicated and diverse the ways that tangible benefits can be exchanged, the less likely it is that particular actions can clearly be labelled '"corrupt"'. A focus on 'tangible' forms of corruption, such as bribery, keeps a focus on easily designated practices, and shifts attention away from more complex forms of corruption being enacted by employees who have a higher status or more influence (Kurczewski, 2004, p. 163). In this regard, hierarchy and complexity feature as key influences affecting the determination of corruption within local government.

The literature in this regard is germane to this thesis, in terms of how the concept of corruption is interpreted and experienced by employees at the frontline in local government and whether efforts to address corruption are based on *a priori* knowledge of corruption or empirical data. As a means of developing this theme, the literature review below explores recent historical interventions that may have led to different knowledge-building outcomes.

2.3.7 The emergence of corruption studies

Galtung (2001, p. 191) considered that there was an 'eruption of corruption' at the end of the Cold War, also referred to by Wedel (2012, p. 453) as the debut of the 'anticorruption industry', and by Kuris (2015, p. 126) as the 'Global anti-corruption movement'. On this premise, Sampson (2010, p. 262) states that 'every industry brings with it a new language, a new way of thinking about the world, a new discourse'. Sampson (2010, p. 262) refers to this discourse as 'anti-corruptionism', a concept that is referred to throughout this thesis. Within this new discourse, concepts of transparency, accountability and corruption have been increasingly researched (Lyrio et al., 2018, p. 512) and written about (Rothstein & Varraich, 2017, p. 7).

While Sampson (2010, p. 262) questions why the issue of anti-corruption suddenly became 'hot', one of the pivotal moments in history that led to this change in thinking was when a former World Bank president, James D. Wolfensohn, stated at the annual meeting of the World Bank in 1996, 'let's not mince words: we need to deal with the cancer of corruption' (World Bank Group, 2016). At this time, corruption was deemed to be a global problem (Johnson & Sharma, 2004, p. 1) and Mr Wolfensohn had 'confronted head on a topic that the development community had long studiously ignored' (Bhargava, 2006, p. 341). The 'c' word was purposefully introduced (Andvig et al., 2000, p. 6) and from that time, concerted efforts to measure and address the phenomenon arose.

Pivotal at this time was the rise of ACAs. Considered to be 'the most innovative feature of the anti-corruption movement of the last two decades' (de Sousa, 2010, p. 5), many have emerged from a corruption scandal or integrity crisis (Huberts et al., 2008, p. 271). When an assessment of Australia's 'National Integrity Systems' was conducted, it was observed that NSW 'possesses the strongest integrity system of any Australian

government based on pure number of core integrity institutions' (Brown, 2005, p. 27). However, Sampford and colleagues (2005, p. 101) contend that the success or failure of integrity institutions is dependent on the nature and strength of the integrity networks, not just the formal presence of those agencies. Such perspectives might impart a public perception about 'integrity institutions' that is hyperbolic: imbuing citizens with a sense of assurance that the totality of corruption in local government is, and will continue to be, exposed and addressed. The significance for this thesis is what degree of reliance is placed on ICAC, as the country's veteran ACA. If corruption is likened to a *cancer* (Bhargava, 2006; World Bank Group, 2016), a consideration explored in this thesis is whether ICAC is viewed (and performs) as the panacean *cure*.

ICAC has finite resources, with an investigative remit that is confined to 'serious and systemic' corruption; hence, its mandate is circumscribed, as is its labour power. Pressure on its resources has been heightened in recent times, affecting what matters ICAC selects to investigate and those it chooses to disregard (ICAC NSW, 2016, p. 3). As ICAC's focus is on 'serious and systemic' corruption, it is not necessarily invested in the mapping and tackling of *everyday* corruption, other than from an advisory perspective. Local government is a sector that falls within ICAC's jurisdictional purview, yet it is observed that 'a former ICAC Commissioner dismissed local councils as having an "an absence of real power" other than "a few relatively insignificant bylaws"' (Cripps, 2008, p. 20, cited by Masters & Graycar, 2016, p. 47).

The integrity framework in the NSW public sector incorporates other agencies besides ICAC; these include the Office of Local Government (OLG),[2] the Office of the NSW Ombudsman and the Audit Office. It is argued that these agencies should be 'collectively responsible for combating misconduct and corruption' (Public Sector Standards Commissioner, 2010, p. xi), but each has a determinate remit and suite of responsibilities.

NSW was the first Australian state to establish an ACA in the form of ICAC. It was influenced by the three-pronged approach[3] of the Independent Commission Against Corruption of Hong Kong (ICAC Hong Kong) (Law, 2008, p. 82), recognised as a 'model of

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[2] The OLG was formerly called the Division of Local Government (DLG).
[3] In its annual report for 2012, the ICAC Hong Kong's three functions had the following titles: (1) Operations, (2) Corruption Prevention and (3) Community Relations (ICAC Hong Kong, 2012, p. 83).

the way in which efforts to prevent and control corruption should be organised and implemented' (Scott, 2011, p. 401). The Australian states of Victoria and South Australia were the last two states4 to establish an ACA, in February and September 2013 respectively. The two territories established ACAs some years later: the Northern Territory established its Independent Commission Against Corruption in late 2018, modelled on the NSW ICAC (Northern Territory Government, 2018), and in mid to late 2019, the Australian Capital Territory (ACT) established an Integrity Commission (ACT Government, 2019). Each state and territory ACA has a slightly different scope and remit; while investigating corruption within the public sector remains a responsibility of each ACA within its respective state or territory, it is conceded that 'even like bodies vary significantly in their jurisdictions and functions' (Brown & Head, 2004, p. 5). At the federal level in Australia, the case is currently being made for a Commonwealth Integrity Commission (Attorney General's Office, 2018).

ACAs have not been highly regarded for their performance or impact (de Sousa, 2010, p. 20; Huberts, 2014, p. 182), with some scholars arguing that that they have failed to reduce corruption (Heilbrunn, 2004, p. 1) or 'make more than a marginal difference in controlling official corruption' (Anechiarico, 2009b, p. 85). Many ACAs are considered 'toothless', these being ACAs that lack law-enforcement or investigative powers: being a *watchdog* rather than a *guard dog* agency, so to speak (Kuris, 2015, p. 127). To this end, Monaghan (2014) notes that ICAC's effort to 'fight … corruption is often less about getting runs on the board and more about creating awareness'. It is not necessarily, as phrased by Cripps (2008, p. 33), the taking 'of scalps' (prosecution or condemnation of corrupt actors). The significance of such comments for this thesis, in one regard, is not whether there is merit in such viewpoints, but that the anti-corruption focus is on the plight of a single, resource-scarce organisation.   In another regard, through ICAC's public hearings and related media interest, public perception is arguably more attuned to its investigatory remit and regulatory clout as that attains a newsworthy identity and status. As a result, the media coverage imbues a perception about ICAC and what it does; the instances of corruption it prosecutes become the object of public

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4 In addition to the NSW ICAC, Australia's state ACAs are: Queensland – Crime and Corruption Commission (CCC Qld); Western Australia – Corruption and Crime Commission (CCC WA); Victoria – Independent Broad-based Anti-corruption Commission (IBAC); South Australia – Independent Commissioner Against Corruption (ICAC SA); Tasmania – Integrity Commission.

understandings, with resultant perceptions of what corruption is and is not, who commits it, and what it looks like.

To explicate this further, several scholars note that an ACA's success is dependent on political will and commitment (Pope & Vogl, 2000, p. 7; Recanatini, 2011a, p. 565), but that it must also be focused, have good leadership, be specialised and well-resourced (Anechiarico, 2009b, p. 80). From a resource perspective, NSW has the highest number of integrity institutions, but 'a lower proportion of staff [are] dedicated to these functions ... than some jurisdictions with only three or two' integrity bodies (Brown & Head, 2004, p. 16). The investigative division of ICAC operates with fewer than 45 full-time equivalent (FTE) staff (ICAC NSW, 2017a, p. 6). Yet it services nearly a third of the nation's population (Australian Bureau of Statistics, 2018) and has coverage of a public sector that incorporates more than half a million state and local government employees (Australian Bureau of Statistics, 2017a). Given these constraints, one wonders whether ICAC exists to satisfy public perception, functioning more as a symbolic entity than a capable monitory regulator. ICAC must be able to grab and hold public attention on its targeted successes, but it only has limited capacity and resources.

Concerns about suspected corruption within or against the public sector of NSW should be reported to ICAC, and in the 2015–16 reporting year, 2,436 matters were received by ICAC (ICAC NSW, 2016, p. 15). Of these, 656 were classified as complaints by members of the public, 605 were reports made directly by public sector agencies, and a further 220 were classified as public interest disclosures; the remaining 955 matters fell into a different category, based on ICAC's model of classification, with the main ones being 'enquiry', 'outside jurisdiction', 'information' or 'feedback' (ICAC NSW, 2016, p. 15). Of the 656 complaints from the public, 492 were attributed to one of five government sectors, with nearly half of these (295) being in relation to the local government sector (ICAC NSW, 2016, p. 17). ICAC suggests that this might reflect the 'high level of people's interaction with local government and the personal interest many take in the decisions of their local council' (ICAC NSW, 2016, p. 17). To some extent, this may be the case, but 295 complaints about 152 councils suggest that there is either not much corruption or not much reporting by the near 8 million residents in NSW (Australian Bureau of Statistics, 2018).

Like all public sector authorities in NSW, councils have a statutory obligation to notify ICAC of any suspicion of corrupt conduct. Such referrals must be made by the head of a public authority or its chief executive, who is the *principal officer*, and this is well communicated by ICAC to the array of public authorities in NSW (ICAC NSW, n.d.). In the 2015–16 reporting year, a total of 120 reports were made by the 152 councils to ICAC (ICAC NSW, 2016, p. 20), which is relatively consistent with the number of reports each year either side (ICAC NSW, 2015, p. 21; 2017a, p. 20). This indicates that many councils have not notified ICAC about any suspicions of corruption at all.

Out of the 2,436 matters received by ICAC in 2015–16, 41 were subject to preliminary investigation, and full investigations were initiated in just 10 of those matters (ICAC NSW, 2016, p. 9). As illustrated by Figure 2.1, 1,926 of these matters were subject to determination by the ICAC assessment panel (ICAC NSW, 2016, p. 23).
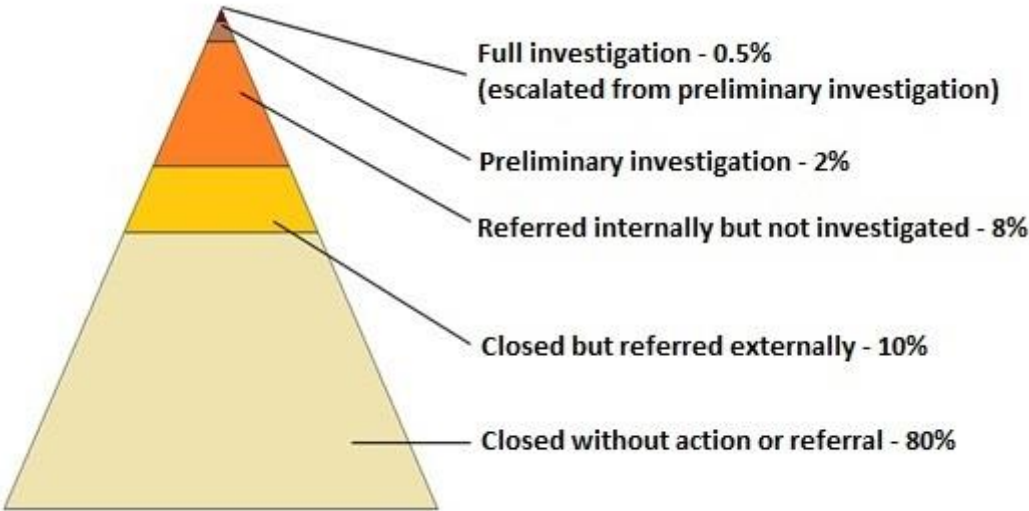
Figure 2.1.   ICAC assessment decisions, 2015–16 (n=1,926)

As shown, the majority of matters assessed by ICAC are closed without action or referral or are referred externally. Most of the matters that are closed 'are speculative in nature and lacking specific information', according to ICAC (2016, p. 20). Yet a number of credible referrals must fall within the bracket of 98% matters that are closed or referred internally, but not investigated. While public sector authorities have a statutory obligation to report suspected corruption to ICAC, they may perceive such reporting as a reputational risk, as an overly burdensome bureaucratic or administrative requirement, or as an exercise in futility, especially when each time they are subsequently told that

ICAC will not investigate and that the council itself must conduct its own investigation. Undoubtedly, ICAC's decision not to investigate would discourage further reporting of suspected corruption.

Arguably, ICAC would be stretched beyond its already limited capacity if it were to receive more reports each year, which may serve as one explanation for the lack of regulatory follow-up. As argued by Doig and Norris (2012, p. 267), 'unless the ACA has … 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'. Hitherto, ICAC's limited resources and staffing seem to have flown under the public and policy radar, noting further that ICAC's investigative mandate is not on the *totality* of corruption, just practices that are categorised as 'serious or systemic (or both)'; that is, those practices that are transgressive of a socially created and constructed threshold. This focus on the 'tip of the iceberg' appears to neglect the potential forms of corruption that might be submerged from view: those situated in the everydayness of council business.

2.3.8 The potential for corruption within local government

In the 15-year period between the beginning of 2000 and the end of 2014, ICAC publicly reported on 106 investigations, of which nearly a quarter (23) involved local government agencies (ICAC NSW, 2014c) (for a full breakdown, see Appendix 1). Of these 23 investigation reports, over 90% (21)[5] have been in and around the Sydney metropolis and immediate surrounding regions[6] (ICAC NSW, 2014e). The number of councils in these regions amounts to 44, which collectively accounts for nearly a third of all councils in NSW.[7]

This analysis depicts three noteworthy factors: first, that nearly a quarter of all publicly reported investigations conducted by ICAC have been in relation to local government

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[5] For the purpose of this analysis, the following ICAC investigations have been omitted: Operation Jarek (investigation no 2 in Appendix 1) as ICAC determined to conduct enquiries across a number of public authorities; and Operation Bosco (investigation no 12) as this related to an individual 'falsely represent[ing] himself as having certain academic qualifications … when applying for various public and private sector positions of employment between 1987 and 2002' (ICAC NSW, 2003, p. 7).

[6] These regions are (1) Inner Sydney – comprising 15 councils; (2) Outer Sydney – comprising 19 councils; (3) Sydney surrounds – comprising 5 councils; and (4) Illawarra region – comprising 5 councils.

[7] While many councils in NSW have since been amalgamated, for the purpose of comparison, the original number is retained (N=152).

affairs; second, that the majority of each of these investigations has involved a council that is in or within close proximity to Sydney; and third, that many of these investigations have involved corrupt conduct by, or involving, the appointed or operational officials (employees), and not elected officials (mayor and councillors). As depicted by Figure 2.2, out of the 23 investigations, nearly three-quarters (17) were in relation to appointed officials, less than a fifth (4) were in relation to elected officials, and two investigations involved both elected and appointed officials.
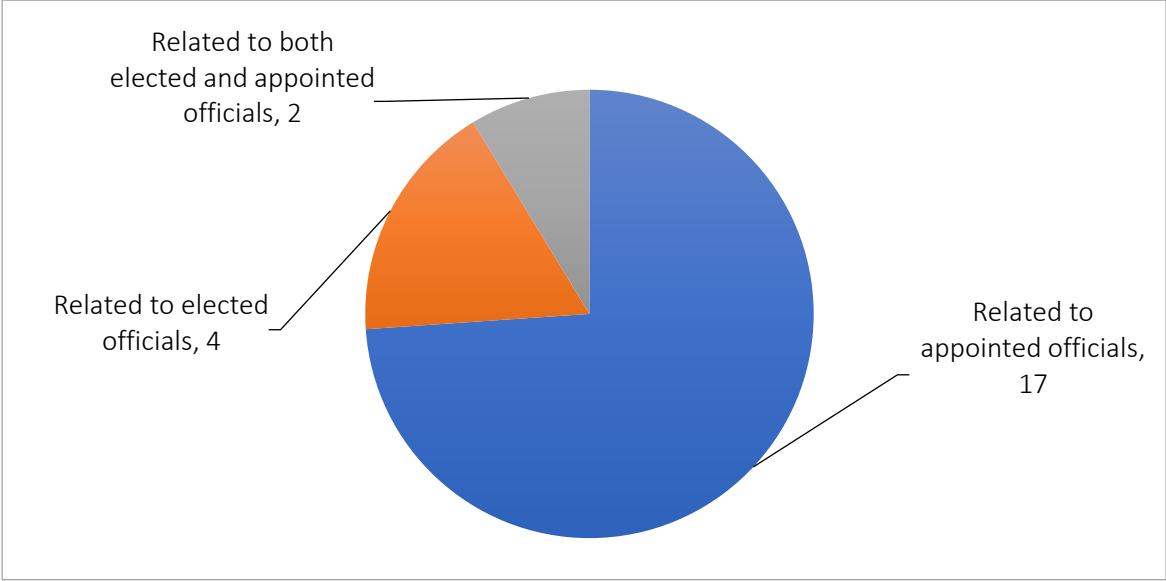
Figure 2.2.   Breakdown of ICAC investigations involving appointed officials, elected officials, or both (2000–2014)

As a means of placing this into context, local councils are extensively diverse and exceedingly disparate in size and geodemographic composition (Dollery et al., 2003, pp. 3-4). At the commencement of this research project (2013), the number of constituents enrolled in each of the 152 councils varied from 1,000 to over 150,000 (Electoral Commission NSW, 2014). Each council's physical size and its population density vary extensively. The largest council in NSW is Central Darling which covers 53,534 square kilometres, and the smallest council area is Hunters Hill at 5.7 square kilometres (DLG NSW, 2013, p. 10). Regional areas typically have a much smaller population than the densely populated metropolitan areas, with Urana Shire Council having just 1,180 residents and Blacktown City Council having 312,479 residents, nearly 265 times as many (DLG NSW, 2013, p. 10). The most densely populated LGAs in NSW are in and around Greater Sydney, which account for just under two-thirds of the state's population and 78% of the state's total population growth (Australian Bureau of

Statistics, 2013). As such, the majority of councils are in and around the densely populated metropolis of Sydney. It is not clear the extent to which these demographic factors might impact on attitudes or practices of corruption, but this is considered in the methodological discussion in Chapter 3.

Given the fragmented and disparate composition of the NSW local government sector, there may well be different spatially and culturally situated perceptions about corruption and its level of prevalence. As a sector, local government is considered to be more vulnerable to failure than state or federal government (Dollery et al., 2003, p. 212), with inherently greater potential for corruption than its state and federal counterparts (Dollery & Wallis, 2001, p. 14). Stronger administrative and governance processes are mandated upon state government than on local government (ICAC NSW, 2017b, p. 81), and local government performs a greater number of high-risk functions than state government (ICAC NSW, 2010c, p. 7). Examples include: discretion over land rezoning or development applications; inspection, regulation and monitoring of premises; and the issuance of fines and receipt of cash payments (ICAC NSW, 2010c, p. 8). Councils employ many staff that work outdoors in the community some or all of the time, including beach lifeguards, environmental health inspectors, and parking patrol officers; many council staff work autonomously and exercise fairly high levels of administrative discretion. Some of these roles incorporate a regulatory and compliance remit, and these can have an inherently high potential for discretionary misuse (Jenner, 2015, p. 39).

Given the limited levels of scrutiny and accountability in local councils, the potential for corruption to flourish is heightened (Vanstone, 2015). This is compounded given the limited degree of oversight and intervention that rests primarily with ICAC (Berman, 2016, p. 449). It is claimed that 'local government has long been fertile ground for the discovery of fraud, waste and abuse in the public sector' (Anechiarico, 2009b, p. 80), and various characteristics of local government indicate why this may be. For example, Klitgaard (2000, p. 5) states that local governments are susceptible to systemic corruption where municipal administrative systems are weaker than in national governments, low pay fails to attract high-calibre personnel and thus opportunities for corruption will be taken advantage of. Dollery and colleagues (2003, p. 224; 2001, p. 14) agree with Rodden and Rose-Ackerman's (1997) observations that features such as 'smallness' and 'intimacy' make municipal governments particularly susceptible to

corruption. As one example, Rodden and Rose-Ackerman (1997, p. 1549) note that smaller government jurisdictions have less market power. In NSW, this was a common feature of the local government landscape until 2016, when a number of councils amalgamated: a move considered by Dollery and Wallis (2001, p. 17) as one that might 'moderate local government failure', but not necessarily one that has altered the recognition and reporting of corruption.

Some councils in NSW have an internal ombudsman position, but otherwise, no other specialist integrity body is in place locally that supplements the ACAs within the National Integrity System (Cripps, 2008, p. 32).8 The internal ombudsman concept has been recognised as an option that supports the integrity framework at the state level (Warburton & Baker, 2005, p. 5). However, establishment of the position is at the discretion of each respective council and its significance and potency is utterly dependent on the un/willingness of the council to assess and respond to complaints, some of which may involve suspected corrupt conduct. In 2012, there was a push for more council internal ombudsmen. However, the Minister for Local Government at the time argued that 'many councils lack the resources to maintain internal ombudsmen units but can achieve similar outcomes by having an effective complaints management policy in place' (Grennan, 2012). This rationale could certainly be considered excusatory verging on problematic, but it certainly served to limit the prism of this role's focus to 'complaint handling'. Further, this rationale implies that an 'effective complaints management policy' serves as a panacea for corruption in local government, without actually stipulating or demonstrating any degree of understanding about what that policy should be, what it should address, and how it can be successfully enacted.

The first council to set up such an internal ombudsman function, Sutherland Shire Council, deleted the role from its organisation in 2013. This followed an external report which noted that the internal ombudsman was an 'optional service' and that, as such, 'smaller councils unable to provide local ombudsman services must rely on the NSW Ombudsman' (PwC, 2013, p. 128). Resourcing again appears to be a reason in this regard, but the inference drawn also is that a role such as this is 'optional', implying that

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8 Please see the Preface if further elaboration of the internal ombudsman role is required from the author's perspective as a practitioner.

dealing with corruption is an indulgence, not a necessity; that corruption is not a business risk, nor a significant enough occupational or public risk.

Such comments further assume that the NSW Ombudsman has the requisite capacity to tackle the range of complaints that emerge, while failing to appreciate that it is not within the ambit of the NSW Ombudsman to investigate corruption. Notably, the terms 'corruption' and 'corrupt' are not mentioned once within the 134-page report prepared for Sutherland Shire Council (PwC, 2013). Seemingly, the internal ombudsman function is taken to be a complaints management function, which fails to acknowledge its role in the prevention and exposure of everyday corruption at a local level (Pedroza, 2011, p. 11). In two successive ICAC' investigations reported on in 2009, an internal ombudsman raised the issue of suspected corruption within the council to ICAC, which then led to an ICAC investigation and subsequent findings of corrupt conduct (ICAC NSW, 2009a, p. 7; 2009b, p. 6). Just prior to releasing the report, ICAC recommended the reinstatement of the internal ombudsman function at Wollongong City Council (ICAC NSW, 2008b, p. 135), following its investigation into one of the most infamous examples of systemic corruption within NSW local government, where 'conflict of interest was rampant' and the corruption was not overtly visible (Graycar & Prenzler, 2013, p. 134). A similar recommendation has not been made by ICAC in any other council investigation since, indicating that the role is not necessarily advocated at the oversight level at the present time.

2.3.9   Why corruption disappears and becomes un/seen

The above considerations highlight the tenuous nature of the internal ombudsman role, and the limited interest within local government to understand more about corruption or to manage either its risk or incidence. To elaborate on this, it is worth noting that corruption is treated with different degrees of concern. Specifically, corruption is not always seen to be wrong or harmful. In 1968, Huntington (1968, p. 69) wrote: 'at times … some forms of corruption can contribute to political development by helping to strengthen political parties'. Four decades later, Anechiarico (2009a, p. 41) was surprised when he observed a small minority of attitudes exhibiting similar views in support of corruption. As Piga (2011, pp. 145, 173) stated, in reference to Koenig's (2009) assertion that corruption should be 'defended', '[t]he romantic view is

apparently back in fashion'. Similarly, as noted by Leys (2009, p. 65), 'it is natural but wrong to assume that the results of corruption are always both bad and important', considering that bribery, as a particular corrupt practice, may contribute to cutting 'red tape' and inefficient bureaucracy.

From there, deviant or corrupt behaviour may become interwoven with other socially acceptable practices, to the extent that individuals conform to the institutional culture (Merton, 2004, p. 64; Punch, 1996, p. 266) and are expected to act corruptly or capitulate (Persson et al., 2012, p. 457). The perpetration of corrupt practices, whether seen as wrong or not, becomes almost hardwired into the culture and manifests as habit (World Bank, 2014, p. 60). Defining and categorising corruption becomes problematic when there is no clear line between legitimacy and corruption (Johnson & Sharma, 2004, p. 3), but more so if corruption is regarded as not having harmful effects. Of consideration for this thesis, some forms of corruption may be more obviously harmful and therefore condemned by the majority, rather than condoned. To expand on the earlier discussion, these may be well-known or more explicit practices of corruption, such as bribery, which have an economic benefit *and* are unlawful. Conversely, as explored further below, practices which are not unlawful, such as particularism and conflict of interest, are opaquer and more ambiguous in constitution, and do not necessarily have an obvious detrimental or harmful impact. Notwithstanding, many employees within Victorian local government claimed to have observed such practices frequently (Graycar, 2013, p. 2). Accordingly, if corruption is deemed to be in the 'eye of the beholder' (Anechiarico & Jacobs, 1996, p. 3; Holmes, 2015, p. 2; Olsen, 2014, p. 187), a key consideration for this thesis is to acknowledge that *overt* corrupt practices are arguably easier to identify than *opaque* practices. Then, the importance for this thesis is whether this mediates different understandings around the acceptance of more clandestine practices within local government.

Extending this consideration, it seems reasonable to assume that less overt or harmful practices are more likely to continue in perpetuity unless an organisation such as ICAC intervenes. Such intervention is unlikely given the meagre number of referrals made to ICAC, and 'the rarity of ICAC's decisions to intervene in lower threshold complaints. Hence, within the council environment, the designation of any activity as 'corrupt' seemingly remains open to interpretation, and then prone to *neutralisation* when such

practices are considered within the council environment to be acceptable, legitimate or justifiable (Ashforth & Anand, 2003, p. 15; Granovetter, 2004, p. 3; Gray, 2013, p. 535). The activities may be organisationally and publicly unacceptable, but are not deemed to be culturally wrong, deviant or corrupt from the workers' perspective. The longer this continues, the less guilty workers feel about the conduct. Lee and Guven (2013, p. 296) refer to this as the *contagion effect*. In such situations, corruption is praxis. This became evident following the identification of systemic corruption at Wollongong City Council, where the external perception was that the council appeared normal (Pedroza, 2011, p. 3). In such a situation, a council maintains public innocence, but internally, practices are subject to cover-up, condoned or ignored (Cohen, 2001, p. 66). Should systemic corruption of this kind be evident within a local council, Klitgaard (2000, p. 5) argues, 'anti-corruption measures are insufficient'. If collusive practices are widespread, corruption is the norm, argues Mungiu-Pippidi (2017, p. 12); hence, norm-enforcing instruments that focus on deviation (e.g. codes of conduct, declarations, policies) become futile. The preceding discussion is important for this thesis, in that views on anti-corruption instruments may focus on the more overt forms of corruption at the expense of addressing less overt and more abstruse – that is to say, institutionalised – forms of corruption.

It seems pertinent to reflect on Blundo's (2008, p. 29) observation that there is a risk of 'transforming the sociological inquiry into the police inquiry [by] excessively "criminalising" the practices observed'. To précis the aforementioned discussion, corruption may encompass unlawful and lawful activities, hence it is not always 'a secret *crime* hidden in full view', as phrased by Dormaels (2014, p. 131). Non-criminal practices, which may be construed as corrupt, may be perceived as less harmful or victimless, and therefore more entangled within the everydayness of council life. Examples of this are discussed further below.

As one specific practice which is not unlawful, *particularism* is considered to be prevalent within organisations, but the practice is often deemed to be acceptable or legitimate by employees (Hudson et al., 2017, p. 12). There is something of a *denial of injury*: the act does not seemingly result in any perceived degree of harm and is therefore fairly innocuous, even desirable, to the successful reproduction of the company's ethos and culture (Sykes & Matza, 1957, pp. 667-668). Hudson et al. (2017,

p. 2) note that particularism is a form of behaviour that 'covers all personnel decisions in the working life of an employee, such as recruitment, selection, promotion and rewards, and circumvents objective or standard procedures'. Notably, hiring friends of family for public sector jobs was frequently observed in the Victorian study (Graycar, 2013, p. 2).

The relationship between particularism, the informality of institutions and higher organisational corruption is considered to be 'theoretically underdeveloped, since the precise mechanisms underlying the causal link between particularism and corruption have not been fully understood' (Rotondi & Stanca, 2015, p. 220). Accordingly, the formal existence of anti-corruption measures do not necessarily account for the informal practices, interpersonal relationships and power configurations that exist deep within the lifeworld of organisational practice (Mungiu-Pippidi, 2017, pp. 9-11). Within the ageing workforce of local government (Hastings et al., 2015, p. 9), this is feasibly intensified if employees have worked together for lengthy periods (Bauman, 1990, p. 85). Rotondi and Stanca describe this process as follows:

> The intrinsic psychological need for a positive self-image drives individuals to compare their own group with other groups to which they do not belong, giving preferential treatment to members relative to non-members. In this perspective, humans are naturally sectarian and particularism is a feature of human nature that may not be easily changed. (Rotondi & Stanca, 2015, p. 231)

Practices of corruption that are more clandestine, such as particularism, are complex for reasons such as those described above. Even if such practices are systemic or routine, their presence, impact and perceived harms are subtle and inherently subjective (Johnson, 2004, p. 145). Arguably, this affects observers' reaction and in/action, as the less concerned observers are about such practices, the less likely that intervention is forthcoming and the more embedded the practices become. Therefore, developing observations by Olsen (2014, p. 186), this thesis sheds light on the extent to which the 'nature and scale' of any wrongdoing impacts on potential observers' un/willingness to report perceived wrongdoing.

A recent Victorian study conducted by the Australian National University (ANU) found that 34% of respondents said they would report corruption on the basis of suspicion alone, whereas 56% said they would only report corruption on the basis of hard evidence (Graycar, 2014, p. 279). Similarly, a report commissioned by the Independent Broad-based Anti-corruption Commission (IBAC), which reviewed the integrity

frameworks at six councils in the state of Victoria, noted that 71% of respondents felt that they would need hard evidence of corruption prior to reporting it (IBAC VIC, 2015b, p. 21). As such, it is feasible that much is not reported to ICAC if potential observers to any corrupt act feel that they would not report corruption unless they had *hard evidence*: assumedly, the possession of tangible information or documentation, presumably uncovered via auditing practices or employee testimonies. Therefore, more abstruse forms of corruption that do not have obvious materialities – such as conflicts of interest and particularism – are likely to remain under the radar. The significance of this for identification and management of corruption is noteworthy and is explored below.

The significance of the aforementioned insights of Hudson and colleagues (2017, p. 12) for this thesis is that potential observers to any corrupt act will base their decision to report it on their view of its *un/acceptability*. This is discussed by Heidenheimer (2009, pp. 152-154), who refers to the interpretation of activity that everyday citizens consider corrupt, and how this situated frame of understanding and morality has the potential to affect their evaluation and tolerance of it. A colour-coded classification of *black*, *grey* or *white* corruption is based on the opinion of the *majority*, and is defined below:

> *Black* corruption indicates that in that setting that particular action is one which a majority consensus of both elite and mass opinion would condemn and would like to see punished on grounds of principle. *Grey* corruption indicates that some elements, usually elites, may want to see the action punished, others not, and the majority would be ambiguous. *White* corruption signifies that the majority of both elite and mass opinion probably would not vigorously support an attempt to punish a form of corruption that they regard as tolerable. (Heidenheimer, 2009, p. 152)

Heidenheimer postulates that 'behaviour can surreptitiously cross the indistinct line differentiating *grey* from *black* behaviour', and that some forms of corruption regarded as *grey* in one setting may be viewed as *white*, 'or quite acceptable' in another milieu or cultural field (Heidenheimer, 2009, p. 153). In this regard, it is worth examining Heidenheimer's reference to the opinion of the *majority*. If public perception is informed predominantly by the media and ICAC in relation to certain categories or forms of corruption (Masters & Graycar, 2015, p. 171), then the *majority* are informed accordingly by this means, with different agendas and interpretations shaping their impressions (Dormaels, 2015, p. 596; Loves, 2015, p. 159; Osrecki, 2015, p. 348).

In a similar vein, Langseth (2012, p. 9) distinguishes between *petty corruption* and *grand corruption*. Langseth (2012, p. 9) notes that petty corruption 'develops and exists within the context of established governance and social frameworks', and it is this aspect that is particularly germane to this thesis. The exposure of grand corruption in the public sector arguably falls within the remit of ICAC's jurisdiction, but petty corruption may escalate to grand corruption if it is not reported, or continues without intervention (Zyglidopoulos et al., 2009, p. 66). The tolerance of petty (mundane) corruption is therefore a fundamental aspect to consider in this thesis, and for the generation of knowledge in this field. Tolerance and acceptability may be pivotal factors mediating the visibility or wilful ignorance (Heffernan, 2011, p. 104) of forms of corruption which are seen as *mundane or* unexceptional. That is to say, there may be a systemic unseeing and deniability of events that are transpiring every day and in full view. In mid-2017, ICAC reported on its investigation into an accounting fraud conducted primarily by the chief financial officer at Botany Bay Council; the investigation identified a number of fraudulent activities, including falsification of invoices and solicitation of payments (ICAC NSW, 2017b). However, many of the fraudulent activities evolved over the course of an 18-year period, and the ICAC report noted that many individuals were aware of the activities but did nothing about it, with complicity and indifference among some staff members (ICAC NSW, 2017b, pp. 38-46).

Corrupt conduct that has been perpetrated over a significant duration, such as in this case, indicates a degree of institutionalisation and enculturation. The aggregate of multiple, perhaps seemingly innocuous, corrupt events would contribute to this. Even if potentially corrupt behaviours have not been overtly or consciously rationalised – in accordance with the techniques of neutralisation (Sykes & Matza, 1957) or the fraud triangle (Cressey, 1973) – it may be that they are simply not seen as wrong or problematic, historically or culturally, until they are challenged by an external authority such as ICAC (Chibnall & Saunders, 1977, p. 141). This approach is comparable with Kelling and Wilson's (1982) broken windows theory wherein such activities are noted initially, but over time are ignored as they are unattended to, and then no one notices the gradual build-up. After a while, practices of corruption which are *seen*, in that they are observed, but which are disregarded, become less and less noticeable. Hence, over time, they become *unseen*: individuals continue to experience and see them but take

little notice or simply accept them as normal. Corruption may flourish within a cultural environment where the deterioration of ethical and professional conduct is seen as normal by those within the organisation (Den Nieuwenboer & Kaptein, 2008, p. 137).

Organisational denial and complicity of this kind usually only surface when someone speaks out (Cohen, 2001, p. 66), yet it is debatable whether that someone would be guaranteed an avenue of redress in the absence of a capable guardian or an effective reporting framework. If a council does not have the ability or willingness to address mundane forms of corruption when they transpire, and to intervene prior to their escalation, then *unexceptional* (petty) corruption has the potential to morph into *exceptional* (grand) corruption.

2.3.10 Reporting corruption

In terms of identifying and reporting on corrupt conduct, international studies suggest that 'two in three (67%) people around the globe believe that ordinary people can make a difference in the fight against corruption' (Transparency International, 2013c, p. 21). Further, these studies contend that 90% of respondents are willing to report corruption (Transparency International, 2013c) and an overwhelming majority of people in most countries stated that they would report corruption, with a staggering 92% of people in Denmark claiming this course of action (Graycar, 2013, p. 47).

A key term used internally to report such wrongdoing is *whistleblowing*, which Transparency International (2013d, p. 4) defines as 'the disclosure of information related to corrupt, illegal, fraudulent, or hazardous activities being committed in or by public or private sector organisations'. In NSW, legislative protection against reprisal action is afforded to public officials in the form of the *Public Interest Disclosures Act 1994* (PID Act). This legislation is considered crucial to managing corruption, as it is the 'insiders who often possess the most crucial information [but] due to their position within and dependency on the institution concerned, are seen as requiring assistance, incentives … and who may face the worst kinds of reprisals and consequences' (Lewis et al., 2014, p. 5).

In Australia's largest whistleblowing study, 89% of respondent organisations had formal, written whistleblowing procedures or polices, and 90% of organisations had

processes for ensuring appropriate investigations or management actions in response to whistleblowing practices (Brown et al., 2016, p. 1). Notwithstanding these structures, whistleblowing is considered to be one of the most 'complex, conflict-ridden areas of public policy and legislative practice' (Roberts & Brown, 2010, p. 56), and a number of studies indicate that citizens have limited knowledge of mechanisms for reporting corruption (Recanatini, 2011b, p. 45). By way of example, four years prior to this study, a poll conducted by the ANU identified that around half of surveyed respondents 'did not know to whom or where to report corruption' (McAllister et al., 2012, p. 5). Just one year after the introduction of legislative protection, in the form of the *Protected Disclosures Act 1994*[9] on 1 March 1995, the response to a survey conducted across 11 organisations in the public sector arrived at a near identical finding: just over half of all respondents did not know of internal reporting procedures within their organisation (Zipparo, 1999a, pp. 84-85). A study conducted by ICAC (2010c, p. 31) identified that 87% of local councils had an internal reporting channel, yet only 43% of local councils had an internal reporting channel that the respondents knew how to use.

Statutory protection against associated reprisal action appears to be fundamental as a means of encouraging reports about corruption, as indicated by the aforementioned whistleblowing studies and polls. However, whether they are sensitive to the contested and messy framing of the phenomenon 'corruption', and the degree to which transgressions are perceived as being harmful or detrimental, is not clear. Hence, what is significant for this thesis, is whether there is a disconnect between the regulatory structures which provide statutory whistleblowing protections and offer a means to report, with how effective and legitimised they are in reality.

The importance placed on reporting frameworks is a salient one, as global studies consistently claim that the detection of fraud and corruption is most likely through reporting, *qua* whistleblowing (ACFE, 2012, p. 17; 2014, p. 19; 2016b, p. 11). However, barriers and impediments exist within the occupational domain, regardless of the formal presence of reporting frameworks that might exist within councils. In a survey conducted by the ANU on behalf of IBAC, nearly half (46%) of all respondents 'would not feel confident they would be protected from victimisation should they report corruption'

[9] Subsequently renamed *Public Interest Disclosures Act 1994*.

(Graycar, 2013, p. 14; 2014, p. 279). In NSW, 65% of respondents stated that they felt confident that they would be protected from reprisal for reporting misconduct or wrongdoing, up from 58% in 2012 (Public Service Commission, 2015, p. 20). This increase of 7% was considered to be 'an improvement in the reporting culture' (Ombudsman NSW, 2015, p. 22). Although this figure was presented in a positive light, if 58% of respondents felt confident that they would be protected from reprisal action, the remaining 42% would presumably not feel confident, a finding similar to that identified by IBAC.

Australia has long-established whistleblower legislation, and a number of frameworks that have been designed to encourage and enable reports to be made. Hence, reporting should not be as complicated or unsafe as it might be in other countries (Recanatini, 2011b, p. 46). Still, under-reporting is usual within most organisations (Jensen & Rahman, 2015, p. 166), and in a general sense, it is argued that people will keep their heads down if they observe corruption (Johnston, 2012, pp. 59-60). Punch (1996, p. 266) maintains that, in spite of compliance-based requirements such as codes of conduct and whistleblowing frameworks, people 'submerge their wills, and shelve their consciences, in the interests of the organisation'. Employees' un/willingness is therefore a key component of obduracy, and one that will not necessarily be changed because a council implements anti-corruption measures. Loyalty to colleagues, as well as to the organisation (Zipparo, 1999b, p. 273), may factor in employees' un/willingness to report. This may be especially true in councils where there are entrenched historical structures or examples of misuse of authority, or legacies of distrust between workers and management (Huberts et al., 2006, p. 283). Cohen (2001, p. 68) terms this a 'code of silence' and it is also framed as a 'blue wall, curtain, or cocoon of silence' (Skolnick, 2002, p. 7). This cultural mechanism or structure either encourages or impedes efforts to address corruption (Skolnick, 2002, p. 12); it has been identified in the police cultures within the Australian states of NSW (Brown, 1997) and Queensland (Dillon & Gilling, 2016). Employees who speak up may be perceived as 'dobbing in a mate', this being a common cultural trope known to most Australians, but one that is considered to have little credence in 'contemporary society (Roberts & Brown, 2010, p. 56). The value of exploring such concepts within this thesis is important for the extension of knowledge about corruption in local government, in terms of how it manifests and how

conventional programs designed to eradicate it may be limited in their effectiveness. As acknowledged by Klitgaard (1988, p. 186), a culture of corruption is not that 'everyone is corrupt but that almost everyone will be unwilling to report on the corrupt'.

As discussed above, it seems pertinent to note that statutory protections exist to protect potential whistleblowers, and encourage reporting, but there may be a number of organisational and cultural complexities associated with raising concerns that are worth considering as part of the methodology in this study. From there, if reports about corruption are forthcoming, it becomes pertinent to consider where such reports will be made and how the council will react and respond to them. Witnesses to corrupt behaviour may consider the options available to them for raising concerns and, as explored below, it is likely that there will be a number of factors and elements that may inform their decision-making calculus. These may include confidence in the reporting mechanisms, as well as the availability, and sensitivity and receptivity, of a person to report to.

IBAC (2015a, p. 1) identified that, of the staff who would report corruption in local government in Victoria, 'almost half of them (47%) would report to their immediate manager'. Similarly, the Association of Certified Fraud Examiners (ACFE) (2016a, p. 10) noted that a direct supervisor would likely be the party to whom whistleblowers would report their concerns. This is important, as managers are seen as key role players in the cultivation of institutional integrity within local government (Hoekstra & Kaptein, 2013, p. 20), with a pivotal responsibility in terms of recognising and managing whistleblowing in their organisation (Roberts et al., 2011, p. 9). As interpreted by Zipparo (1999a, p. 84), managers have the 'potential to: (1) impact upon their employees' awareness of relevant legal protection; (2) impact upon their employees' attitudes to reporting corruption; and (3) provide a safe environment in which employees can make reports'.

There are issues associated with this interpretation, however. Much of the existing evidence notes that managers and supervisors inconsistently address concerns (CCC WA, 2013, p. 19) and often practise denial strategies (Cohen, 2001, p. 62). Shepherd and Button (2018, p. 16) assert that 'managers avoid the pro-active prevention of occupational fraud and turn a blind-eye to detected incidents unless the circumstances

dictate that the negative consequences of avoiding the problem outweigh the negative consequences of addressing it'. Of note also is that managers may themselves be engaged in corruption in the course of their duties, either implicitly or explicitly. The ACFE (2012, p. 43) reported that managers accounted for nearly half of all perpetrators of corruption in Oceania. This fact arguably has the potential to cause distress and discomfort for any employee who knowingly identifies, or harbours suspicions, that their superior is acting corruptly. Consequently, an employee may consider that they have done the right thing in reporting a suspicion to their manager. However, if the manager fails to act on it appropriately or in a timely fashion, or if they dismiss the severity of the corrupt act, then the practice may continue. The employee will likely then become disenchanted and demoralised, and thus disincentivised to report further concerns.

2.4 Summary

The theories discussed at the outset of this chapter inform the research questions and orientate the literature review which followed. Together, they suggest that any attempts to understand or effectively address corruption in the local government sector are limited until more is known about the situated meanings and practices that local government employees attribute to corruption. This review of the literature has assisted in formulating the research approach and has offered some tools to conceptualise the findings. As a means of exploring the situated nature of corruption, it seems pertinent to appreciate that understandings and impressions on the ground are the complex result of institutional and cultural relations. Accordingly, as discussed in Chapter 3, the approach to exploring the nature and meaning of corruption within the context of local government is very much influenced by the perspectives of grounded theory, social constructivism and symbolic interactionism.

Key insights have been identified as being relevant to the study, particularly those that relate to the importance of meaning and context, rather than regulatory confinement or legalistic definition. These latter aspects are particularly relevant for this research project, to the extent that they have shaped different impressions and regulatory mandates, and thus informed citizens' understanding of corruption. Specifically, this thesis is concerned with the degree to which any regulatory mandates and associated

frameworks of definition may have compartmentalised views on corruption, representing corruption as a reductive concept, without necessarily considering how different types of subjectivity impact recognition, reaction and response. Within the scholarly study of corruption, the didactical elements that have focused on the regulation, prosecution and measurement of corruption have been difficult to correlate with the situated practices on the ground, in terms of how these practices may be construed by those who see them, choose not to, or see them differently. The realisation that corruption is a contentious practice and concept that is infused with different meanings and relevance becomes problematic for the furtherance of, and highlights some limitations in, the body of knowledge on corruption. In this regard, the exploratory nature of the study proposed in the next chapter serves to advance the knowledge in this area within the situated context of local government.

Chapter 3 will now proceed by introducing the research approach and the methodology of the study.

CHAPTER 3:   METHODOLOGY

3.1   Introduction

This chapter outlines the research methodology and methods that underpin the research undertaken, as discussed in previous chapters. Although the terms methods and methodology are intrinsically associated, *methods* involves 'data collection, data analysis, and possibly interpretation', whereas *methodology* involves 'everything from the worldview at the start of the research process to the last procedures of inquiry' (Guba & Lincoln, 1989, cited by Creswell, 2010, p. 51).

In a more structured manner, Crotty (1998, p. 2) states that there are four elements to the research process, namely: (1) the *methods* that are proposed; (2) the *methodology* that governs the choice and use of methods; (3) the *theoretical perspective* that lies behind the chosen methodology; and (4) the *epistemology* that informs the theoretical perspective. Each stage must be engaged before advancing to the next. Accordingly, when building on the theoretical influences explored in Chapter 2, this chapter begins by introducing the rationale behind the methodological approach adopted in this thesis, which seeks to address the research question:

> *How is occupational corruption perceived, interpreted and managed within*
> *NSW local government?*

3.2   Research approach

The primary aim of this research was to explore the potential for corruption within the administrative realm of local government in NSW, especially via researching employee and regulatory perspectives and experiences.

First-hand accounts from public officials employed on the frontline were acquired and examined, to gauge attitudinal perceptions and views, and to explore the officials' subjective experiences of 'everyday' corruption and some of the meanings they ascribe to different workplace practices. To complement this broad level trend data across a sample base of councils in NSW, a group of individuals with expertise in and responsibilities for addressing the prospect of corruption in local government were

interviewed. By triangulating the acquired data, this research sought to develop a greater understanding about the nature and extent of social and cultural factors that differentially mediate occupational corruption within local government.

3.2.1   Overview of research approach

The approach to this research was *pragmatic* in orientation. Greene and Hall (2010, p. 131) acknowledge that pragmatism affords the researcher greater epistemological and methodological flexibility; for this research, it meant that different practical means could be considered and utilised to address the research objectives. This approach was valuable, as multiple perspectives invariably determine how corruption is perceived and addressed in local government; such perspectives may be based on opinion, derived from direct experience or mediated exposure, or influenced by any number of factors. The source of perspectives was considered particularly germane because, as discussed in Chapter 2 (Section 2.3.6), many perceptions of corruption are based on indirect sources as opposed to first-hand or direct experience (McAllister et al., 2012, p. 12; Van de Walle, 2008, p. 233).

Based on Eskola's (1998, cited by Curtis & Curtis, 2011, p. 11) three most important epistemological positions in the social sciences – (1) positivism; (2) social realism; and (3) social constructivism – the main epistemological stance adopted in this research is *social constructivism*, with influence from *social realism* in the way data was validated and cross-referenced. With social constructivism, 'meaning is not discovered, but constructed […and as such] different people may construct meaning in different ways, even in relation to the same phenomenon' (Crotty, 1998, p. 9). This is essentially the case with corruption, and it is this symbolic factor that drives the need to ascertain what meanings people attribute to corruption, from where these meanings originate, and to understand how such frameworks of understanding assist or inhibit efforts to manage corruption. The social meanings that individuals ascribe to corruption in local government is pivotal to this causality, and may be affected by: employees' experiences and understanding; demographic features, such as age, gender, ethnicity and socio-economic status; social factors such as length of service; or what role the employee performs.

Denzin and Lincoln (2011, p. 13) note that 'the *constructivist* paradigm assumes a relativist ontology (there are multiple realities), a subjectivist epistemology (knower and respondent co-create understandings), and a naturalistic (in the natural world) set of methodological procedures'. In the context of this thesis, this implies that individuals see corruption through different 'lenses'. The epistemological position of *social realism* acknowledges the relevance of these factors, as social reality is not objectively defined, but mediated by different perceptions, actions and interpretations (Curtis & Curtis, 2011, pp. 12-13). This is important, as the discourse and practice of corruption invariably mean different things to different people. As explored in Chapter 2, this could be informed by many factors, such as differing understandings and definitions (Johnston, 2005, p. 11; Kurer, 2015); cultural influences (Larmour, 2008, p. 232; Recanatini, 2011b, p. 46; Rose-Ackerman, 1999, pp. 5, 53); and the context of the changing social and political environment that participants operate within (Torsello & Venard, 2016, p. 37). What is key is the notion that participants have not approached the subject of corruption *de novo* and factors such as these inform and shape their views about its incidence in their locality or workplace. These factors, and others, were therefore explored and contrasted, as it was deemed important to place respondent experiences and impressions into context.

Grounded theory, defined as 'the discovery of theory from data' (Glaser & Strauss, 2008, p. 1), was the chosen approach for analysing the data and is one that draws on the pragmatic philosophy (Strübing, 2010, p. 580), as discussed further in Section 3.3.1. Through a sequential, mixed methods design, the results were verified through a process of triangulation, explained in Section 3.3.2.

3.3   Methodology

Methodology, also referred to as 'research approach' (Curtis & Curtis, 2011, p. 287), has been defined as 'the strategy, plan of action, process or design lying behind the choice and use of particular methods and linking the choice and use of methods to the desired outcome' (Crotty, 1998, p. 3). The methodological approach used in this research was a mixed methods one, which synergistically integrates, but also holds in tension, data from various sources (Teddlie & Tashakkori, 2010, p. 5). The aim was to determine the sampling frame and the choice of data collection techniques as a means of

understanding how the phenomenon of corruption is understood, interpreted and explained.

3.3.1 Grounded theory to shape the methods

In grounded theory, 'data collection and analysis reciprocally inform and shape each other through an emergent iterative process' (Charmaz, 2011, p. 360) and, 'unlike most strategies of inquiry, grounded theory demands that data collection and analysis occur concurrently, rather than in a linear sequence' (Dunne, 2011, p. 111). As such, theory is derived from interrogation of the data (Curtis & Curtis, 2011, p. 90) in combination with some of the conceptual frameworks which have informed the study design. Key to this process of theory generation is that the three stages of data collection, coding and analysis are blurred and occur simultaneously and iteratively (Glaser & Strauss, 2008, p. 43).

As quantitative data acquired during the first stage of this research required cross-tabulation to differentiate between views and attribute them to particular factors, such as gender, position, length of service, et cetera, the views of Charmaz (2011, p. 361) were useful in that 'grounded theory prompts us to study and interact with our data by moving through comparative levels of analysis'. During both phases of research, many councils in NSW were facing the prospect of impending amalgamation, and it was likely that respondents' views would be affected by changing structural conditions. Accordingly, participants' views about corruption and its management in local government may be found to have shifted if such research were to be conducted months later.

In relation to this, the views of Corbin and Strauss (1990, p. 5) were heeded, that as 'phenomena are … continually changing in response to evolving conditions an important component of the method is to build change, through process, into the method'. Despite the researcher being prepared to make any adjustments to the methods, in practice no impromptu modifications were required, but the prospect of structural reform did have a bearing on how the research instruments were considered conceptually. Each was devised in a way that would mitigate changes in the structural landscape of local government as best as could be envisaged and prepared for. As an example, questions in the survey design of Phase 1 (discussed in the next section) did not refer to any borders

or structural features of the respondent's council. The proclamation of 20 amalgamated councils in NSW took place on 12 May 2016 (NSW Government, 2017b), a few days before the final interview conducted during Phase 2 of this research project. Hence the amalgamation of councils did not directly affect the gathering of data, but certainly had the potential to impact on how respondents reflected on their council and role.

Glaser and Strauss (2008, p. 5) assert that 'theory in sociology is a strategy for handling data in research, providing modes of conceptualisation for describing and explaining'. Quite aptly, therefore, Corbin and Strauss (1990, p. 5) contend that 'procedures of grounded theory are designed to develop a well-integrated set of concepts that provide a thorough theoretical explanation of social phenomena under study [and, as such,] grounded theory should explain as well as describe'. As the process of coding took place, the coding of categories become theoretically saturated (Glaser & Strauss, 2008, pp. 111-112), to the extent that the number of categories was directed and circumscribed by the patterns emerging in the data. This is discussed further in Section 3.5.6.

The grounded theory approach meant that different methods could be combined, a process of inductively generating theory as opposed to deductively testing a hypothesis, allowing new avenues of intellectual inquiry and themes to emerge. Crotty (1998, p. 3) defines methods as 'the techniques or procedures used to gather and analyse data related to some research question or hypothesis'. As more than one choice of method was utilised in this research project, the chosen methodological approach for this study was *mixed methods*.

3.3.2   Mixed methods

There have been a number of definitions and standpoints on what constitutes mixed methods research (Teddlie & Tashakkori, 2011, p. 285) and how, and under what circumstances, it should be conducted (Creswell, 2011, pp. 271-272). Johnson and colleagues offer the following definition:

> Mixed methods research is the type of research in which a researcher or team of researchers combines elements of qualitative and quantitative research approaches (e.g., use of qualitative and quantitative viewpoints, data collection, analysis, inference techniques) for the broad purposes of breadth and depth of understanding and corroboration. (Johnson et al., 2007, p. 123)

Similarly, Leech (2010, pp. 257-258) observes the view of some researchers that mixed methods research incorporates quantitative and qualitative aspects into a single project. Typically, quantitative approaches constitute survey research, taking the form of statistical analyses, while qualitative approaches focus on narrative, experience and context, and aim to elicit richness in meaning (Curtis & Curtis, 2011, p. 6). Mixed methods research may also encompass data which has a variety of nuances and such data may be acquired using different approaches (Morse, 2010, p. 340). This may incorporate analysis of data sourced from the 'grey literature', including online research reports, survey results or unpublished theses. These might not be peer reviewed or academic in orientation, but if such literature were to be excluded, without due assessment of their quality, one might be missing a valuable contribution to the research under study. As discussed in Section 3.3.3, a qualitative and quantitative research approach was adopted, but the third aspect of a tripartite design included a systematic content analysis of investigation reports produced by the NSW ICAC to produce further context and insights (see Appendix 1).

3.3.3 Justification of the mixed methods approach

Greene and colleagues (1989, p. 259) outline five general purposes for which researchers might like to use mixed methods: (1) *triangulation*; (2) *complementarity*; (3) *development*; (4) *initiation*; and (5) *expansion*. These purposes were subsequently developed by Bryman (2006, pp. 105-107) who compiled a detailed list of 16 reasons for mixing methods (see Appendix 14 for a summary of these). Creswell and Plano Clark (2011, pp. 61-62) acknowledge each of these reasons, but state that although listed reasons provide a general framework, it is important for researchers to identify and reflect on why they choose to combine methods. In this study, the employment of mixed methods was deemed to be the best means of addressing the research questions (Plano Clark & Badice, 2010, p. 285), but also to explore the meaning of corruption from a variety of perspectives and scales: what it meant to employees at the frontline and how they experienced it (Phase 1); what it meant to practitioners who have expertise and responsibilities for governing it (Phase 2); and for each of these strands and phases, to be informed by published investigation reports involving local government conducted by the ICAC.

Operationally, real-world constraints posed a problem in the collection of empirical data and this highlighted some important methodological concerns, particularly during Phase 1 of the mixed methods study. Specifically, gaining access to credible empirical data from local government employees about their perceptions and experiences regarding corruption within their place of work was exceptionally fraught. On this basis, and explained further below, the views of Bamberger and colleagues (2010, p. 621) were registered, that a well-designed mixed methods approach would seek to mitigate such constraints, by integrating data from multiple sources and using 'triangulation to strengthen the validity of estimates'. Because just a sample of councils formed the initial research base, a limitation in the gathering of data was the improbability of yielding generalisable results in relation to the NSW local government sector. This may have been limited further if just one research method was adopted. By employing different methods and speaking with different stakeholders, validity could be enhanced, and by combining qualitative and quantitative methods, the benefits were greater than reliance on each alone. For example, a purely quantitative approach would have restricted any ability to interact and engage with research participants, but this became possible by integrating the qualitative component. This offered the ability to probe and question on issues of note, thus strengthening the validity of estimates or broad-brush data gained in the quantitative stage (Bamberger et al., 2010, p. 623).

Each research stage was well thought-out, to ensure that data gained from different sources was based on similar, complementary or comparable assumptions about corruption within the operational context of local government (Mason, 2009, p. 35). This meant that consideration could be given to the sequence of stages. By conducting the quantitative component first, it was considered that this would impact on the knowledge-building process, by informing the nature of questions in the qualitative component. On reflection, this sequence proved to be useful, not knowing, during the first stage of research, how local government employees might see corruption in their lifeworld.

The purpose of the research was not to solve any debates about the definition of corruption, but to explore how those who encounter it (Phase 1) and those who address it (Phase 2) perceive, understand and interpret different practices and observations; and to ascertain the existence of any contradictions. While each phase of research had a

different aim and strategy, each followed the same '"logic of inference"', by linking arguments, inferences and assertions with evidence based on identical principles and standards (Brady et al., 2004, pp. 18-20, cited by, Goldthorpe, 2007, p. 4). This allowed for a more synergistic integration of the data sets, aligning each within the underlying aims and questions of the broader research study. In this sense, the 'pragmatic stance advances mixing multiple sources of evidence to attain and modify knowledge [… and is an] active and iterative process of establishing warranted assertions as they are applied in new experiences' (Greene & Hall, 2010, pp. 132-133).

In the design of the research instruments, Yin's (2006, p. 41) note of caution was heeded, regarding the importance of integrating mixed methods into a single study so that neither method sits alone in parallel to the other. As an example, Yin (2006, pp. 42-43) asserts that qualitative studies address "*process*" questions, whereas quantitative questions address "*outcome*" questions, and that a study 'would be strengthened if both the quantitative and qualitative methods each addressed some aspect of both process and outcome questions'. On this basis, Phase 1 of this study, which was predominantly quantitative, included a qualitative element. This allowed respondents to give an open-ended explanation about why they answered a question in a particular way or an opportunity to elaborate on their reasoning. This resulted in a degree of crossover between techniques used, and it presented an opportunity to address the complexities of the same problem from different scales and in a more agile fashion (Yin, 2006, p. 44). Moreover, this strategy provided a richer, thicker dimension to the quantitative phase, which sought to underpin the broad-level data with an enriched understanding.

Further elaboration on the stages of the sequential mixed methods study is outlined under Section 3.3.6. The following summarises the mixed methods study, which comprised a tripartite design, incorporating three distinct methods. Each stage informed the next, but also looped back to the former.

The design comprised three parts: (i) analysis of ICAC investigation reports relating to local government; (ii) attitudinal survey (Phase 1); and (iii) in-depth and active interviews (Phase 2). These are described below.

i. Analysis of ICAC investigation reports relating to local government

This was used to provide context for the design of the two empirical case studies, listed below. A taxonomy of local government investigations conducted by ICAC over the course of a 15-year period indicated that the majority of investigations publicly reported by ICAC involved practices of corruption conducted by or involving appointed officials in local government as opposed to elected officials (see Appendix 1 and Figure 2.2). On this basis, the subsequent research instruments focused on the prospect of corruption by, or involving, the appointed officials (employees), a population hitherto under-researched in contemporary studies.

ii. Attitudinal survey (Phase 1)

A questionnaire was sent to a sample of councils in NSW and was voluntarily completed by employees of the participating council. This questionnaire also incorporated a qualitative component, with respondents given an opportunity at various stages to give reasons for their answers or to provide an open-ended narrative or elaboration if there was anything further they wished to add.

iii. In-depth and active interviews (Phase 2)

Semi-structured interviews were conducted with a number of stakeholders who have expertise and responsibilities for addressing corruption in local government. Broader elaboration on the interviewee base is discussed in Section 3.5.2.

Through implementation of a tripartite design, this mixed method approach sought to explain, as well as describe, causal explanations for how corruption may manifest in local government and why reporting is presently considered to be low.

The administered survey (see Section 3.4) provided surface-level data across a breadth of diverse and disparate councils in NSW, while connecting with the ensuing qualitative aspect of the research. Building on the knowledge produced via the first two stages of the study, the qualitative interviews with anti-corruption practitioners or guardians provided a richer and deeper level of understanding of how corruption tends to manifest in local government (see Section 3.5).

Ultimately, this approach sought to develop both policy and practitioner knowledge on this phenomenon with a view to identifying strategies and structures which could meaningfully impact on policies seeking to reduce corrupt practices in local government.

3.3.4   Influence of the researcher

Throughout the interview process, perspectives are likely to stem from both the researcher and the respondent. Luff (1999, p. 701, cited by, Warren, 2002, p. 84) refers to these as '"fractured subjectivities"', noting that both parties do not 'speak to each other from stable and coherent standpoints, but from varied (and constantly transitioning) *perspectives'*. Denzin and Lincoln (2011, p. 12) offer a similar viewpoint, stating that any account given by a respondent during an interview would be based on that person's lens. They state that 'any gaze is always filtered through the lenses of language, gender, social class, race, and ethnicity … [T]here are no objective observations, only observations socially situated in the worlds of, and between, the observer and the observed' (Denzin & Lincoln, 2011, p. 12). In seeking to explicate what corruption means to participants, this was especially important, as participants' perceptions and exposure to subject matter, both in situ and in popular media, would have informed their perspective at that time, as well as their present state of mind as they completed the questionnaire or responded to the interview questions. The influence of such factors invariably shaped the content and flow of the interview and necessitated a degree of understanding, when sense was being made of the responses during analysis (Warren, 2002, p. 84).

Responses given by participants, and the positions they were speaking from, may have been personal, professional or simply from a standpoint that they felt most comfortable with. The mixed method research design sought to accommodate this, by synthesising quantitative with qualitative approaches in order to elicit richer, thicker descriptions at different scales (Creswell & Miller, 2000, p. 128). Data from each phase was respectively assessed, analysed and then integrated and triangulated in anticipation of emerging patterns and themes (Creswell & Miller, 2000, p. 127). As discussed in subsequent chapters, contradictions and nuances emerged, and this did importantly highlight how understandings of corruption are influenced by different perspectives, which have a contingent effect on how it is then managed and addressed.

Based on views put forward by Curtis and Curtis (2011, p. 48), a social realist approach was considered appropriate, recognising that while interviewees would have some pre-conceived notions before the interview, emergent knowledge may be created during the research process in that new ideas may be embryonic. This viewpoint is observed by the creators of grounded theory, who acknowledge that 'the researcher does not approach reality from a *tabula rasa*. He must have a perspective that will help him see relevant data and abstract significant categories from ... scrutiny of the data' (Glaser & Strauss, 2008, p. 3). Therefore, the researcher's role and influence, as the key research instrument, was essential to the success of the study and the interpretation and arrangement of emerging data (Patton, 2015, p. 700). As Ravitch and Riggan (2012, p. 11) contend, 'personal background, professional role, and social location need to be viewed as methodological considerations worthy of critical attention'.[10] These attributes were considered thoroughly during the design stages.[11]

The researcher's professional experiences working as a practitioner in the corruption governance field undoubtedly played a fundamental role in how the study was formulated and operationalised. Biases have the potential to manifest at the design stage or during data collection, as well as when analysis is being conducted or when writing up (Pannucci & Wilkins, 2010, p. 619). The researcher recognised that biases could manifest subconsciously, and did not seek to avoid any type of inherent bias, but remained mindful of it and how bias might inadvertently be projected on the research participants and research materials. To mitigate this risk, measures were applied to limit any perception of influence on the object of inquiry by fully disclosing the nature of the inquiry to participants during both phases of research, and emphasising that this project was in no way affiliated with the researcher's occupation[12]. A documented audit trail of correspondence and transcription of interviews was retained to minimise any misinterpretation. Moreover, the researcher's supervisory team, and close contact with them throughout the research process, also acted as a means of critically interrogating and problematising any assumptions in the design and administration of the research.

[10] This experience is detailed further in the Preface.
[11] As an example, the researcher's occupation as a full-time employee of a council in NSW was openly disclosed, and survey respondents were advised that this particular council would be purposefully excluded from the sample.
[12] This is outlined in more detail in Appendix 4 and Appendix 6.

3.3.5   Reliability and validity in the research

This section outlines how the research approach was enacted and experienced in light of the potentially conflicting data collection instruments and procedures that were employed. While one argument is that rigour can actually be enhanced by merging distinct approaches, including grounded theory (Johnson et al., 2001, cited by, Dunne, 2011, p. 113), this research observed the view of Curtis and Curtis (2011, p. 72) that 'research is only considered to be rigorous when it aligns with accepted standards of reliability and validity'. The authors contend that '*reliability* measures the extent to which the analysis of data yield results that can be repeated or reproduced at different times or by different researchers [and] *validity* measures the extent to which the research is accurate and the extent to which claims can be made based on the research' (Curtis & Curtis, 2011, p. 72). These principles were considered at each point of the research process to guide and orientate the research practice, as discussed below.

Building on the notion of *reliability*, Corbin and Strauss (1990, p. 15) note that 'no theory that deals with social psychological phenomena is actually reproducible in the sense that new situations can be found whose conditions do not exactly match those of the original study, although major conditions may be similar'. They contend that 'a grounded theory [approach] is reproducible in the limited sense that it is verifiable' (Corbin & Strauss, 1990, p. 15). With this in mind, an online survey tool captured data acquired throughout the quantitative survey, the details of which are fully documented. As previously discussed, the results from the survey had a bearing on how subsequent stages of this mixed methods research study were designed, developed and executed. The crucial aspect of this, therefore, was to ensure that research questions were piloted, refined and tested as extensively as time would allow. This is discussed further in Section 3.4.5.

Curtis and Curtis (2011, p. 91) argue that 'a key aspect of *validity* is the comprehensiveness of the variables used [which] can be enhanced by using multiple sources of evidence'. Creswell and Miller (2000, p. 125) refer to Schwandt's (1997) definition of *validity* as 'how accurately the account represents participants' realities of the social phenomena and is credible to them'. This was especially important during the survey component of the research, as the questionnaire was the only tool of communication and therefore had to be clear, simple, time-efficient and as unambiguous

as was possible. During the interviews, participants had more of an opportunity to clarify any ambiguities about the meaning of terminology. Once the research commenced, verification strategies continued to be employed as the inquiry materialised (Morse et al., 2002, p. 18). This was done through the checking of survey responses during the six weeks that the survey was open.

During this time, quantitative data was interpreted, compared and contextualised, a practice enhancing rigour and generating knowledge (Brannen, 2005, p. 180) while at the same time informing the ensuing design of the qualitative research. A particular challenge was ensuring that respondents were aware of and reminded that the research was seeking to explore corruption at the occupational level of local government. Despite this, it became clear within some of the responses that delineating between the occupational (employees) and elected (councillors) domains was not easy. Some respondents saw corruption as occurring at an elected level and less, or not at all, at the operational level. In itself, this proved an interesting finding, and aided the design of the semi-structured interviews which followed. It highlighted a need to be more explicit about the setting that was being explored within the interviews, but also gave a reason to explore, with interview participants, more about corruption within the occupational realm and why it may, or may not, be seen by those who work in that milieu.

Given the sequential nature of adopting a complex mixed methods approach, *triangulation* was a viable and apt validation procedure. Triangulation searches 'for convergence among multiple and different sources of information to form themes or categories in a study' (Creswell & Miller, 2000, p. 126). It is used as a means of recognising the multiplex dimensions and realities that accommodate social phenomena, and seeks to ensure that each method, as realistically as possible, complements or nuances the others in the pursuit of knowledge (Mason, 2009, pp. 190-191). Rather than seeking a definitive truth about corruption, the research sought more to explore the subjective realities of corruption from different perspectives and scales, to establish if there were continuities and to establish and probe areas where divergences were identified.

At a practical level, the exploratory stages of the research sought to ensure that the focus aligned with ideas and themes emergent in the literature. During the fieldwork

component, the researcher was acutely aware of the need to employ *reflexivity*, defined by Curtis and Curtis (2011, p. 288) as the 'process of being self-reflexive or self-aware in the research process'. In doing this, the researcher was conscious of how the method of documentation might be influenced (Garfinkel, 1967, p. 101), in terms of choosing what was recorded and what was left out, and ensuring an openness to interpretations and responses that might trouble or contradict the developing thesis. As discussed within Section 3.3.4, the existence of bias was not entirely avoidable, so the researcher remained cognisant of its potential to influence data collection and analysis, and was mindful to ensure that this was mitigated as much as possible. As an example, different skills and assumptions were reviewed at various stages, including the conceptual, design, research, analytical and writing-up stages of this thesis. This included the drafting of many mind maps, and keeping a journal of notes containing ideas, assumptions and avenues. These maps and journal notes provided an overview of existing and emerging topics to research, and an ideas trail to continually reflect on and refine. Moreover, as previously mentioned, the researcher's supervisory team acted to trouble and 'open out' some of the habitual and dominant modes of approaching the phenomenon of corruption.

3.3.6   Research design

As identified in Chapter 2, there are a number of limitations with the framing of corruption in popular culture and in the academy, and the multitude of ways in which it can manifest and materialise. The epistemological challenge was to find out, through interaction with stakeholders in local government, distinctive and decisive answers to questions that cannot be acquired through other means. As outlined earlier (Section 3.3.3), the research design embraced the use of three sequential methods of analysis, each of which bore relevance to the study as a whole, but which specifically addressed the intellectual gaps identified in the literature.

The views of Hall and Howard (2008, cited by Creswell, 2011, p. 279) were significant in this regard, in that cognition of a synergistic typology would seek to ensure that no research method was dominant, but that each instead was ascribed equal weighting in accreting the evidence base. A synergistic mixed methods approach combines quantitative and qualitative research techniques at both the conceptual and

implementation level (Nastasi et al., 2010, pp. 320-321), and this influenced the design of both research components. As such, from a conceptual perspective initially, and building on a review of the literature, it was notable that investigation reports by ICAC (which are publicly available) have overwhelmingly focused on appointed officials as opposed to elected officials, in spite of the fact that that the former are not necessarily as newsworthy as the latter. Therefore, from an implementation perspective, the appointed officials' perceptions and experiences of corruption and its management at the everyday level seemed important to capture and analyse. The research design sought to explicate the attitudinal views of appointed officials, within different local government roles and functions, affording participants with an opportunity to express their opinions anonymously. A consideration was that the research design and method needed to accommodate the fragmented and heterogeneous make-up of local government in NSW. This is discussed more intricately in Section 3.4.

Subsequently, semi-structured interviews with individuals who had been involved in, or who had an interest in addressing, corruption in local government, were perceived to be the most apposite means of eliciting perspectives from subjects in a controlled environment. This approach is discussed in Section 3.5.

3.4 The attitudinal survey

The primary goal of the questionnaire used in Phase 1 of the mixed methods study was to acquire an overview of: the types of corruption that may be evident in local government; factors that make local government susceptible or resistive to corruption; the extent to which councils are aware of and willing to respond to corruption; and the mechanisms or controls either envisaged or in place to manage and address corruption.

The online survey sought to ascertain potential differences between council employees where possible. While responses addressed aspects of questions proposed by this thesis, it was envisaged that there would be contrasts between councils in different areas, and between different types of workers within those entities. Some of those differences might identify factors such as inability, reticence or unwillingness by senior employees to effectively manage the risk or reporting of corruption. Alternatively, divergences could be informed by council compositions, including their affluence,

location and demography. Therefore, the questionnaire design sought to identify and assess which 'type' of council respondents came from, while being aware of the need to ensure individual respondents could not be identified as per ethical protocols.

3.4.1   Rationale behind choice of councils

In December 2011, the OLG engaged NSW Treasury Corporation (TCorp) to undertake a financial assessment of all 152 councils in NSW. The scope of this assessment was expanded in March 2012 to include financial sustainability and benchmarking, resulting in a 'comprehensive, independent analysis into the financial sustainability of every council in NSW' (OLG NSW, 2014).

This exercise assisted greatly in determining the choice of councils to use in the sample, but also with establishing the demographics of each region and LGA. In particular, the assessment influenced the sample frame by highlighting salient differences between councils such as size, geography, population demographics and council affluence. While each council is responsible for its LGA, Flavel (2013, p. 69) considers that council boundaries are 'arbitrary constructs, subject to change and not necessarily reflecting shared communities of interest'. The research approach sought to address such variations pragmatically.

In terms of geographical variations affecting the sample, it was pertinent to observe that 'in the 10 years to 2011, the Greater Sydney area accounted for nearly three quarters of the state's population growth [with] approximately 64% of the state's population resid[ing] in the Greater Sydney area' (TCorp, 2013, p. 27). This profile influenced the sampling frame, in accordance with Bell's (2009, p. 145) comments, such that 'sampling techniques [were] employed in order to produce a sample which is, as far as possible, representative of the population as a whole'. The choice of sample councils was underpinned, *inter alia*, by these considerations. The document, *Comparative Information on NSW Local Government* (DLG NSW, 2013) provided demographic statistics in relation to each of the state's 152 councils and was used as the basis for assessing the appropriateness of councils in the sample base. With the assistance of this publication, a number of factors were used to formulate a table of councils that would subsequently be invited to participate in the attitudinal survey (a list of these factors is outlined in Appendix 2).

In addition to demographic factors, two further aspects were considered pertinent. First, some councils in NSW have been involved previously in ICAC investigations, which may have influenced employees' perceptions of corruption management and its prevalence within local government, or indeed, their perception of the manner in which incidences of alleged corruption have been historically and are currently addressed. Second, councils that have an internal ombudsman, as a form of in-house formal guardian, were considered to be a basis of comparison with those that may not have had this figure or that had an alternative internal complaint-handling, investigative or anti-corruption remit. With this in mind, and in compiling the sample base, it was considered appropriate to include a number of these councils in the invitation to participate. This, it was reasoned, might produce interesting comparisons on how organisational structure mediates how employees both perceive and respond to suspicious practices.

In light of the fact that there was no guarantee that all councils in the sample would accept the invitation to participate in the study, a bottom-up approach to formulating the sample was taken in the first instance, by listing councils that differed in the above respects until saturation point was reached (Morse, 2010, p. 347). This resulted in a matrix of 35 councils.

3.4.2 Approach to councils

Once the final sample of councils was compiled, a letter (Appendix 3) was sent to each council's GM inviting their endorsement of the initiative and requesting the participation of the council in the study. The letter was accompanied by a survey participant information sheet (Appendix 4) and each GM, or their delegate, was asked to complete, sign and return a remittance slip (Appendix 5). The remittance slip asked the GM to indicate whether the council wished to participate in the research and to specify a named contact for the survey link to be sent to, being a person who could then disseminate the online survey to all of the council's employees via email. Councils were asked to indicate their intention to participate by completing the remittance slip and returning it within three weeks. This timeframe was stipulated in an effort to secure commitment from councils in a timely fashion. Several councils required further contact after the three-week period lapsed, as discussed further in Section 3.4.3.

The study invitation stressed that the research would be an independent, analytical study, based on a wide range of councils in NSW, and emphasised the comparative nature of the inquiry to mitigate concerns the GMs might have as to why they were selected for inclusion. Each council was advised that this would be the initial request and that, should they wish to participate in the study, a separate email would be sent to them soon after which would include: (1) an online survey hyperlink; (2) a covering message that could be forwarded to employees to introduce them to the survey; and (3) a tailored participant information sheet13 (Appendix 5), ensuring that employees were adequately informed about the study, their right to participate or decline, and the various protections put in place.

3.4.3   Councils that agreed to engage in the study

From the 35 councils that were invited to participate in the study, only 11 councils agreed to be involved (32%). Another 20 councils indicated that they did not wish to participate in the study (57%), and 4 (11%) did not respond to the invitation.

Of the councils that agreed to participate, one council felt that it would be too onerous to expect all employees to be involved (Council 3), and only agreed to participate on the basis that 20 members of staff would be invited to complete the questionnaire. Some councils simply stated that they would not be participating in the study, while others gave more thorough reasons. Such reasons given may have been credible and understandable; however, there was little effort required of councils other than to forward the questionnaire to each of their employees with a pre-prepared covering letter. As only one-third of invited councils were willing to participate, it could be inferred that the majority of GMs were reticent about participating, for various reasons. This finding builds on salient observations that conducting research on the reality of corruption can be problematic, especially when the nature of the topic is culturally sensitive (Kalof et al., 2008, p. 116; Rothstein & Torsello, 2014, p. 264).

Because more than two-thirds of invited councils did not accept the invitation to participate, it was considered that validity in the ensuing results might have been

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13 This participant information sheet was tailored to the participant of the questionnaire and differed from the one initially sent to GMs, which was more general and related to the wider concepts and focus of the study. This received approval from the ANU Human Research Ethics Committee on 10 March 2015 (Protocol number: 2014/641).

affected. However, the 11 councils that formed the final sample base represented a comprehensive, diverse and disparate array of council types. Therefore, taken together, the knowledge produced would go some way to ensuring the validity and enhancing the quality of the research. What this process did highlight, however, was the high degree of autonomy and discretion bestowed on GMs as public service guardians, and the leverage these officials can possess on the possibilities of empirical data collection. If 'transparency [is] the surest way of guarding against corruption [as it] helps increase trust in the people and institutions on which our futures depend' (Transparency International, 2018), then this process highlighted a lack of transparency, and presented as one of the main barriers in attempting to conduct empirical fieldwork on local government corruption. Such barriers are a research issue acknowledged by Rothstein and Torsello (2014, p. 264), who note that there is a desire to read about 'first-hand encounters with corruption [but there is a] hesitation to describe what is taking place in the field'.

According to the publication, *Comparative Information on NSW Local Government: Measuring Local Government Performance 2011–12*, the total number of FTE staff across the 11 councils in 2012–13 was 5,125, with an average of 282 per sampled council (DLG NSW, 2013). While the response rate to the ANU survey, *Perceptions of Corruption in the Victorian Public Sector: Report to IBAC*, was 18% (Australian National University, 2013, p. 1), it was accepted that there would be no way of knowing how many people may respond to this survey at each council, as the demographic composition of each is vastly dissimilar. A summary of the response rate is discussed further at Section 3.4.8.

3.4.4   Sample of councils

For each of the councils that agreed to participate in the study, an email with a hyperlink to the online questionnaire was sent to the nominated contact (Appendix 8). This was prefaced with a covering letter, for adaptation in any electronic message that the council wished to send to recipients, and the survey participation information sheet (Appendix 6).

Councils were advised that the survey would be open for six weeks in an effort to accommodate staff schedules and availability.

3.4.5 Questionnaire design

The original concept for the questionnaire was that it would be a modified 'spin off' of a survey previously submitted to public servants within the Victorian Public Service (VPS), as part of a research project conducted by the ANU and the Social Research Centre (SRC), commissioned by IBAC (Australian National University, 2013). However, upon further scrutiny of this questionnaire, it was considered that, while some aspects of that survey could be adapted for the purpose of this research, more needed to be known about other factors that might have a bearing on the questions pursued in this research study.

With that in mind, additional measurements were included in the questionnaire in order to enrich the quality and diversify the focus of the research. Furthermore, it was considered that more needed to be known about participants' demographic details, including:

- the highest educational attainments of participants;
- the age range of participants;
- whether participants had managerial or supervisory duties;
- the salary range of participants, to acknowledge low-, medium- and high-income earners, and therefore to distinguish between job classifications; and
- the core business areas of the participants.

Such details were deemed desirable to enable potential cross-tabulation of results, and to glean whether particular responses to questions (i.e. perceptions and experiences) were related to one or more of these structural variables.

Additionally, in close consideration of the three components within the crime triangle (Clarke & Eck, 2003, p. 27), a variation on other question types was preferred, such as:

- participants' comparative perceptions of corruption levels within their place of work and within other councils in NSW (*Targets*);
- whether participants considered that local government was more susceptible to corruption than other parts of the public sector, and if so, why (*Offenders*); and

- whether participants had received Code of Conduct training, and if there was a correlation between such training and its ability to influence an employee's awareness of corruption and dis/incentivisation to report (*Guardianship*).

The reasons for expanding the survey in this way was to elicit a greater understanding about differences that could be attributed to attributes of LGAs, attributes of councils specifically, and whether efforts (or otherwise) to implement compliance-based initiatives, such as training and publication of a Code of Conduct, affected employees' experiences and practices.

The following steps were taken to enhance validity of the quantitative research design:

i   A discussion of key issues in relation to the proposed research questions at the design stage, prior to its compilation. This included: distinction between types of corruption, reporting of corruption, the risk of corruption, and the prospect of corruption in the context of how it might manifest in local government.

ii   Testing of the questionnaire design with colleagues from the Local Government Internal Ombudsman Network (LGION), to ascertain whether the proposed questions were clear, value-free, unambiguous, and would capture responses adequately.

iii   A pilot study: a number of selected individuals were asked to complete the questionnaire in a word-processed format to ascertain whether it was administratively appropriate and easy to follow, that the questions were easily understood, and that it was not too onerous to complete from a time and effort perspective (see Section 3.4.6).

Subsequently, the questionnaire was tested again to further gauge its user-friendliness and length of time to complete. Pertinent concerns in relation to the first iteration of the questionnaire were that it took too long to complete and that the order of questions did not flow well.

With this in mind, the second iteration of the online questionnaire sought to refigure and improve its structure, resulting in the compartmentalisation of the questions into five sections: (1) perceptions of corruption; (2) reporting mechanisms; (3) awareness of

management mechanisms; (4) demographic composition of participants; and (5) organisational characteristics (See Appendix 7 for a detailed description of these categories and Appendix 8 for a breakdown of all questions). The logic of these categories and their sequence was to distinguish each participant's' position within their council's diverse array of business functions, and to enable comparison, if required, with data gained elsewhere in the survey.

Each category was methodically generated in view of the fact that, inevitably, some participants may start the questionnaire, but not finish it. In particular, *Demographic composition of participants (Section 4)* and *Organisational characteristics (Section 5)* were put to the end of the questionnaire, as being less critical sections than the first three. The sequence of the first three sections sought to approach the subject matter in a generalised way before delving into more specific issues and measurements. The duration of the actual questionnaire when rolled out was anticipated to take between 10 and 15 minutes, which was considered to be close to the ideal survey length median of 10 minutes (Revilla & Ochoa, 2017, p. 563).

3.4.6   Pilot study

Various colleagues within local government, and other contacts, provided comment and constructive criticism of the questionnaire instrument throughout its various iterations. The salient features of the survey, the proposed research and its methodology, were also discussed in a presentation to the LGION on 18 November 2014, with the intention of seeking professional endorsement and assessing the survey's applicability to various local government workplaces. This forum incorporated internal ombudsmen from five councils[14] in NSW, as well as representatives from the OLG and ICAC.[15] Following this presentation, the ensuing feedback and subsequent discussions with colleagues, slight refinements were made. Primarily, this was in relation to Section 5 of the questionnaire, to ensure that comparison accounted for nuances in respondent positions and roles across councils.

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[14] These were Burwood Council, Hurstville Council, Warringah Council, Wollongong Council and Wyong Council.
[15] On this occasion, a representative from the Office of the NSW Ombudsman was unable to attend.

3.4.7   Questionnaire design – finalisation of the research instrument

When the draft questionnaire had been finalised, it was converted to an online version using SurveyMonkey, a platform for distributing online surveys. It was piloted in this format to ensure that configuration, and question logic and sequence, worked effectively. The online survey was tested on a number of occasions, each time with a different response, to ensure that it could be easily understood and completed, and was not onerous, sensitive or time-consuming.

Despite some issues in online survey design also existing in traditional survey formats, such as accessibility for marginalised groups and sampling (Wright, 2005), online surveys are efficient, minimise the potential for error, and have the benefit of distribution across a wide geographical and demographic base. That said, a limitation is that data capture is limited to computer users. Consideration was given to production of the questionnaire in hard copy format, which could be completed by council employees who did not have access to such technology within their workplaces. However, to do so had the potential to skew responses by giving favour to particular council workers, such as outdoor staff, that in turn could compromise study reliability.   This means that there are always limitations on the data being produced by such inquiry, as some groups within local government would not have accessed the survey. However, given the response rate from each council (see Section 3.4.8), wider participation within a council would not have added significant weighting to the data acquired.

The chosen online survey medium, SurveyMonkey, has the ability to send the same survey to multiple recipients, but with functionality that enabled monitoring of each council's participation. Essentially, this meant that if a council had agreed to participate in the questionnaire, but then did not forward the survey hyperlink among their respective employees, this would be apparent to the researcher. In the survey participant information sheet (Appendix 6), participants were made aware that neither they nor their participating council would be identifiable, but this functionality was considered necessary to enable cross-council comparison and assess participation.

3.4.8   Response rate from Phase 1 of the mixed methods study

The survey was sent to participating councils in the week commencing 11 March 2015 and closed on 24 April 2015. One council did not submit any responses, despite their earlier agreement to participate in the study. This transpired to be a benefit of the platform's functionality to ascertain where respondent responses stemmed from, as this particular council was not used in subsequent analysis.

Accordingly, the responses reflected survey completion by appointed officials at 10 councils in NSW, as outlined in Appendix 9. While the 10 councils are not named, survey participants would potentially be able to identify their council from the details contained within this table, and would, of course, know that their council was in this sample base. Efforts were, however, made to avoid any way to distinguish one council from another, by compartmentalising attributes of each council, such as number of FTE staff, size of population, and geographical size of LGA, into brackets.

The hyperlink to the questionnaire differed slightly when sent to each council, which enabled attribution of responses to the corresponding council. For the purpose of reference, each is referred to by number (Council 1, Council 2, and so on to Council 10) so as not to make any council readily identifiable.

The final sample of councils that participated provided a distinct representation across NSW. By having a sample of 10 councils, each operating independently and autonomously, the potential for bias or compromise was mitigated heavily, as responses emanated from employees at councils that had no affiliation with the others. Further, participants were not aware of which other councils had been invited to take part in the study, nor did they know those that contributed and those that did not.

No two councils were identical in terms of the characteristics detailed above; fittingly, councils differed in a number of other ways, which enhanced the study's validity by increasing the comprehensiveness of variables. These variations included differences in: each council's composition, such as the size and type of the geographical area it covered; its FTE staff base; the size of the population it served; and the locality's socio-economic profile. Differences were further attributed to each council's financial sustainability, outlook and infrastructure management. To aid further, three councils

had an internal ombudsman and four had been involved in a previous ICAC investigation.

The survey received 251 *total responses* of which 197 were *completed responses*. The composition of the 251 respondents across the 10 councils is illustrated in Figure 3.1.
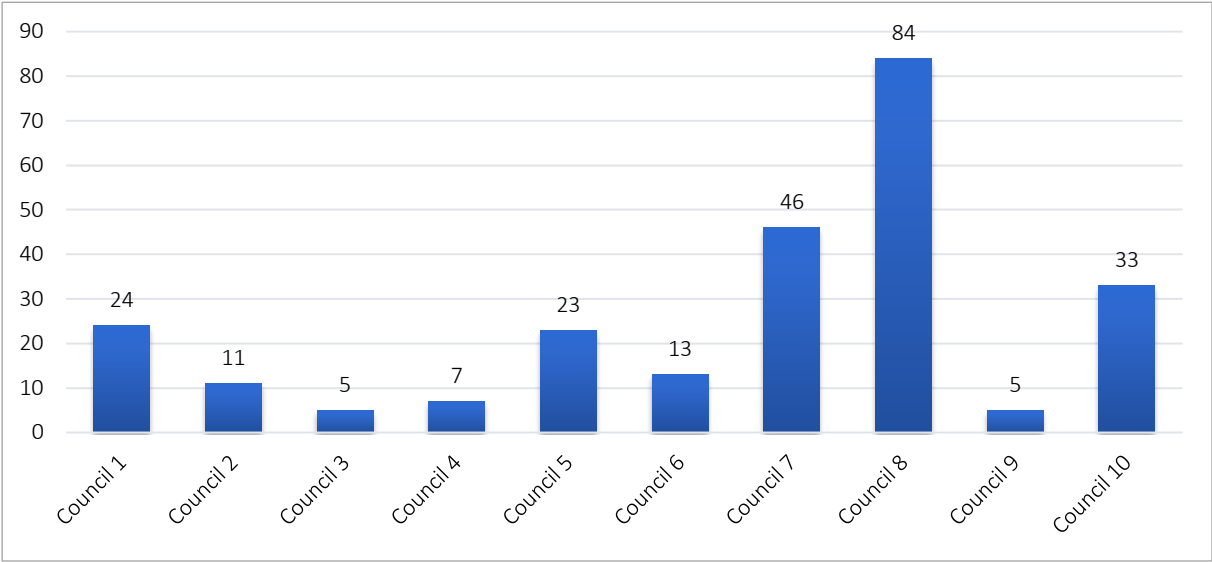
Figure 3.1.   Number of responses per council (N=251)

As illustrated, the number of respondents from each council varied. While the group average number of FTE staff across councils in NSW is 282 (DLG NSW, 2013), the number of FTE employees within councils can vary considerably.[16] Figure 3.2 represents the participation rate at each council, based on the number of responses received as a percentage of the FTE base of that council, and shows that there is a significant disparity in participant response rates. The participation rate ranges from 2% (Councils 1 and 3) to 16% (Council 8). A caveat must be emphasised, however, as the FTE base does not account for alternative employment types, such as volunteers, part-time employees, casual staff members or seasonal staff, who may have also completed the survey. As there would be no way of knowing with any certainty how many staff would be employed by each of the participating councils during the period that the survey was available, the FTE staff number is relied upon as a good indication of the size of each council's employment base. To encourage confidence in the findings, the sections in the questionnaire, *Demographic composition of participants (Section 4)* and

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[16] As detailed with Section 3.4.1, the number of FTE staff at a council may range from 31 to 1,741.

Organisational characteristics (Section 5) allowed responses to be placed within the context of the participant's individual role, so their employment type could be identified if required.
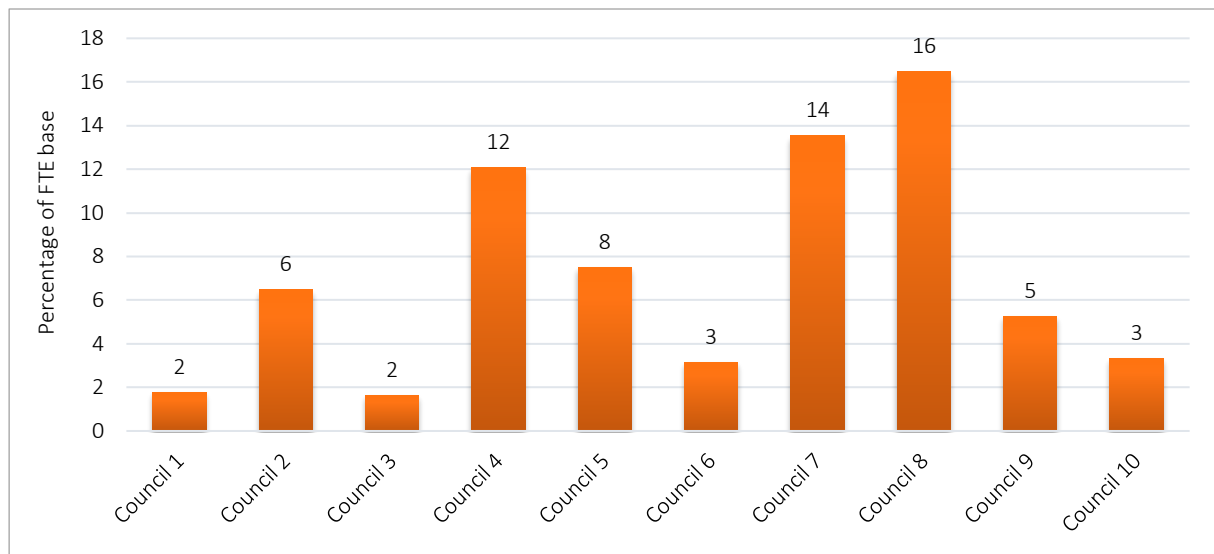
Figure 3.2. **Participation rate as percentage of FTE staff**

With the exception of the one council which agreed to participate in the survey on the understanding that only 20 employees would be invited to undertake the questionnaire (Council 3), the completion rate for the remaining 9 councils is significantly low. Even at Council 3, only 5 of the 20 invited employees completed the questionnaire. Indeed, across the breadth of councils, as the *actual* number of employees at each of these councils would be higher than the known FTE base, the response rate from each council is less than that depicted in Figure 3.2. It could be inferred, therefore, that most council employees were less inclined to complete the questionnaire than those at Councils 4, 7 and 8. If reliance was placed on one or two councils alone, this may have a bearing on any outcomes. However, across the sample of 10 councils, the sum of 197 completed responses invokes greater confidence in the findings; nevertheless, the low participation rates do highlight a significant limitation in terms of any capacity to make claims of representativeness (O'Rourke, 1999, p. 107). While a greater proportion of councils were invited to participate, as discussed in Section 3.4.3, just under a third agreed to do so (see Figure 3.1). If a greater number of councils participated, or if more councils were invited to participate, a higher response rate would have been likely; on reflection, this may have been a wise option to improve the response rate. That said, there would be no guarantee of a greater response rate if more councils had been invited to participate.

The aggregated responses provided salient, attitudinal insights across local government in NSW, and this in itself helped to inform the focus of the follow-up semi-structured interviews, specifically around the meaning of corruption, organisational attitudes towards it, and appetite, or strategies, to manage it. This is discussed further in Section 3.5. Further, responses derived from this sample base would serve as credible and diverse examples that broadly reflected the demographic make-up of NSW. In particular, 6 of the 10 councils were metropolitan councils, and 1 was on the metropolitan fringe, which aligned nicely with the representation of the state's population, with nearly two-thirds of the state's population residing in the Greater Sydney region (TCorp, 2013, p. 27).

For the purpose of broader comparison, the 152 council entities that existed in NSW at the time of the study is presented in Appendix 16, as derived from data provided by the OLG (2020). This assists in placing the sample of 10 councils within the broader framework of NSW council entities. While there are some surface-level resemblances between the 152 councils, such as gender differentiation and average taxable income, there are also much greater divergences with regards to size, socio-economic status, size of population and the largest industry employer within any LGA. Councils are geographically diverse, yet operate within the same regulatory parameters of corruption control, with ICAC, and other oversight bodies, placing mandatory obligations onto the local government sector as a whole. This allows for some comparability, and a strength of surveying 10 different and diverse council entities. However, this is also a limitation given that the sample should not be construed as representative of the entire network of councils.

Given these, and in consideration of the relatively small sample base that has been examined in this thesis, it was conceded that it would be difficult to state in generalisable terms that any particular difference or similarity between council type (e.g., rural/regional; affluency; professionalisation, gender differentiation or salary range of population served) would have a strong bearing on the general attitude or impressions towards corruption or corruption-management by the employees. This would be an interesting and important avenue to consider and explore, but it is beyond the scope of this thesis.

3.4.9 Analysis of attitudinal survey

While SurveyMonkey offered some analytical tools, the data generated was subsequently analysed using SPSS (Statistical Package for the Social Sciences) as its functionalities offered a greater ability to analyse, compare and cross-tabulate responses than those provided by SurveyMonkey.

Once the data was migrated to SPSS, it underwent an initial clean-up as a means of validating its trustworthiness, to ensure that comparisons could be made. For example, questions in SurveyMonkey that invited respondents to tick 'all that apply' required blank spaces to be changed to a '2' in order to function effectively in SPSS. This process ensured the integrity of the data with a view to ascertaining whether there were any invalid responses or obvious mistakes.

The opportunity was also taken to consolidate some findings into a separate variable, for subsequent cross-tabulation. For example, if a respondent had stated that they had either suspected or witnessed at least one of the corrupt practices listed, respectively, in Questions 8 and 9, the number of corrupt practices either suspected or witnessed was categorised under a separate variable for comparison with other social or demographic factors or data gained elsewhere. This helped explain a number of contradictions, which are discussed in subsequent chapters of this thesis.

The free text responses were migrated into NVivo, a computer-assisted qualitative data analysis software (CAQDAS) package. The rich narrative provided by some of the respondents assisted in contextualising their responses to the quantitative component. The process of coding for the analysis is elaborated further at Section 3.5.6.

3.4.10 Demographic analysis of questionnaire respondents (Phase 1)

For the purpose of contextualising the analysis presented in the following three chapters, the demographic composition (gender, age and salary range) of public officials who participated in the quantitative component of this research project is described below. For a more detailed breakdown and discussion, see Appendix 10.

The demographics are based on the 197 respondents who completed the survey and therefore answered this question. As such, it does not capture respondents who started

the questionnaire but did not complete it. In summary, the following highlights the demographic composition of respondents:

- A slight majority of them were male.
- Two-thirds were over 40 years of age.
- Half earned less than $90,000 per annum.
- Respondents were evenly sampled from across local government functions.
- Half had worked for more than one council.
- Almost half had worked in local government for more than 15 years.

The respondent pool is reflective of the ageing workforce in local government (Hastings et al., 2015, p. 9), with less than a quarter of all respondents being under 40 years of age, and nearly half of all respondents claiming to have worked within local government for more than 15 years. The ageing workforce bears a degree of correlation with length of service, suggesting that many local government employees tend to spend their whole careers in public service, with many transferring their service between councils. Accordingly, the sector could be considered to be quite insular, with local government officials likely working with, and therefore knowing, one another.

Across the sample base of councils, it was conceded that representation would not align totally, given the survey was voluntary and completeness was reliant on respondents' willingness to engage with the study and respond candidly to the survey. As employees at each participating council had the option of completing the survey, without incentive or coercion, it is somewhat reassuring that a wide and well-balanced representation was obtained. While this should not be taken to be representative of local government in general, nor of local government in the jurisdiction of NSW, it does inspire confidence in the significance of the findings.

3.5 Qualitative interviews with anti-corruption figures

The design of the interviews went through a similar process of testing and refinement following the analysis of the attitudinal survey, the literature review, and the sample of ICAC investigation reports. This approach conforms with a mixed methods *iterative design process*, with findings attained from the former stage informing and influencing the next component of the study (Nastasi et al., 2010, p. 320). This process also helped

determine the composition and suitability of interviewees, and the contributions that each was able to make to the research problem being investigated. The rationale of the interviews was to correlate the perceptions and understandings of corruption by those who may encounter its incidence on the front line with those who are seeking to expose, reduce and address it. These linkages, nuances and divergences are explicitly discussed in Chapters 4, 5 and 6.

3.5.1 Concept and design

Denzin and Lincoln (2011, p. 3) state that 'qualitative research is a situated activity that locates the observer in the world [and] consists of a set of interpretive, material practices that make the world visible'. Therefore, in setting the scene for this approach, observations by Gubrium and Holstein (2001, p. 57) were noteworthy, in the sense that the qualitative interview needed to elicit the 'nuances of understanding and the depths of experience'. The accounts obtained from the interviews were fundamental in terms of understanding: what meanings people ascribe to corruption as a concept; what their views and awareness were of acts that they construed as corrupt; and how meanings and understandings differ from person to person and context to context. Not only did this dimension complement the previous stages of research, it presented an opportunity to delve deeper into such understandings and findings.

The configuration of the interview can be somewhere between structured, semi-structured and unstructured (Curtis & Curtis, 2011, p. 29). In consideration of each, and in order to avoid any restriction put on the type or format of data acquired from the interview process, the interviews followed a semi-structured approach. In this way, interviews had a loose structure, but were organic and collaborative in dynamic, allowing the interviewer the freedom to probe on issues of note and to seek further exploration via follow-up questions. Essentially, 'the goal [was] to explore the range and depth of shared meanings in an area' (Gubrium & Holstein, 2001, p. 58).

To develop the discussion within Section 3.3.4, the impact that the interviewer had on the interview process was important to acknowledge. An interviewer 'may have a role to play in the creation of knowledge during the interview, in so far as the interview process may stimulate the participant to reflect on or articulate ideas for the first time or in a new way' (Curtis & Curtis, 2011, p. 48). Such a concept aligns with the social

constructivist approach, in that new information is constructed through the interview process (Curtis & Curtis, 2011, p. 47).

3.5.2   Purpose of interviews

Warren (2002, p. 83) posits that 'the purpose of most qualitative interviewing is to derive interpretations, not facts or laws, from respondent talk'. In the context of this study, interviewees' interpretations were based on their impressions and reflections of corruption in the local government setting in which they had experience or were engaged, specifically from the perspective of their being tasked with controlling or overseeing the management of corruption in local government. This notion had relevance, building on Warren's (2002, p. 83) approach to qualitative interviewing, in that conversations help 'frame [problems] more substantively and interactionally, aiming to understand the meaning of respondents' experiences and life worlds'. Platt (2001, p. 51) insightfully reflects on the evolution of interviewing over the last century, claiming that interviewing has gone some way to breaking down barriers between interviewers and interviewees, 'co-opting respondents instead of using them'. This resonates with the concept of what an interview entails, defined as a 'conversation with a purpose' (Gubrium & Holstein, 2001, p. 67; Mason, 2009, p. 67; Platt, 2001, p. 50) that is 'achieved through active engagement by interviewer and interviewee around relevant issues, topics and experiences' (Mason, 2002, p. 225).

As denoted by Holstein and Gubrium (2011, p. 341), 'everyday realities are actively constructed in and through forms of social action'. The fact that interviewees have worked or do work in the business of corruption governance, undoubtedly influenced their interpretations and opinions, and these may have arisen as a result of their social interactions, perceptions and exposure to corruption. With this in mind, theoretical and purposeful sampling ensured that a broad spectrum of individuals were selected for this aspect of the study, 'consisting of participants who best represent or have knowledge of the research topic' (Morse et al., 2002, p. 18). Key individuals, each of whom had significant experience and credentials in their respective field as anti-corruption practitioners, were purposefully selected on the basis that they would likely offer insightful perspectives on corruption practices in local government (Collins, 2010, pp. 357-358). Snowball sampling (Warren, 2002, p. 87) was used to grow the

respondent base, so other suitable individuals could be approached and their expertise, experiences and contributions gleaned.

The interviewees occupied roles that could be construed as having a formal, direct or indirect guardianship mandate. The intention was not to seek and make empirical generalisations, such as those attained in the survey, but rather to illuminate and enrich data gained from that phase with deeper levels of understanding (Patton, 2015, p. 264). The interviewing of a GM was considered, but given the reaction to the survey invitation, and the low acceptance rate by councils, this course of action was not pursued on the likely basis that there would be some reluctance or even resistance. If this course of action had been taken, and a GM agreed to participate, it was also considered that their view could be taken to be representative of the GM community and might even be construed as self-serving or defensive. Given ICAC's regulatory mandate, a request was made to interview a Senior Corruption Prevention Officer from ICAC. However, this request was declined as permission was not granted by the then Executive Director of Corruption Prevention. While this is unfortunate, some of the interviewees who did participate had worked for ICAC previously or had real-time interactions with ICAC in their current capacity.

Interviews were conducted with a range of individuals until a point of saturation was reached in terms of substantive and thematic insights and the eliciting of sufficient information (Morse, 2010, p. 347). This transpired to be 11 interviews, but an open mind was kept to conducting further interviews if a suitable and interesting opportunity arose. Each interviewee was informed on the interview participant information sheet (Appendix 12) that they would be given a pseudonym and not be identifiable in the results section and in any subsequent publications. This was accompanied by a covering letter (Appendix 11) and an interview consent form (Appendix 13). Prior to proceeding with these formalities, initial contact was made either by telephone, email, in person or via an introduction, and a synopsis of the question schedule was discussed in advance of the interview. The interviewees' occupational roles and biographies are outlined in Appendix 15.

Interviews were conducted between 8 January 2016 and 16 May 2016.[17] While many of the interviewees worked in a council in NSW at the time of the interview or previously, their breadth of experience covered more than a dozen councils. This was often augmented with work experiences in state and federal government, as well as current or former employment at, or working with, one or more of the state's oversight or anti-corruption bodies.

3.5.3   Demographic analysis of interviewees (Phase 2)

Demographic factors such as ethnicity and age were not sought from any interviewee. These features were not considered to be materially relevant to the topic under study, but more so, the interviewees' credentials and breadth of expertise. Gender was almost evenly represented, with six of the interviewees being male, and five being female. All interviewees were interviewed in Sydney, in person, with the exception of one who was interviewed over Skype due to geographical constraints.

3.5.4   Compilation and analysis

A semi-structured interview format meant that the nature and duration of the interview could be controlled and organised. This allowed for questions to be asked, based on certain themes or framed parameters, in order to elicit meaningful accounts by probing on particular matters. It also enabled the respondents to steer the conversation around issues that were meaningful for them. In turn, this aided the subsequent analysis of the data.

Ruiz Ruiz (2009, p. 4) identifies three levels of discourse analysis: (1) a textual level; (2) a contextual level; and (3) an interpretive level. He goes on to state that while the third and final level is the aim of the analysis, each level takes place in a circular and bidirectional manner, only concluding 'when the analyst considers that the research objectives have been achieved' (Ruiz Ruiz, 2009, p. 5). This approach was followed, with interpretation of the discourse informing the manner in which it was contextualised and presented.

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[17] Approval to proceed with interviews was granted by the Human Research Ethics Committee 29 October 2015 (Protocol number: 2015/654).

3.5.5 Transcription and analysis of interviews

Each interview was fully transcribed in accordance with the conventions developed by Jefferson (1974), who advocates that notation should represent words as they are pronounced (Tracy & Mirivel, 2009, p. 155). 'The analysis of data collected in research is referred to as *coding*', state Curtis and Curtis (2011, p. 44). Hence, as a technique employed in textual analysis, the content of each interviewee was coded and categorised (Ruiz Ruiz, 2009, p. 7). As coding is a 'strictly inductive method' (Ruiz Ruiz, 2009, p. 7), the manner in which data was read was significant and required a systemic and conscientious approach to ensure that derived findings were credible and rigorous (Patton, 2015, p. 653). Mason (2009, pp. 148-149) identifies three ways that data can be read: *literally*, *interpretively* or *reflexively*. Making sense of the interview data was *interpretative*, in that meanings were based on what the data meant or represented (Mason, 2009, p. 149). Yet, as the data was acquired through the framed environment of a semi-structured interview, reading it was also *reflexive*, owing to the nature of the interaction between the interviewer, and the interviewee (Mason, 2009, p. 78). A limitation of this approach is that findings can become shaped by the interviewer's bias and' predispositions (Patton, 2015, p. 653), resulting in skewed knowledge. Cross-data consistency with the other methods employed in this research project sought to minimise the potential for such bias and predispositions to influence the analysis, which is more prone to occur in a single-method study, as Patton (2015, p. 661) suggests.

Each interview transcript was read through, several times, with notes made as audio file were listened to. This assisted in making sense of the data, to clarify any inaudible aspects, and to gauge whether what was being heard or seen contradicted or complemented the survey results attained during Phase 1.

3.5.6 Coding and categorisation

Coding 'enables grounded theorists to discern processes that might otherwise remain *invisible*' (Charmaz, 2011, p. 372), with three types of coding available in grounded theory research: *open*, *axial* and *selective*. These are described as follows:

> *Open coding* is the interpretative process by which data are broken down analytically ... In *Axial coding*, categories are related to their sub-categories, and the relationships tested against the data ... *Selective coding* is the process by which

all categories are unified around a '"core"' category, and categories that need further explication are filled in with descriptive detail. This type of coding is likely to occur in the later phases of a study. (Corbin & Strauss, 1990, pp. 12-14)

Axial coding best describes the analytical approach undertaken for the purposes of this thesis and this was done using the CAQDAS package NVivo. NVivo allowed all transcribed interviews to be uploaded in word-processed form for subsequent sorting, summarising and determination of appropriate theoretical categories (Charmaz, 2011, p. 363). Coding and analysis occurred in conjunction with each other, as per the process advocated by Glaser and Strauss (2008, pp. 101-102). While reading and interpreting the data, several notes were made about the emerging themes and how they integrated with the findings of the survey, when data was coded. Such notes were relatively undeveloped and unstructured, but assisted in the analytical induction of themes and how findings from each of the data sets might align with the four sub-questions. Using NVivo, categories were created which provided the basis for subsequent analysis and integration with the questionnaire data. All of the responses were analysed, and themes emerged within each of the categories proved to be quite extensive (a full list of the categories and subcategories is available within Appendix 17). A variety of means were used to make sense of the data, such as annotation of key excerpts, colour-coding of themes to a sub-question and a review of the number of different instances that featured within any particular theme. While many of the emerging themes were insightful, some did not concretely align to the sub-research questions or focus of the thesis in general, and as such, only the ones that had particular relevance to the study - and the questions pursued - are referred to within the subsequent findings' chapters at the relevant juncture.

3.6   Triangulation of data

The process of triangulating data acquired from mixed method studies aims to make sense of conflicting and inconsistent patterns, divergences, and potentially competing explanations (Patton, 2015, pp. 653-661). In this project, data derived from each of the mixed-method stages was integrated and cross checked in order to seek corroboration between the quantitative and qualitative data (Bryman, 2006, p. 105), as a means of enhancing credibility in the findings than otherwise might have been achieved by a single-study alone (Patton, 2015, p. 661). By converging and corroborating the results

attained during the two phases of the mixed methods study, many conflicting and inharmonious patterns became apparent. As a means of negotiating such contradictions, comparisons were made between data acquired from each source, to ascertain the extent of any complementarity between them. This process also assisted in prioritising and negotiating which data to present in this thesis; in some instances, the lack of complementarity was particularly noteworthy in terms of how each participant base saw corruption in their lifeworld.

Through synthesis of these data sets, differences and divergences emerged. These themes are discussed in Chapters 4, 5 and 6, in accordance with the existing literature and the underpinning theoretical influences. Paradoxical findings and rival explanations are indicative of the real-world nuances associated with understanding, interpreting and addressing corruption in local government, as a truly situated, symbolically loaded and messy phenomenon.

3.7 Summary

This chapter has detailed the methodology that was applied in this research. As has been shown, the pragmatic paradigm informed the research methodology, with a grounded theory and mixed methods approach taken to the data collection and analysis processes. The findings are presented in Chapters 4, 5 and 6, and a discussion of their significance and implications follows in Chapter 7.

CHAPTER 4:   THE IMPLICATIONS OF SUCCESS

4.1   Introduction

This chapter explores what corruption means to those who might observe and respond to it within local government. It is based on a broad snapshot of attitudinal perceptions, and synthesised with a richer exploration of key narratives drawn from respondents and interviewees. Through an exploration of different perceptions, experiences and interpretations, there are distinctive contradictions and disconnects between the perception of corruption, its level and degree of pervasiveness, and the everyday realities of occupational corruption. There is a general belief that corruption in NSW local government is declining, and does not exist to a great extent within the council workplace. Many impressions are attributed to the perceived efficacy of the ICAC, as sensationalised by tabloid media. Yet, there is an acknowledgement that this focus on high-level and high-profile matters, often seen to involve elected officials, does not capture the lower-level or less exceptional forms of corruption that may take place within the administrative realm of local government.

This chapter highlights how such impressions have been formed, noting that much of this knowledge has been created by the structures that have been implemented to address corruption within local government and the broader public sector of NSW.

4.1.1   Perceptions of corruption

Based on the results of the attitudinal survey, Figure 4.1 sets the scene for this chapter, highlighting that over a third of respondents think that corruption has decreased in NSW in the last 5 years. This is more than the sum of respondents who thought that corruption had increased or stayed the same.
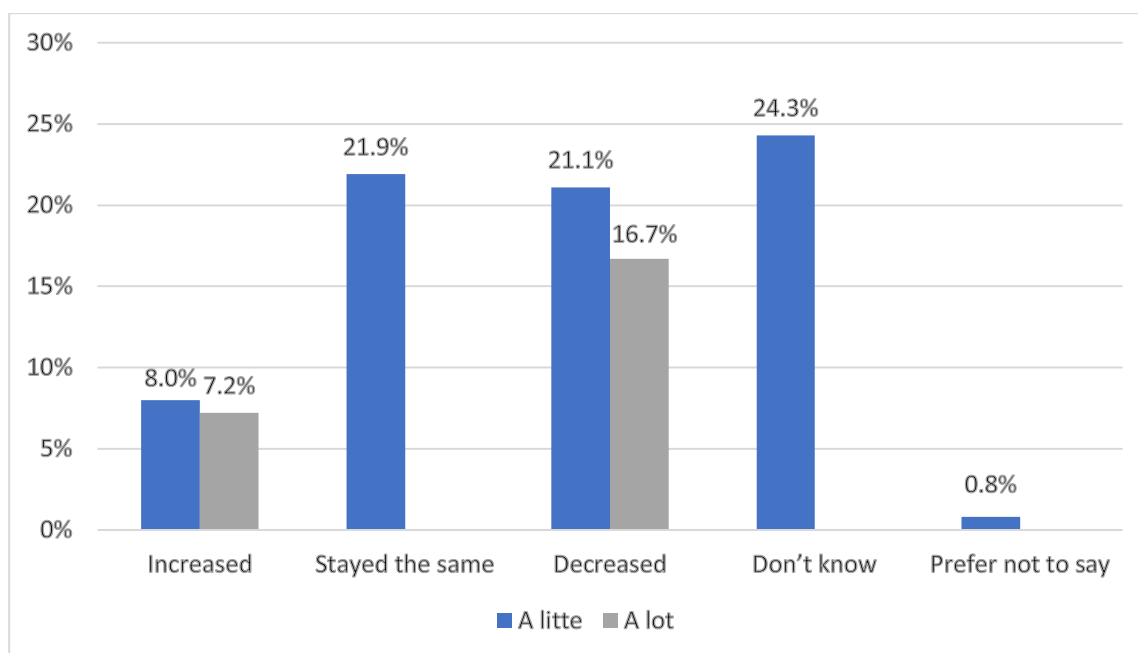
Figure 4.1.   Respondents' views of the level of corruption in NSW in the last 5 years (n=249)

This signifies that the majority of local government employees feel that corruption is on the decline or is stable while only a minority thinks that it has increased; a ratio of nearly 4:1. This predisposition contrasts substantially with the views of respondents in other studies that have sought to measure the degree or level of perceived corruption. From a service/sector level perspective, a similar number of respondents within the VPS thought that the level of corruption within Victoria had increased (17%) yet a noticeably lower amount (9%) thought it had decreased (Australian National University, 2013, p. 5). At a national level, 43% of surveyed participants thought that corruption in Australia had increased in the previous three years while only 7% thought that it had declined (Graycar, 2013, p. 5; McAllister et al., 2012, p. 12). Accordingly, by way of comparison, less than 1 in 10 respondents from the Victorian survey (9%) and the national survey (7%) thought that the level of corruption is on the decline, but this figure is nearer 4 in 10 (a total of 37.8%) among NSW local government respondents.

According to Transparency International's Global Corruption Barometer, 'few people [surveyed in the Asia Pacific region] think that corruption is on the decline' (Transparency International, 2017, p. 4), with 1 in 5 people believing that the level of corruption has decreased, and 1 in 3 people (34%) thinking that corruption had increased in Australia (Transparency International, 2017, p. 9). Similarly, on a global

scale, Australia's ranking on Transparency International's CPI shows a decline between 2012 and 2015, from 7th to 13th (Transparency International, 2012, 2013a, 2014a, 2015). Noting that the CPI is corroborated by localised studies that extend a similar view, the local government findings seem confounding, as they are completely in contrast. While it is not obvious at this stage why this might be, this is potentially noteworthy in terms of how corruption is viewed and managed in this particular sector.

4.1.2   Influencing factors

To elicit a deeper understanding of their predispositions, respondents were invited to provide an explanation for their views. Diverse views were expressed, each indicating how respondents' impressions were formed, from which sources, exposures, experiences or encounters.

One respondent thought that the level of corruption had 'increased a lot', stating:

> 'You see more in the media, like TV and newspaper talking about it.'
> (ID-127, Council 8)

This response in particular highlights that corruption and its perceived degree of management and pervasiveness is linked strongly to external sources, especially the media. Increased media interest has led to this respondent's belief that there is more corruption now than 5 years ago; the level might not have changed, but this is the instilled perception that arises from anti-corruption campaigns and showcased corruption investigations (Sampson, 2010, p. 265). Another respondent had the same rationale behind their thinking that corruption had 'decreased a lot':

> 'ICAC and the media have been active in identifying and making public practices to which a blind eye had been turned in the past.' (ID-34, Council 8)

The same substantive phenomenon has informed two quite different responses; one respondent correlated increased media attention with significantly more corruption while another perceived that corruption has reduced for the same reason. As observed within Chapter 2 (Section 2.3.9), concerns have been expressed regarding the media's reference to the concept of 'corruption', as a term that is either overused, under-informed, or one that has the potential to distort public perception (Dormaels, 2015,

p. 596; Graycar & Monaghan, 2015, p. 592; Loves, 2015, p. 159; Masters & Graycar, 2015, p. 173; Osrecki, 2015, p. 348). The above comments show that such factors can sway public perception in diverse directions.

Two further respondents also cited ICAC as the reason that corruption had 'decreased a lot', stating:

> 'Strict policies and procedures have been put in place to make this more transparent, and this has occurred since ICAC has been involved in the news.' (ID-209, Council 2)

> 'ICAC has been more active in investigations and taking offenders to court.' (ID-224, Council 8)

Accordingly, a variety of factors feature as being influential in respondents' perceptions about any change in the level of corruption in NSW local government, with particular emphasis on:

- the enhancement of policies and procedures;
- the presence of ICAC; and
- increased media interest.

Indirect sources such as the media feature as a key influencer in respondents' understanding of corruption and its prevalence in NSW local government, as found in other Australian studies (McAllister et al., 2012, p. 12). ICAC and the media – in general, or as a specific subset ('the news', 'TV', 'newspaper') – were referenced by three of the four respondents referenced above, as a reason behind why they thought corruption had decreased. Media interest in local government corruption is informed significantly by the work of ICAC, as opposed to other investigative or law-enforcement bodies, such as the police.

It is broadly observed in the literature that opinions and perceptions of corruption are heavily informed by third-party accounts rather than through direct experience or observation (Abramo, 2008, p. 3; Johnston, 2002, p. 867; Van de Walle, 2008, p. 233). The media, in particular, is a most influential source of influence on public opinion, but the media's focus tends to be on the scandalous forms of corruption (Anechiarico &

Jacobs, 1996, p. 15). Only a small aspect of local government corruption is brought to the attention of the public, who then form a view about its perceived level and nature.

In addition to these external factors, many of the respondents who considered that the level of corruption had 'decreased' attributed their impressions to increased awareness, greater vigilance or improved controls and governance arrangements. These were coded under 'positive control and exposure arrangements' in NVivo, with the following comments indicative of respondents' views about why corruption had 'decreased':

> 'There has always been corruption in local government but I think a lot more is being done to prevent and address the issues through training etc., so it may have decreased a little.' (ID-104, Council 7)

> 'It is no longer accepted within councils and council employees who are corrupt are identified and punished.' (ID-202, Council 5)

> 'Internal and external auditing processes, internal ombudsman, introduction of corporate plans and policies, anti-fraud and corruption newsletter and other initiatives.' (ID-188, Council 2)

A range of factors have informed respondents' explanations for the existence of corruption and the nexus between efforts to manage corruption with its level of change in the past 5 years. This could be indicative of a change in cultural acceptance, as exemplified by one of the above responses, 'It is no longer accepted', supporting observations that organisational attitudes to workplace deviances have changed in recent times (Anechiarico & Jacobs, 1996, pp. 5-6). The emphasis on 'positive control and exposure arrangements' indicates a degree of 'visibility' regarding what is being done to curtail the incidence of corrupt conduct within organisations, more so now than in previous years.

However, given broader observations in the literature that corruption is not 'on the radar' of many public agencies (IBAC VIC, 2014, p. 1; Van der Wal et al., 2016, p. 3), one might wonder what these anti-corruption endeavours might look like, what they focus on, and how effective they are. Noting the limited context, these comments are somewhat speculative, abstract and imbued with a degree of affectedness. By way of example, one comment referred to an internal ombudsman, assumed as a form of capable guardian. Yet, out of the 152 councils in NSW at the commencement of this

study, just a handful of councils employed someone in an internal ombudsman function. This indicates a limited appetite among councils for such a role, which is discussed further in Chapter 6.

Respondents' views that the level of corruption has declined omit to elaborate on which practices they believe fall within this broad concept of 'corruption', who might perpetrate such acts, and to what extent. What is apparent, is that many respondents hold a view that efforts to address corruption in local government are effective, as a result of localised anti-corruption endeavours.

The data in Figure 4.2 shows that the majority of respondents accepted that there was a degree of corruption within their council. More than half of all respondents (a total of 59.4%) said that there was either 'little', 'some' or 'a lot' of corruption within their council, yet 1 in 5 (20.8%) respondents said that no corruption exists within their council.
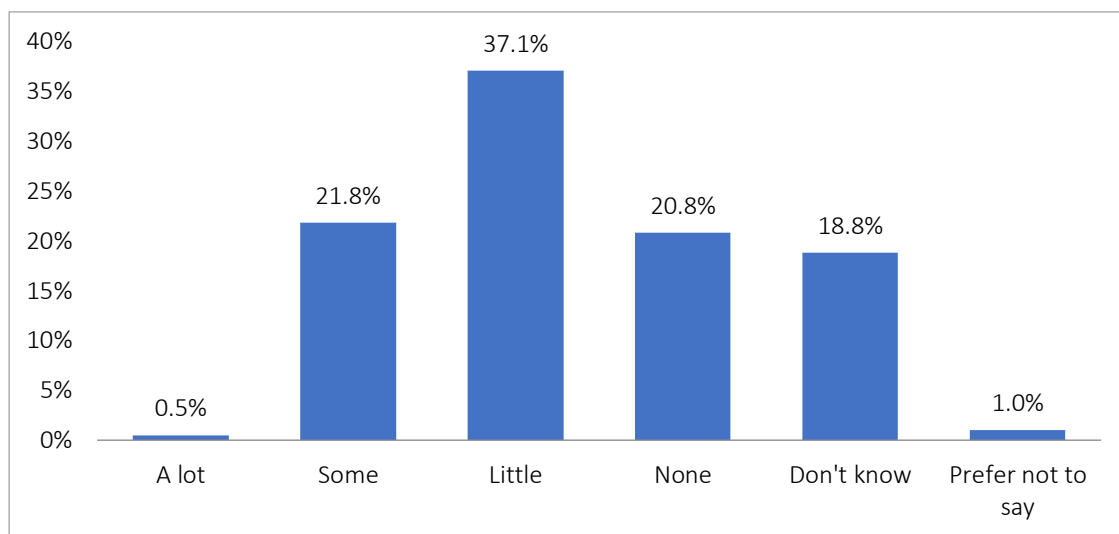
Figure 4.2.   Respondents' views on the extent of corruption existing within their council (n=202)

A similar study in Victoria, albeit with Victorian state government respondents, reported almost identical results in that 61% replied little or some, 22% said none and 16% did not know (Graycar, 2014, p. 275). Notably, the findings suggested that respondents recognise the existence of corruption to a limited extent. This potentially reveals a level of acceptance that corruption exists; maybe a 'socially optimal' level of corruption, as Osrecki (2015, p. 343) puts it, where the costs of tackling corruption are balanced with

the costs incurred by corruption, thereby creating a tolerance of infractions which are deemed to be moderate or mundane.

A respondent who thought that there was *little* corruption in their council stated:

> 'A number of cultural backgrounds view some practices as acceptable, and it is very difficult to address this through policy.' (ID-114, Council 7)

This respondent's comment refers to the cultural acceptance of some practices that may be tantamount to corrupt conduct. A well-known example in this regard is the customary exchange of gifts (MacNaughton & Wong, 2007, p. 89).

Immigrants to Australia have more than doubled in the past two decades, with the majority settling in NSW (Australian Bureau of Statistics, 2017b). Considering 6 of the 10 sampled councils were metropolitan, it seemed likely that increased reference to culture, ethnicity or custom would feature among respondents from these councils; yet, that did not transpire to be the case. While the offer of a gift creates a sense of an obligation to receive, and consequently, an obligation to reciprocate (Mauss, 2002 [1950], p. 50), the practice of *guanxi*, which is commonplace within Chinese communities, is considered to be an 'integral part of doing business' (Smart & Hsu, 2008, p. 177) and 'a necessary part of everyday life' (Andvig et al., 2000, p. 74). Once one understands these customs, it becomes clear that a symbolic form of 'policy' would be limited in its ability to change such long-established practices.

A contrary perspective was identified during Phase 2 of the research study, presenting a broad divergence between survey respondents' views and interviewees' views. Three interviewees reflected on their experiences with ethnicity and culture as factors that influence or impact upon the understanding of corruption, as well as on councils' ability to address corruption. These perspectives are presented below:

> 'In the examples that I can think of … an elderly [Italian] gentleman … who thought it was quite okay to offer money to council staff because that's how he'd always seen things done in his country and assumed that was the way it was done here … So, what one person perceives as being corrupt, another person thinks is normal behaviour. I think that's an issue in that not everybody has the same expectations, probably because it is a mixed society with mixed beliefs and mixed cultural backgrounds, what is considered corruption … I think councils could also work closer with the different

cultural communities … A lot of these people at the moment, like this woman who rang me, one of her three words of English was '"corruption".' You've got the two sides, one that has learnt that if they say this word they'll get a reaction straightaway, then you've got the other side who don't understand what corruption is at all and don't think anything they do is corrupt, like my little Italian man.' (Interviewee 11)

'I think we need to acknowledge that there are specific cultures in particular in situations where new migrants arrive into the area. They might be coming from a context where particular behaviours are accepted, tolerated or just are normal. Without identifying the specific ones there are cultures where simple parking arrangements are just completely foreign to them, where bribery is the norm, where providing gifts or giving gifts to officials who provide a service is accepted as the norm and actually is required.' (Interviewee 1)

'Say a health inspector goes out to do an inspection of a premises, and one of the owners of the shop comes from a different cultural background or from a culture where a fee for service would be common from their background and they don't necessarily understand the local culture.' (Interviewee 7)

A disconnect is evident, in that out of the 251 respondents surveyed, only one respondent expanded on the issue of custom and culture as a factor that may influence the risk or incidence of bribery. Yet, 3 of the 11 interviewees explored this notion more intricately, from a hypothetical standpoint as well as an experiential one. Rothstein (2017b, p. 11) asserts that 'morally blaming the culture of a nation is not very different from saying "you are all dishonest and bad people"'. Yet, the above interviewees were seemingly cognitive of different cultural and societal influences within Australia's pluralistic society and how these might impact on corruption and its potential within local government. They noted that different cultural impressions have a bearing on how corruption is understood. It is feasible that there may be a broader conception among the respondent base that corruption cannot be written off as an excuse for differing customs and values (Johnston, 2005, p. 18), and hence custom and cultural backgrounds are not factors that affect the risk or incidence of particular practices of corruption. There may be a broader appreciation of the association between custom and culture, with less patience for cultural mitigation (Larmour & Wolanin, 2001, p. xi; OECD, 2003,

p. 135). This may explain its absence in any commentary by those completing the survey.

Without exploring what the concept of corruption means to people or expanding on respondents' experiences with examples of corrupt practices, the fact that 1 in 5 respondents (see Figure 4.2) believe that there is no corruption within their council suggests they believe that corruption does not exist in any form. This seems inexplicable given the significant attention paid to corruption during the past three decades (Bjørnskov, 2011, p. 135; Kuris, 2015, p. 126; Wedel, 2012, p. 453); the increased attention paid to corruption by the media (Islam, 2014, p. 442; Rothstein & Varraich, 2017, p. 7); the number of complaints made to ICAC in relation to local government being three times more than the next most complained about sector (ICAC NSW, 2016, p. 17); and nearly a quarter of ICAC's publicly reported investigations being in relation to local government (ICAC NSW, 2016, p. 17). 'The following commentaries from respondents at two different councils offer some insight into why they feel that corruption does not exist within each of their councils:

> 'I feel the current processes are too constricting for something to happen at this stage.' (ID-179, Council 1)

> 'The people I know currently provide their service to the council in good faith.' (ID-121, Council 10)

Building on these narratives, two-thirds of respondents think that the level of corruption in their council was 'about the same' as, 'lower' than, or 'much lower' than in other councils (Figure 4.3).
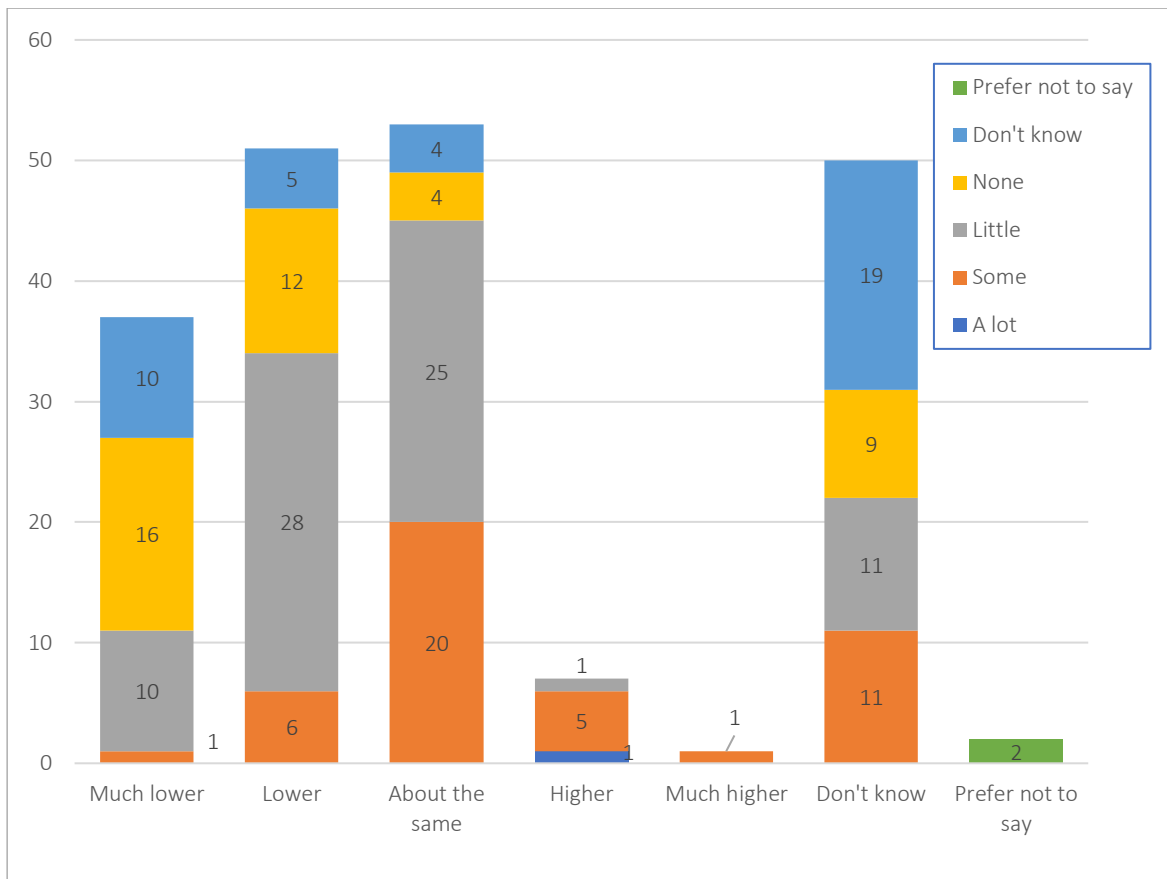
Figure 4.3. Respondents' views of whether they felt that corruption existed within their council, cross-tabulated with the perceived level of corruption at other councils (n=202)

The analysis indicates that respondents predominantly believe that corruption is more prevalent in other councils than in their own, highlighting something of an 'us and them' dualism (Bauman, 1990, pp. 40-41, 159). Respondents feasibly view their own council as being superior to other councils, which are regarded with scepticism. Similar findings were identified in a study of local government employees in Victoria, with only 12% believing that corruption was a problem in their workplace, despite more than half of them (56%) believing that corruption happens in other councils within the state of Victoria (IBAC VIC, 2017a, p. 5).

This dichotomy, between 'us and them', is also referred to as an 'in-group or out-group' scenario, and these imagined distinctions relate to an *antagonistic relationship* between workplace cultures on performance and identity grounds (Bauman, 1990, p. 41). Authoritarian personality styles were exemplified by comments that fell within the theme of 'positive control and exposure arrangements' (Section 4.1.2), indicating that

some respondents were not amenable to the idea that corruption might manifest within their council (Bauman, 1990, p. 48).

To explore the extent of any divergences between councils, responses within councils were compared. Figure 4.4 reveals how varied respondents' views are about the extent of corruption within their particular council. At least one person from every council said that there was no corruption within their council, with the exception of Councils 3 and 5.
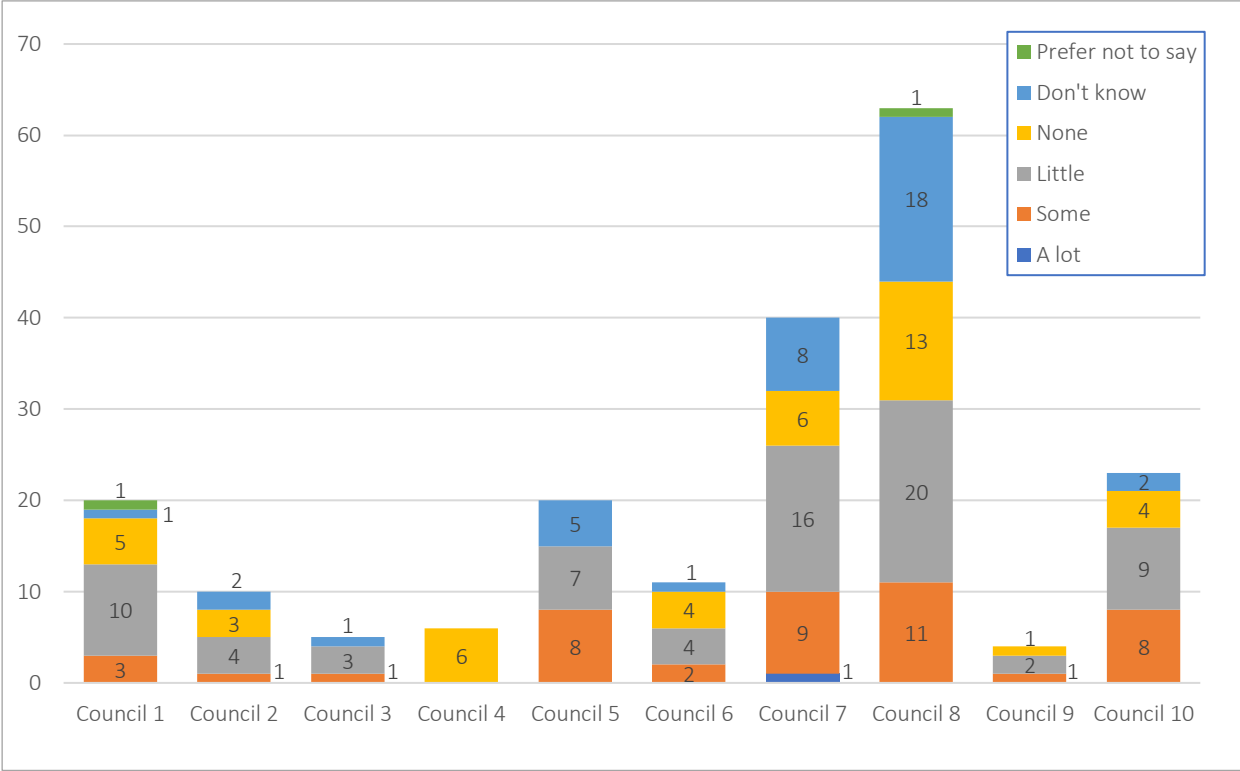
Figure 4.4. **Extent of perceived corruption within each respondent's council (n=202)**

At Council 8, a metropolitan council with between 500 and 1000 staff, a fifth of all respondents (13 of the 63) said that there was no corruption at their council, but more than twice as many (a combined total of 31) said that there was 'little' (20) or 'some' (11). Noting the small number of respondents from Council 4, a metropolitan council with fewer than 200 staff, all six respondents stated that there is no corruption within their council. With the exception of this council, the ratio of respondents who said 'little' or 'some' is higher than those who said none at *all* other councils. Should this not indicate a level of tolerance, it might imply a degree of conservatism, cultural denial, even misplaced arrogance, any of which might be socially endemic to the extent that even mild forms of corruption would be ignored by choice or even by design (Cohen,

2001, p. 5). Through the lens of one respondent, a richly elaborative statement was significant in terms of differences between councils:

> 'My current council deals with corruption very well and encourages staff to report any wrongdoings of staff. My previous council on the other hand was extremely corrupt and bullied staff into doing the wrong thing all the time. It was known that any resident could reverse any decision when asking the mayor directly. Quite a few staff were employed due to [the] favouritism of [the] senior executive or due to someone in their family already working at council. A contact person existed for staff to report corruption, but no one dared to go to this person out of fear. Staff friendly and loyal to the executive team received pay increases and other types of remuneration. "Difficult" staff were openly targeted and investigated.' (ID-31, Council 8)

This respondent's comments highlight a vast disparity between two councils, indicating that they can and do differ extensively, despite the regulatory framework and parameters of each council being the same. The above comment indicates that an organisational arrangement and cultural system of their former council nurtured corruption, with cronyism and nepotism featuring, combined with other misfeasance, such as workplace bullying.

Nepotism and cronyism – practices of corruption which might be categorised as 'particularism' – are considered to be quite 'an ongoing societal issue of great concern to the public' (Hudson et al., 2017, p. 1). If respondents deem there to be either little or some corruption in their council, while at the same time having a view that it is at the same level as it was five years ago, its degree of tolerance could be affiliated with Heidenheimer's (2009, pp. 152-154) colour-coded classification as being either *white* or *grey*, rather than *black*. Likewise, the perceived level or degree of corruption could be sporadic, routine or rare (Johnson, 2004, p. 145), but again, based on the *little* and *some* predominance, unlikely to be pervasive or systemic. Corruption in this category may be construed as 'petty corruption' but not indicative of 'grand corruption' (Langseth, 2012, p. 9; U4 Anti-Corruption Resource Centre, 2016). These observations are germane to Johnson and Sharma's (2004, p. 2) assertions that 'corruption can … be rated in terms of the community's level of tolerance towards it', and in this sense, one might consider that the degree of tolerance is quite high for many council-appointed employees.

The general view of respondents, that there is either *little* or *some* corruption in local government, but that the overall level is lower than it was 5 years ago, supports the academic literature cited above. If the level has declined, this indicates that respondents believe there to be more corruption 5 years ago. Respondents are not necessarily concerned about it or are prepared to accept it at this level, as this marks an improvement in its perceived level of incidence: to below a threshold of tolerance or acceptability. Respondents may be getting used to corruption and its normalcy within the organisation, and are accepting of it, akin to Kelling and Wilson's (1982) broken window theory, as discussed in Chapter 2 (Section 2.2.1). Thus, respondents' growing tolerance of corruption has contributed to its unseen nature, with *little* or *some* corruption being an everyday reality, akin to a *mundane* organisational or workplace practice. This occupational familiarity of 'little C' corruption is unremarkable, appearing in stark contrast to the scandalous forms of corruption that feature in popular news: 'big C' corruption.

On the basis of this assumed ambivalence, the impact of the media and its ability to inform different perspectives about corruption, is explored at this juncture.

4.1.3   Perceptions attributed to external factors such as the media

An ICAC/media synthesis featured in some respondents' remarks referred to earlier, when asked if the level of corruption has decreased or increased in the past 5 years. Many respondents referred to the media as an outlet that has informed their thinking, and this presented as a distinct theme. The following comments stood out as explanations for respondents' different perceptions regarding the level of corruption in local government: that corruption has increased, decreased or stayed the same. The quantum of comments highlights the influence that the media has in driving perceptions about corruption and creating a knowledge base about what corruption is and its generalised prevalence and significance.

A reason given for the existence of corruption in this respondent's council was:

'Recent press attention.' (ID-5, Council 5)

In comparison with the perceived level of corruption in other councils, this respondent claimed that they did not know if the level of corruption in local government had changed, but stated:

> 'We haven't had any media scandals lately, so possibly we are better than some.' (ID-136, Council 1)

Respondents who felt that the level of corruption in local government had 'increased a lot' in the last 5 years gave the following reasons:

> 'You see more in the media, like TV and newspaper talking about it.' (ID-127, Council 7)

> 'Perceived to have increased due to public awareness increasing through media.' (ID-207, Council 8)

> 'I have only been with local government for 18 months. The media definitely highlights an increase across the sector.' (ID-38, Council 8)

A respondent who thought that the level of corruption in local government had 'decreased a little' attributed this to:

> 'Media scrutiny, especially by ABC journalists and due to whistleblowers.' (ID-65, Council 10)

In contrast, a respondent who believed that the level of corruption has 'stayed the same' stated:

> 'Even though it appears to be more prevalent due to media report of ICAC enquiries I still think it's stayed the same.' (ID-112, Council 7)

Some respondents correlated increased media interest with an increase in corruption, while another respondent correlated media interest with a decrease in corruption. A further respondent acknowledged that, despite increased media attention and coverage, the level of corruption may not have changed in 5 years. Without drawing a correlation with respondents' comments and their views on the level of corruption, the commonality is that these respondents' impressions about corruption in local government have been informed by the media, as opposed to first-hand experience, supporting observations in the corruption studies literature (Graycar & Monaghan, 2015, p. 592; McAllister et al., 2012, p. 12; OECD, 2005, p. 26).

Such factors offer an insight into what corruption means to local government employees. Impressions of corruption, as a term, have been formed based on *a priori* knowledge, by indirect sources such as the media, as opposed to sensory experience and direct exposure. Localised knowledge-building artefacts, such as training courses, codes of conduct and advisories from in-house personnel and management, did not feature as sources of information in this regard. This has potential ramifications for how everyday practices might be construed in the workplace, indicating that some activities might appear to be normal, acceptable or insufficiently serious, as underpinned by the 'low' and 'some' predispositions (Figure 4.3). If respondents' understandings about corruption was based on *a posteriori* knowledge – in this sense, real-world observations and experiences of corruption and corrupt practices – one might wonder whether corruption-related reporting to ICAC would be far greater that the 120 reports made each year.

The creation of public knowledge is related to the observance of investigations and their outcomes, as highlighted by the media, but based on the work of ICAC. If the propensity of media reporting in NSW is fixated on the work of ICAC, this assumes a somewhat synoptic view (Mathiesen, 1997, p. 219), where many viewers focus on a very small aspect of what is a far greater phenomenon. By virtue of this, public knowledge is limited to matters that: (1) fall within the purview of ICAC's jurisdictional and regulatory mandate, being matters which are assessed as potentially serious or systemic (or both); and (2) are influenced by newsworthiness, media drivers and media agendas.

In Pope's seminal publication, the TI Source Book, the media featured as one of the key national integrity pillars (Pope, 2000b, 1996). Yet, noting that just 0.5% of all matters referred to ICAC result in formal investigation (ICAC NSW, 2016, p. 9) and therefore result in public reporting, a significant degree of potential corruption flies beneath the public's radar. Moreover, a socially engineered construct of corruption is created. The variety of opinion about what types of corruption feature in local government, to what extent, and in what form, is severely circumscribed. Opinions about corruption are not reflective of the reality of corruption, as explored within Chapter 5, much of which is unattended to, if it is even identified and then reported. There is no other mechanism of data capture. This narrow focus results in a refining and redefining of corruption, which

in turn, has the potential to reify practices which do not frequently fall within the same base of comparison.

As the media as a whole, along with its various constituents ('ABC journalists', 'news', 'newspapers', 'TV'), contributed to respondents' understandings about the level of perceived corruption in local government, this was probed further in the semi-structured interviews. Under the theme heading, 'media', the following comments support the aforementioned views expressed by some survey respondents, correlating ICAC's work and the media reporting of it with increased awareness about corruption:

> 'I think the awareness has increased. Certainly, I mean, the level of media attention dedicated to corruption in particular, the scrutiny that our sector is under, local government in particular, has brought it to light. I mean, most of the headlines in the newspapers when it comes to corruption relate to local government.' (Interviewee 1)

> '… come back to the early questions about scale, severity, some people wouldn't necessarily see one-off stealing … as corrupt conduct under ICAC's eyes. When they read the media articles about high level corruption, Eddie Obeid's and Botany Bay's[18] and all of this kind of big scale stuff, do you think they affiliate all of these different things and say, well if I do this in my workplace that's corrupt conduct, or do you think that there's only big scale stuff is corruption and therefore I'm never going to be in that mix?' (Interviewee 7)

> '… I think it's shaped by what the media puts out there. All we tend to see are the ICAC public hearings and the high-level serious cases where millions of dollars have been accepted in bribes. That's typically not what the average person will come across in their work.' (Interviewee 9)

The above comments indicate that practitioners believe that the media and ICAC have dramatically influenced public knowledge about corruption, anti-corruption and the existence of each in local government. However, the latter two comments above distinguish between the type of corruption pursued by ICAC and reported on by the media with the everyday practices that council employees engage in and may or may not consider to be corrupt. Particularly, ICAC's perceived focus on the 'big scale stuff' or

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[18] The interviewee's references here are in relation to ICAC investigations reported on in 2017. The former reference relates to an investigation involving Edward (Eddie) Obeid Sr, a former NSW Labor minister (ICAC NSW, 2017d) and the latter relates to the conduct of the former City of Botany Bay Council chief financial officer and others (ICAC NSW, 2017b).

'high-level serious cases' is not congruent with everyday practices which local government officials might observe or experience in the course of performing their duties.

These views reinforce the implications of ICAC's awareness and regulatory endeavours. The concept of corruption is fleetingly cited and linked to the regulatory efforts of the state's 'watchdog', but in doing so, the disconnect between the perception of corruption and its reality is intensified. Practices of corruption that are not brought to the fore remain hidden, but take place in full view: normal, everyday happenings that resides within employees' thresholds of comfort (little, some, or even none, as indicated by Figure 4.2). The commonness and relative tolerance of this degree of corruption is seemingly reasonable, according to those in the council, and accordingly, must be unchallenged (Chibnall & Saunders, 1977, pp. 139-141).

Undoubtedly, only a marginal amount of corruption is exposed, as such focus is on a minuscule number of matters assessed and pursued by ICAC, without consideration of ICAC's limited capacity or restricted mandate. Out of the 251 respondents in the survey, there was no indication that this was acknowledged by any respondent when accounting for their response. One commonality in the accounts given by respondents and interviewees is that ICAC is the *cynosure* of corruption. Publicity about corruption, being predicated on the work of ICAC, has increased awareness of it; however, an adverse effect of this purported success is the increased disconnect by those who are best placed to observe, and respond to, corrupt practices on the frontline.

This interviewee framed this issue in terms of its impact on employees' understanding and interpretation of corruption, as well as their level of tolerance:

> 'The other thing that we've suffered from is the media coverage of the really bad stuff because I think what it allows people to do is absolutely that [commit corruption]. You know, no one's calling ICAC on me so it's not really corrupt. No one's gone to governance so I don't have the internal auditor or the governance manager on the phone to me saying "Hey, what are you doing?" so it's not really corrupt. It's almost like the penalty defines the behaviour rather than the behaviour being recognised in and of itself.' (Interviewee 4)

This comment suggests that the effect of media reporting on how corruption is addressed at the frontline is exacerbated by the absence of a capable guardian: a fundamental component of Cohen and Felson's (1979) routine activity theory. References to ICAC, the 'internal auditor' or 'governance manager' could each feature as a capable guardian in this example (Hollis-Peel et al., 2011, p. 54). The absence of a capable guardian in this sense strengthens the ability for any potentially corrupt actor to rationalise or justify their behaviour, as they are not being held to account.

The interviewee's comment regarding 'penalty defines the behaviour rather than the behaviour being recognised in and of itself', aligns with Kurer's (2015, p. 36) salient assertion that perceptions of corruption are often linked with 'punishment, not whether the act is corrupt or not'. This notion somewhat assists in the understanding of different scales of corruption. Once a threshold is culturally established, everything else is adjusted accordingly and that sets the bar of tolerance.

The focus of media coverage was discussed further in the interviews, in the context of whether such focus was predisposed toward the elected representatives or the appointed officials. The former are democratically elected by the community to represent their best interests (Dollery et al., 2003, p. 103) and are, therefore, the visible and legislative – and thus newsworthy – public face of a council. These interviewees elaborated on the focus towards the elected level.

> 'Let's face it, your elected officials are far more public. It's far more sexy for a newspaper to be reporting on a councillor who's done something corrupt than it is on some low-level council staff officer, or even some more senior council staff officer … Having said that, if a council does act corruptly you want that exposed publicly. The problem is that that's sexy from a newspaper's point of view or the media's point of view. Just the same as if something hits ICAC and ICAC takes it on, that's sexy from the media's point of view.' (Interviewee 2)

> 'It's taken seriously at their [elected] level because it sells newspapers, it's seen as sexy.' (Interviewee 5)

> 'I think that the sexy stuff happens at the councillor level. It's really embarrassing, daggy stuff when it's the operational things … councillors do much cooler stuff; when they're corrupt they're really corrupt.' (Interviewee 6)

As quoted by the last interviewee, corruption at the operational level was considered to be 'daggy', an Australian colloquialism meaning unfashionable or banal. Each of the three views conveyed a near identical impression: a focus on 'sexy' corruption, centred on the elected officials as opposed to the appointed officials, has the result of rendering reductionist frameworks of meaning vis-à-vis what corruption is and is not. The propensity for attention to focus on various contemporary references to corruption, as misdemeanours within public office (Buchan, 2012, p. 89) – especially featuring high-profile figures being castigated for past mendacities – detracts from the operational dynamics of local government. Such examples might be newsworthy, as the ideology of 'altruistic democracy' is compromised (Shoemaker & Vos, 2009, p. 44). However, it means that 'daggy' – read low-level bureaucratic – corruption remains largely ignored.

Media coverage, which focuses on the political economy of corruption, might focus on egregious incidents by public figures in positions of power, superficially imbuing them with a celebrity status. One of the most common examples in recent times within NSW involved a deputy mayor of Auburn Council, a metropolitan council in the greater west Sydney region, who notoriously closed his own street to host an extravagant wedding (Munro & Saulwick, 2017). Within the survey theme of 'councillors' – this being the elected public figures of local government – the following comments were attributed to respondents from Council 8:

> 'Based on the recent reported cases and matters before ICAC. Mostly to do with the elected councillors. Corruption at staff level has reduced a lot.' (ID-23, Council 8) [This response was given for the respondent's perception that the level of corruption in local government had increased a lot in the past 5 years.]

> 'I believe any major corruption that occurs isn't within the day to day operations from staff but in the highest levels of council as has been proved recently by the ICAC.' (ID-28, Council 8)

> 'Not by staff, however by councillors and political figures.' (ID-26, Council 8)

> 'Employees are usually very clean, "council" on the other hand …' (ID-32, Council 8)

> 'All ticks above relate to councillors, not staff.' (ID-34, Council 8)

The above viewpoints indicate a stark contrast between the elected and appointed levels of local government; an observation that corruption by employees has reduced, or is relatively non-existent, while corruption by councillors remains active. The first two respondents attributed their view to recent intervention by ICAC, supporting the deduction that employees' views and perspectives about corruption in local government are heavily shaped by what the media publicises, as based largely on the work of ICAC.

With reference to Sutherland and Cressey's (2004) differential association theory, and Cohen's (2001) denial theory, one might contend that the employment of socialisation techniques by respondents from Council 8 have resulted in a subconscious belief that corruption either does not exist, or is not in the same league as that reported on by ICAC. This point comes out in the comments quoted above 'Not by staff', 'Employees are usually very clean' and 'not staff', and is supported by the findings within Figure 4.4, where a fifth of all respondents claim there to be no corruption in their council. The strong correlation of views from respondents at Council 8 suggest that this belief is more evident within this council than others in the sample, potentially reflecting the composition of elected representatives within this particular council. Feasibly, the actions of the elected councillors are viewed so negatively by the employees, that their own actions, or those around them at the appointed level, are not even questionable.

Some comments, again from respondents at Council 8, develop this assessment further, distinguishing between the prospect of employees committing corruption compared with councillors and the susceptibility or opportunity of each:

> '... employees have both less opportunity or ability; however "council" often misuses tax payers [funds]' (ID-32, Council 8)

> 'Councillors do not give regards to any of the procedures and code of conduct so more prone to corruption. Staff, however, are bound by major controls put in place in today's environment there is no chance of any serious corruption' (ID-23, Council 8)

Many views expressed by respondents from Council 8 are contemptuous of the elected body. Two respondents' comments, 'there is no chance of any serious corruption' and 'any major corruption that occurs isn't within the day to day operations from staff', shed light on the spectrum of corruption, indicating that there is a form of threshold based on severity. Given the above comments, any form of corruption engaged in by staff or

within the administrative jurisdiction, is categorised as lesser. If an acceptance of corruption resides within a 'socially optimal' level, this is not sustainable, as corruption 'feeds on itself' (Osrecki, 2015, p. 343) and breeds more corruption; a term referred to as the 'corruption trap' (Rose-Ackerman, 1999, p. 3).

If petty corruption of this kind is entrenched within the organisational complexities of local government, any potential reporter of corruption might concede that there is little point in referring their concerns to ICAC, especially when 80% of matters assessed are 'closed without referral' (ICAC NSW, 2016, pp. 19-20). In this regard, as argued by Osrecki (2015, p. 343), 'a moderate, socially optimal level of corruption will produce tolerance for that level and will slowly influence people's behaviour – more and more severe corrupt behaviour will be tolerated, ultimately resulting in a sub-optimal level'.

In contrast with the abovementioned views conveyed by respondents in the survey, three interviewees each felt that corruption at the elected level is restricted, but at the operational level there is more susceptibility:

> 'I think in terms of the greater risk, I think there is a much greater risk for your – what I will call the bureaucrats' side of council rather than the elected side, simply by virtue of the fact that most decisions made by the council effectively are made by the bureaucrats. Okay your policy decisions and that side of stuff are made by the councillors, but particularly given in most councils anyway, there's far less decisions now being made by councillors around development, which is where big corruption is always possible.' (Interviewee 2)

> 'The elected level, there's only so much – I mean you control a lot of things, but you're not controlling the everyday operations. So, things like tendering of projects etc, that's the operational level. The elected level as I said, tends to be conflict of interest issues. It tends to be developers from my experience, developers are the problem.' (Interviewee 3)

> 'I think it's easier at a staff level than it is at a councillor level, simply because I think there's fewer opportunities for a councillor. In reality they're only brought into a decision-making process every now and then and there's a degree of transparency around it, and also, they're much more public facing, so they're in the community, the community knows what they're doing, what they're not doing and people know.' (Interviewee 6)

The above comments observe that there are limited opportunities at the elected level, as there is greater transparency and scrutiny. However, at the operational level, there is a broader and more dispersed decision-making remit, coupled with a range of opportunities which might allow corruption to flourish. These views go some way to complementing observations in the literature, which predominantly refer to the fact that the operational nature of local government is infused with significant functions that pose high risks of corruption (ICAC NSW, 2010c). From a review of the literature, there are few references to corruption at the elected level. Hence, it is noteworthy that comments from survey respondents conveyed a commonly held view that more serious or pervasive forms of corruption would be predicated to the elected body over the appointed. As one interviewee said:

> 'I think it's given much more attention for elected officials.' (Interviewee 3)

This highlights the disconnect between perception and reality. A range of corruption risks exist within the operational domain, yet if the focus is on the elected level, these become under-considered by those who work within the council. This is potentially supported further by the scalability concept, the subjectively different degrees of severity and seriousness, and the newsworthiness of those who might be acting corruptly. Adding to their above comment, Interviewee 3 stated:

> 'Well I think in terms of small stuff, so when we talk about risk because we've got to talk about likelihood and consequence so I think the likelihood around like council rangers is higher but the severity or the level of the corruption would be sort of more serious around elected officials.' (Interviewee 3)

This same interviewee extended the above insight as an aspect of corruption risk, noting the difficulties with addressing corruption as a corporate risk:

> 'If someone really wants to work their way around the system they'll do that and if they can't they might go elsewhere and try and do it somewhere else because it's their dynamic, you know, it's not like other risks. Well, once you find a control for a risk the risk then reduces by a certain amount and you have your residual risk and that's it. Where corruption risk is quite different to that. The risk and hazard can kind of move around.' (Interviewee 3)

As acutely remarked above, the risk of corruption differs from other corporate risks. The risk would be compounded if a council fails to accurately recognise the many ways that corruption could materialise or dismisses corruption at the operational level because of its perceived level of seriousness and low public interest.

A focus on elected-level activities, attributed to their greater visibility, compounds any perception that the prospect of corruption within the operational domain is less existent or less significant. However, despite the activities of the elected officials supposedly being independent of the administration, the two are unavoidably interlaced, as explored below.

4.1.4   How councillors' behaviour can negatively influence the employees

Two interviewees elaborated on their experience of councillors' behaviour and how such behaviour resonated with the operational side of council:

> 'I think there was visible corruption at the top [elected level]. It kind of paralysed everything down through the system … and that combined with the natural conservatism of the GM, he'd been there a long period of time and … his mantra was business as usual and it had been twisted into we actually do nothing adventurous, which was a great pity.' (Interviewee 10)

> 'A lot of them [councillors] were wearing it [Code of Conduct complaints] like badges of honour – oh, I've had 49 against me – why are you here – this is my fifth. Some people had over 40 against them. So that says to me if the worst that happens to them is they're sent off to a class, there's no real repercussion … The staff too must wonder how many times people get away with things before something is taken seriously.' (Interviewee 11)

Visible corruption with impunity on the part of the elected officials signifies that the actions and behaviours were brazen, as evidenced in Interviewee 11's comment, 'there's no real repercussion'. The interviewee's last comment, that 'staff too much wonder how many times people get away with things before something is taken seriously', is indicative of issues that may exist within Council 8, noting the disdainful remarks made about councillors.

Notably, one interviewee considered that corruption was easier to perpetrate at the appointed level but perceived it as more prevalent at the elected level:

'I think it's easier to do at the operational level. I think it's harder at the councillor level, which then started me thinking then, my god, why do they keep doing it. Like why is there so much more councillor stuff than there is operational stuff.' (Interviewee 6)

This respondent's perception, that there is more corruption by councillors than within the operational domain, is unsupported, since significantly more ICAC investigations have been orientated to the appointed officials (see Appendix 1). However, it highlights that, even to this interviewee, it must seem that way because of the public visibility of regulatory endeavours. The interviewee considered corruption to be more difficult to perpetrate at the elected level, but this view was not shared by many of the respondents in the survey, further highlighting a variance of understanding. People often fail to see corruption (Graycar & Prenzler, 2013, p. 134), and these divergences highlight how corruption perceptions differ from everyday realities. From the perspective of symbolic interactionism (Blumer, 2007, pp. 68-69), any meanings ascribed to corruption by those best placed to experience it will undoubtedly impact or influence any action or inaction.

The following five comments, with four from respondents at Council 8, expand on these divergences, highlighting a perceived degree of superiority by the elected councillors which imbues them with a sense of impunity:

'Staff have strict controls in place … but councillors think there are no one above them.' (ID-23, Council 8)

'Elected representatives should be treated as the employees are and held accountable and punished – always two sets of rules running.' (ID-111, Council 7)

'As our recent experience has shown, there is a very difficult line between the actions of councillors and staff. The former have caused us grief, derailed a major project and subsequently taken pernicious action towards staff in, it turned out, a corrupt attempt to furthering individual interests. [Name of Council redacted] Council's reputation was damaged and the staff suffer for that despite there being, within council, a strong work and probity ethic and a structure and training to handle corruption risks.'
(ID-34, Council 8)

'Councillors in the past do not seem to have a good sense of what constitutes corruption.' (ID-21, Council 8)

'Whilst there's been a few high profile cases of operational staff acting in a corrupt fashion, it's pretty obvious that when there is a corruption problem within a council, it's with the elected officials, and the overwhelming majority of corruption within councils has been and will continue to be at that level, if only because that's where so many decisions are made that impact upon vested interests, particularly developers, where decisions are made that can be worth well into the hundreds of millions range. Sadly, that tends to not be addressed because politicians are treated like modern aristocracy.' (ID-36, Council 8)

The quantity of comments from respondents at Council 8 demonstrate the divergence of views from respondents at this council, highlighting in this context an 'us and them' dualism (Bauman, 1990, pp. 40-41). The actions and conduct of some elected representatives in Greater Sydney have received notoriety in recent times – for example, at City of Ryde Council (ICAC NSW, 2014d), Hurstville Council (OLG NSW, 2016) and Auburn Council (Munro & Saulwick, 2017) – and these comments indicate that some respondents believe that councillors are held to a different standard of accountability. Within Queensland, similar examples of alleged corrupt conduct or misfeasance in public office have implicated a few elected-level officials, and in doing so, have publicly tarnished the local government sector, resulting in a supposed perception that local government is a 'hotbed for corruption' (Solomons, 2018).

The public spectacle of these infamous instances does little to explain what conditions contribute to the incidence of corruption. Notably, while the comments above from respondents at Council 8 are somewhat derisive, respondents from the remaining nine councils did not express similar views in such magnitude. However, two comments alluded to the blurred boundaries between elected and official functions. In particular, how councillors have exerted influence on their council employees, irrespective of prohibitive clauses within the NSW Model Code of Conduct (OLG NSW, 2015, pp. 13-14) which exist to ensure a clear delineation between the elected and administrative realms of local government:

'Undue operational influence by councillors and elected officials' (ID-143, Council 1)

'There is a culture of "just do what the politicians want" regardless of legislation, EEO etc. If you want to keep your job AND thrive/progress you need to "bend the rules".' (ID-3, Council 5)

The second of the two comments identifies how pressures and power differentials can compel public officials to capitulate to the social pressure of complicity in practices which might be construed as corruption (World Bank, 2014, p. 60). As Mills (2000 [1956], p. 343) puts it, while there may be 'corrupt men in sound institutions [... Such] institutions are corrupting many of the men who live and work in them'. Through three traits of power – *authority*, *manipulation* and *coercion* (Mills, 2000 [1959], p. 41) – the social pressure to capitulate becomes difficult to resist. If the above comments have substance, an employee's personal conscience may be attenuated if they feel pressure to 'bend the rules' (Chibnall & Saunders, 1977, p. 144), but equally, there may be a subconscious, or even conscious, willingness to acquiesce. By putting self-interest above personal morality, integrity diminishes and the organisation nurtures a structural and institutional *immorality* (Mills, 2000 [1956], p. 343). Noting this, and the perceived exertion of influence by councillors, the organisational and architectural composition of local government is explicated further below in view of its ability to facilitate or hinder the incidence of corruption.

4.1.5   The architecture of local government

The distinctive architectural composition of a council was described by this interviewee:

> 'We can't ignore that there are these two other spheres that are gravitating around the administration. I mean, the administrative body, of the council, while at times we would like to think of it as an isolated organisation, it's not isolated. It's there simply to perform a function which is serving the elected members to deliver on the aspirations and the needs expressed by the community and the stakeholders and deliver on that vision that they democratically set on behalf of the community who elected them.' (Interviewee 1).

This interviewee addressed the inevitable difficulties that exist within local government, focusing on relations between the elected councillors and appointed staff. While elected councillors are prohibited from influencing operational decision-making, the administrative body exists to accommodate the councillors in the course of their civic duties. An architectural contradiction is created which places all council officials in a precarious situation if they operate under duress and feel compelled to 'bend the rules'.

Several interviewees provided these insightful perspectives about the nature and structure of local government and its features, noting differences to other institutions or industries. For example:

> 'I think local government is unique in terms of the elected officials and the closeness to the whole organisation.' (Interviewee 9)

From a spatial, supervisory perspective, this view was put forward:

> 'Local government's one of those things which is difficult in terms of a lot of the work that gets carried out happens out there, so it's not just happening in this building, so there's no line of sight of what people are actually doing and that's always a bit of a challenge.' (Interviewee 3)

The above two statements highlight the personalisation of local government and its tendency to create conditions for corruption. They indicate that corruption would not be as inherent within other sectors or industries, as they do not have the same degree of interaction with a client base. In the first comment, councillors are the face of council, elected by their constituents, but operating with a closeness to the day-to-day operations. The second comment acknowledges the inherent degree of autonomy that many frontline officials have in the course of day-to-day operations. This elaborates on the notion of discretion, but with reduced oversight, thereby conforming, to some degree, with Klitgaard's (1988, p. 75) formula for corruption. Council employees conduct health inspections, tend parks and recreation services, and inspect and regulate business premises. All councils have service locations detached from their head offices, and these might include community centres, libraries, leisure centres, theatres and airports (ALGA, 2019).

To extend such considerations, following are some comments from interviewees who acknowledged councils' proximity to their client base as a factor that has the potential to generate conditions for particular types of corruption:

> 'I think one of the other things with local government is the proximity to its client base. State government, whilst you certainly get corruption, it's not as close to its client base as local government is by definition. I think that can lead to a problem particularly in terms of inappropriate gift giving, making decisions for friends and neighbours. All of these sort of low-level corruption ...' (Interviewee 2)

'I guess any legislative or regulatory framework has certainly an obstacle that we have human beings or government place in front of customers or people that are obviously trying to get something from us. Whether it is a permit to build a house or an extension or build a tower or close a road or get a parking permit, we are putting hurdles effectively and creating a system that creates barriers. The system is obviously created to create equality and accountability but it certainly can be viewed by some people as obstacles to overcome. So if there's a shortcut to take between you and a profit or an advantage that you might be getting from our organisation, for example, and you might be willing to attempt that road.' (Interviewee 1)

The above comments highlight salient features about local government's susceptibility to corruption: that the administrative functions serve to support the elected function; that there is 'closeness' to the client base, thereby indicating also that such proximity is a causal factor; and that a lack of supervision is coupled with comparatively high levels of discretionary decision-making. These structural features are worthy of reflection while keeping in mind Weber's (1947) *ideal type* configuration of bureaucracy, which contends that there should be a clear delineation between formal and informal life (Bauman, 1990, pp. 79-83). In the context of local government, employees' social identities and private interests are taken to be detached from the official roles that employees play in the council, which are formalised and centred around controls and hierarchies and are governed by an array of policies and procedures (Adler, 2012, p. 246). In reality, it is not possible to create this depersonalisation, because beyond the formal veneer there is always an informal institution (Mungiu-Pippidi, 2017, p. 10) with different interpersonal relationships and degrees of human interaction (Bauman, 1990, p. 85). Nevertheless, the symbolic presence of 'positive control and exposure arrangements' within the formal structure of the organisation is seen in a positive light by many frontline employees (see Section 4.1.2). However, these employee perspectives potentially neglect to consider the informal, interpersonal and relational influences that can facilitate more mundane forms of corruption, which may be perceived and experienced by frontline employees as entrepreneurialism, a means of providing job satisfaction, or ways to make formalised work repertoires more subjectively meaningful. (Ditton, 1977, pp. 173-174).

The strength of relationships plays a fundamental role within the formal structure of any organisation (Walton, 2005, pp. 569-570), albeit they are often intangible and

unsolidified. Human bonds, self-interests, loyalties and inherent prejudices are examples of factors that may impact upon the dispassionate, objective or meritorious-based decisions that public servants are expected to enact. This may be why the following interviewees felt this way, albeit the second comment highlights the unreliability of controls:

> 'I do feel that local government's more vulnerable but I haven't quite put my finger on why.' (Interviewee 3)

> 'I think that if every staff member in our organisation was of a mind to engage in corrupt conduct, I think that there would certainly be opportunities for a lot of people to do a lot of damage. That's terrifying ... In my role, for example, I could do all sorts of shit and no one would know.' (Interviewee 6)

Noting that proximity of council services might explain why some forms of corruption exist more than others, the latter interviewee's comment accentuates the extent of *opportunities* within councils' administrative jurisdiction, being one of the three components within Cressey's (1973) fraud triangle. Moreover, the fact that 'no one would know' if such opportunities were exploited highlights the potential for corruption to manifest in the absence of appropriate oversight or scrutiny. This risk would be compounded if any anti-corruption focus is skewed towards the elected function over the appointed, or if operational corruption is dismissed as being insignificant. The opportunities and skills that one might acquire during the course of their employment, or as a result of their occupational status (Dormaels, 2015, p. 596), highlights a key vulnerability to the possibility of corruption; environmental conditions within the organisation bring offender and target together, without oversight or effective guardianship (Clarke & Eck, 2003, p. 27).

4.2   The disconnect between perceptions and reality

The media and ICAC together set and define the tone of what corruption is and what is means, but the consequence is that the focus is on manufacturing and prosecuting the spectacle of corruption, and not its practice. This has the potential to widen the gap between what citizens understand corruption to be and how they might encounter its incidence in their workplace. This is acutely captured in the excerpt below.

'The media and regulators seem to focus exclusively on the big-ticket items e.g. bribes or salacious activity ... In reality these two kinds of corruption are a) fairly contained i.e. involving one or three persons and b) not really that huge in terms of actual impact on outcomes. What is ignored in the corruption focus is the "death by a thousand paper cuts" stuff – the nepotism that may result in an informal network of people who subtly control the place, the leadership culture that may subtly punish compliance with norms/power, lack of systems or skills resulting in lots of small financial losses etc. I think the focus on the bigger, more dramatic, one-off stuff actually works against you in terms of helping organisations understand that corruption can actually be an aggregate of seemingly minor things and this cluster can be far more damaging to an organisation over time than a councillor dancing on a table with a stripper or someone stealing $10k from kitty. This is my biggest frustration in general as someone who has worked in public sector systems for 20 years. Finally, I think "corruption" is an element of a broader issue ... councils tend not to have good systems in general – lots of regulation but not great systems. The other thing I think is that when corruption is found (e.g. someone dancing on a table after stealing $10k) the media and public punish the whole organisation even though the corruption actually only involved one or three people. This is manifestly unfair/damaging to organisational culture/wellbeing as well as then discouraging people from reporting the small things that happen in every organisation and need to be rooted out and dealt with ...' (ID-126, Council 10)

This enlightening commentary alludes to several issues that are worthy of exploration. The introductory part of the comment builds on the aforementioned reference to the public reporting of local government corruption, contending that 'the media and regulators seem to focus exclusively on the big-ticket items'. The aggregate of seemingly innocuous corrupt practices does not fall within the same spectrum. Mundane corruption is vastly distinct from exceptional forms of corruption that attract ICAC and media interest.

The respondent's observation that this focus ignores the 'nepotism' that exists, suggests a cultural norm of corruption that is unaddressed. Mungiu-Pippidi (2017, p. 8) argues that 'institutionalised corruption is based on informal particularism', and this seemingly features as a causality behind the resultant aggregation of less significant forms of corruption. As indicated by several phrases within the above comment, different degrees of furtiveness become enmeshed within the daily working life of local

government, fostered through a culture of preference and partiality: 'the *nepotism* that may result in an *informal network* of people who *subtly* control the place', with the extent and normalcy of such practices reified by 'the *leadership culture* that may *subtly* punish compliance with *norms/power*' [emphasis added]. These illuminating conditions foster the acceptance of corrupt behaviours; a structurally normative situation is created within the organisational subculture, which conflates everyday business with occupational deviance (Ditton, 1977, pp. 173-174).

While it might be prudent not to confine corruption to a suite of practices that are perpetrated by individuals (Buchan, 2012, p. 73; Hindess, 2001, p. 7; 2012, p. 11), the practice of 'nepotism' is one that seems to lead to this gradual working up and infiltration of corruption throughout an organisation. This highlights how social relations of corruption can foster a cultural conformity. While nepotism is traditionally defined as a practice where a person in a position of power or influence favours a member of their family, usually to provide a job, the expression is used more widely now (Pope, 2000a, p. 197). It is a practice that features within the contemporary language of corruption (Andvig et al., 2000, p. 14; Graycar & Prenzler, 2013, pp. 3-9; Mulgan, 2012, p. 25) but also one that is often deemed to be acceptable or legitimate by employees (Hudson et al., 2017, p. 12). This is explained further within the next chapter.

As contended by the above respondent, a potentially unintended consequence of the media and ICAC nexus is that people are discouraged 'from reporting the small things that happen'. This accentuates some of the implications of the public anti-corruption agenda: a focus on elected officials or the more scandalous forms of corruption that are pursued by regulatory bodies has contributed to a corruption disconnect that remains studiously under-considered and under-researched. Such examples may be newsworthy for their sensationalistic properties, but the implications are that the normative framework and meaning of corruption is established. As contended by Ashforth and colleagues (2008, p. 675), 'even if the causes of corruption are not entirely systemic, the consequences are'. This is explored below.

4.2.1 The implications of increased awareness

In seeking to thematically examine the nature of the publicity implications, the theme 'increased awareness' was used to code comments. When asked if 'public and

organisational awareness of corruption is higher now', the following interviewees stated:

> 'Yes, and it is through bodies such as ICAC … I think it makes a difference having statutory obligations and that oversight and the media attention. (Interviewee 9)

> 'I think the publicity and the exposure to some of the nastier scandals, and not just in local government of course but across a range of public agencies, I think there's a much greater public awareness of the problem and the connotations.' (Interviewee 8)

> 'Yes … I think because of some of the large-scale news items to do with corrupt behaviour – the Auburn [Council] example being one. Various politicians and whatever that have been dragged in front of ICAC.' (Interviewee 11)

> 'Yes, I think it certainly is. I think the ICAC's done a great job around that. Although now I think certainly in New South Wales people are more aware with these type of recent issues … But people certainly have a good understanding of corruption and I think David Ipp[19] did a good job sort of really bringing it into the everyday conversations of people by going after really high-profile politicians and not being afraid to make examples of them… So it could be exactly the same as what it was 20 years ago but ICAC's work and public awareness has probably heightened the awareness.' (Interviewee 3)

The last sentence of Interviewee 3's statement indicates that, even though awareness of corruption may be higher now, that does not necessarily mean that the level has changed, just that a heightened awareness is attributed to ICAC. The focus on 'high profile politicians' has resulted in not only a perceived tarnishing of democratic legitimacy, but also that ICAC is symbolically more than the organisation it *actually* is. ICAC's investigative pursuits imbue citizens with a perception that it is a law-enforcement agency, not a commission of inquiry, or as Kuris (2015) puts it, a *guard dog* not a *watchdog*. Hence, public perception is influenced by the range of matters that ICAC chooses to pursue. When ICAC's limited resourcing and financial constraints are also taken into account (ICAC NSW, 2016, p. 3), there is a viable probability that ICAC is set up to fail in the eyes of the public, which seems focused on its investigatory endeavours.

[19] Former ICAC Commissioner – November 2009 to January 2014.

The focus on ICAC's investigative remit neglects to consider its other functions of *corruption prevention* and *education* (Gorta, 2006, p. 206), which accord with Monaghan's (2014) view that 'fighting corruption is often less about getting runs on the board and more about creating awareness'.

ICAC's limited mandate is, therefore, subject to misapprehension, which has implications for how corruption is discursively constituted within councils. If the symbolic grandeur of public hearings remains focused on high-profile figureheads, there is a risk that lesser forms of corruption will be treated as exempt from consequence because they are considered too small or innocuous and will not warrant ICAC intervention. The following comments show how interviewees think that ICAC has changed the landscape:

> 'We're still miles ahead of where we were back in the 1980s before ICAC existed. Of course, at least there's that level of understanding around corrupt conduct, whereas before it was open slather.' (Interviewee 2)

> 'So we have all heard stories about council officers in the seventies receiving big gifts for Christmas from developers and suppliers. There's widespread acknowledgement and awareness now within the employees that that is not acceptable, even amongst the community and some of the suppliers and the contractors … So in a sense that has improved, but while those were fairly obvious situations of, you know, a case of beer coming to the council officers … any other behaviour that's hidden may be still going ahead.' (Interviewee 1)

> 'I think organisations are quite good at identifying or getting better at identifying corrupt conduct. I wonder if they're not as good at identifying other forms of wrongdoing because they now have this lens of is it corrupt conduct, do I need to report it to ICAC?' (Interviewee 9)

Interviewee 2 stated that it was 'open slather' in the early 1980s before ICAC's inception. The latter two comments, however, highlight how the discourse on corruption has transitioned. Overt practices are now 'not acceptable', but while some practices clearly designated as corrupt appear in the spotlight, others potentially disappear. The interviewees do not elaborate on what those behaviours may be or how they might be explicated, but there is a sense that the 'hidden' behaviour may be less prone to the corruption label: thus, it feasibly falls within the 'dark figure [or zone] of corruption' (Zimring & Johnson, 2005, p. 802).

It is debatable whether regulatory endeavours by the likes of ACAs such as ICAC have broadened, in a positive way, the public's understanding of the range of behaviours that might influence these efforts or pigeonholed them. A reductionist attitude to corruption seems evident, with anti-corruption endeavours construed as ideological remedies (see Section 4.1.2). Efforts seem less concerned about unpacking corruption to understand more about the conditions that contribute to its situatedness, which is perhaps why anti-corruption strategies are not working as well as they could and might be thought of, in ecological terms, as unsustainable (Clammer, 2012, p. 124).

ICAC is deemed to be the 'go to place', but this interviewee augments the above observations regarding the 'corruption disconnect' from a guardianship perspective:

> 'I think the disconnect is that ICAC is seen as the corruption watchdog but the watchdog doesn't have any teeth and that's the part that the public doesn't understand. If an organisation has the power to point a finger and do a whole investigation but then have no power to actually enact anything, which is exactly what ICAC doesn't have, that doesn't make sense to the public. If you're investigating you should be able to bring a charge or penalty for doing the wrong thing, not hand it all over to the police who then have to start again. That just doesn't make sense. [Interviewer: ICAC might say that they're there to expose corruption, not prosecute corrupt actions]. ... Then why isn't it a joint thing? One sensationalises it and brings it out into the public, so the public's aware, but then nothing happens.' (Interviewee 11)

The above remark emphasises how corruption is sensationalised by ICAC's investigative undertakings. This might well be ICAC's intention – to raise the awareness of corruption while simultaneously promoting the ICAC brand – but, as contended by Loves (2015, p. 242), it would be prudent for ACAs, and those charged with governing their mandate, to recognise their own institutional limitations. A 'corruption watchdog [that] doesn't have any teeth' is a concept explored by Kuris (2015, p. 127), who asserts that many 'watchdog' ACAs that lack law-enforcement or investigative powers could be perceived as 'toothless'. ICAC hearings are held in public, but because ICAC is a commission of inquiry and not a law-enforcement body, the burden of proof is not to the criminal standard, which means evidence can be heard that would not be admitted in a criminal court of law. The public airing of evidence that cannot be acted upon potentially diminishes ICAC's perceived standing. Nevertheless, a proportion of the respondent base

within the attitudinal survey correlated ICAC's regulatory endeavours with a decrease in corruption.

Hitherto, the anti-corruption rhetoric fuels a speculation among respondents that corruption has been reduced (see Section 4.1.2). The ramifications of this resultant perception include: circulation of corruption discourse infused with embellishment and creation of limited views about corruption: what it is, who perpetrates it, how it is addressed, where it might be and, by default, where it might not be. At a practical level, there may be latent ramifications. For example, if ICAC is not taking punitive action, then rationalised actions of any corrupt actor are reinforced, on account of the fact that ICAC is seen to set the agenda. When 0.5% of all matters subject to assessment by ICAC result in full investigation (see Figure 2.1), this reinforced rationalisation might be a factor that contributes to organisational ambivalence about corruption and that tempers imputations of corrupt behaviour.

4.2.2   Ambivalence about ICAC

Such perspectives might indicate why only a minuscule number of matters are referred to ICAC. As argued by this interviewee, many corrupt practices, especially those that may be construed as petty, would fall short of ICAC's remit:

> 'I think when people think of ICAC they think of the big-ticket items. Like they think kickbacks, they think consents that shouldn't be given, all of that kind of – you know, bribery … I don't think staff at an operational level think it can happen to them. I think they think ICAC's for the big players.' (Interviewee 3)

This is another example of the disconnect between regulatory impression and regulatory response. A void exists between 'everyday' forms of corruption that may be experienced by local government employees and those that meet the ICAC criteria for intervention. Several interviewees reflected on their experience in referring matters to ICAC, and the subsequent ICAC response:

> 'The problem I see with local government in NSW is there's a complete lack of enforcement. Because yes, you have the oversight agencies; however, time and time again, in my experience, you go to one of the oversight agencies to try and get some help with an issue and they say it's not big enough for us. Now ICAC – and it's been reinforced recently with the

clarification around their powers – they're only to look at systemic and endemic corruption. That's fine, that's what they're there for. The problem is, who looks at the non-systemic corruption? Or who looks at the corruption which at this stage is not systemic but will get there if it's not checked?' (Interviewee 2)

This comment develops on the 'death by a thousand paper cuts' reference, highlighting a void in anti-corruption efforts that is not currently addressed: the 'non-systemic corruption' that does not meet the ICAC threshold (Yates & Graycar, 2020, p. 89). Such instances either do not reach ICAC, as indicated by the mere 120 reports made by councils themselves (ICAC NSW, 2016, p. 20), or if they do get reported, 80% are closed without referral (ICAC NSW, 2016, pp. 19-20). These instances, which are 'not big enough' to warrant ICAC intervention, will 'get there if [they are] not checked', claims the above interviewee. If low-threshold corrupt acts remain unchecked, they continue in perpetuity. There appears to be a lack of recognition at the frontline that this may be the case, with 1 in 5 respondents claiming there to be no corruption within their council (see Figure 4.2).

Wide-ranging references in the literature indicate that studious attention has been paid to oversight/integrity agencies or ACAs. It is notable that eminent scholars have argued that ACAs have only a marginal impact on the reduction of corruption (Anechiarico, 2009b, p. 85), if any at all (Heilbrunn, 2004, p. 1). Some scholars are dubious about their success (de Sousa, 2010, p. 20; Huberts, 2014, p. 182), while others believe their success is largely attributed to factors such as political acceptability and will (Brown & Head, 2004, p. 23; Huberts et al., 2008, p. 276; Pope & Vogl, 2000, p. 7; Recanatini, 2011a, p. 565), and staff resourcing (Anechiarico, 2009b, p. 80; Brown & Head, 2004, p. 23). Within NSW, each of these factors has affected ICAC's perceived efficacy (Nicholls et al., 2016; Robertson, 2016). Despite such studies, there seems to be little appreciation of ICAC's impact on the everyday understanding of corruption.

Expanding this point, there is a lack of cogent theoretical or empirical research examining the extent or impact of strategies to address organisational corruption (Osrecki, 2015, pp. 337-338) or the cultural conditions which might facilitate occupational fraud and corruption (Shepherd & Button, 2018, p. 2). Rather, some scholars contend that there is little need for any local integrity model in NSW because of

the supposedly strong oversight network (Huberts et al., 2008, p. 276). However, a focus on ICAC's investigative endeavours keeps the public's attention on 'sexy' corruption and away from 'daggy' corruption, thus allowing any forms of unexceptional corruption to continue without intervention. This misplaced assurance within the scholarly domain, and a tendency to examine the efficacy and remit of the ACA, potentially neglects to assess a fundamental aspect of administrative and operational corruption within a sector that is inherently disjointed.

These interviewees reflect on ICAC's response to aspects of administrative corruption brought to their attention:

> 'The perception of ICAC is unless you're taking brown paper bags through your car window they're not going to be interested, and that's partly I think anecdotal but it's also partly because I have over the years come across people who've been to ICAC and ICAC just go "We're too busy. That's not big enough. We're not interested."' (Interviewee 4)

> 'I'm not sure what your experience is; ICAC obviously review all matters of corruption, and how many have they ever come and taken over, from your perspective? My perspective, none. I've reported a lot of corrupt matters to ICAC. ICAC tend to come in on what they perceive as a high profile, and I'm sure they've got their assessment criteria, I know they have. But once again, if it doesn't get ICAC on the front page of the papers, they don't tend to be interested.' (Interviewee 5).

The above comments indicate that ICAC's decision-making process on investigations is influenced by political, organisational and symbolic interests. To some extent, through the lens of their guardianship mandate, interviewees conveyed different views from those of many respondents from the sample base of councils. The interviewees may have biases or prejudices towards a particular way of thinking, having been immersed within roles that are accustomed to the notion of corruption. Notwithstanding, the contrast in views is notably evident. ICAC is seen to be the panacea by some respondents, who attribute low levels of corruption to the visibility of punitive sanctions against high-profile figureheads. A degree of 'celebrification' is evident, with public figures transformed into personalities on the scaffold of public opinion and accountability (Driessens, 2012, p. 641).

The spectacularising of corruption, generated by ICAC and the media, has constructed a dual reality of the corruption *problem* and the anti-corruption *solution*, with '[ICAC] going after really high-profile politicians' and 'large scale news items to do with corrupt behaviour [and] various politicians and whatever that have been dragged in front of ICAC.' ICAC arguably recognises that its success and reputation is contingent on the positive attention paid to it by the public (Davenport & Beck, 2001, p. 3). Survey respondents do not necessarily have first-hand knowledge of ICAC, only a symbolic perception. Their perceived reality of ICAC is largely shaped by media messages and regulatory impressions, whereas many interviewees' views stem from first-hand experiences. When respondents and interviewees' respective views are synthesised, the reality of the corruption problem and the reality of the anti-corruption solution are at odds. There is greater scepticism among many interviewees of ICAC, its mandate, and choice of investigative selection than among many respondents, who hold a somewhat idealistic view. This interviewee commented on the differential way that ICAC is perceived as operating:

> 'You know, we're a big out there council, we're doing great stuff and ICAC would want to really take us out. You know, we'd be a notch in their belt. Whereas if you're a smaller council they're not going to care so much, unless you're doing something horrendous.' (Interviewee 4)

Any choice to investigate corruption within a particular council on the basis that it would be a 'notch in their belt' supports the impression that ICAC chooses to pursue or reject matters for self-interested reasons. Public confidence in ICAC was referred to by this interviewee:

> 'I think there's a lot of [misplaced] confidence in people that if you were serious enough you could go to ICAC and you'd be taken seriously and the matter would be investigated.' (Interviewee 8)

Irrespective of political, organisational or symbolic factors which might influence their choice of investigative pathway, ICAC's mandate is restricted to serious and systemic corruption, which by default assumes that a threshold needs to be met. The public's confidence that reports will be taken seriously and investigated by ICAC is largely unsupported but is reinforced by ICAC's continued presence in popular news. In reality, if and when corruption reports are made to ICAC, but then subsequently rejected, these

rejections arguably could disincentivise future corruption reporters and allow the tolerance of corruption to continue. This consideration is explored more intricately in the subsequent chapters.

Quite possibly, ICAC is regarded as a paragon of anti-corruption best practice and oversight. Its regulatory endeavours have been influential in setting the agenda for anti-corruption within local government, establishing a paradigmatic stance on what corruption is, and by virtue of, what it is not. Within ICAC's pursuit of some matters over others, a semblance of corruption has been constructed and staged, but one that is not necessarily aligned with everyday realities. The vocabulary of corruption has been defined and conceptualised by ICAC, but there have been unintended consequences (Hao, 1999, p. 406), namely that routine forms of corruption fall short of the current anti-corruption focus; employees do not necessarily associate their perceptions of 'corruption' with the daily working practices which might or might not be construed as 'corrupt'; and reports to ICAC from councils are low, possibly for these reasons. The supposed threshold that must be attained for ICAC to intervene means that lower threshold corruption is potentially dismissed or disregarded by virtue of its lack of seriousness.

The discourse of corruption is often metaphorically infused with medical terminology. By way of example, corruption has been referred to as an 'underlying *disease*' (Clammer, 2012, p. 124); an *infection* of the body politic (Hindess, 2012, p. 5; Mulgan, 2012); a moral *decay* (Buchan, 2012, p. 89); and a *cancer* or *contagion* (Bhargava, 2006, p. 341; Byrne, 2017; World Bank Group, 2016). Such references indicate that corruption has started off small but has then metastasised and taken hold; thus, it is taken to be systemic or serious, such that it *might* warrant ICAC intervention, if ICAC chooses to act. However, by then, corruption has become intertwined within the very fabric of the organisational architecture; this does not happen *overnight*, but *over time*. To develop Groenendijk's (1997, p. 207) observation, the identified corruption at that stage might be perceived as a social phenomenon, but the actions to that point have been made by individuals.

Through a limited prism of information and anti-corruption performativity, some corrupt practices have come into focus, and a capable guardian in the shape of ICAC,

visibly active in the public domain. When ICAC was established in 1989, Australia did not have an ACA, and corruption was a relatively new concept in the discourse of public administration (Andvig et al., 2000, p. 6; Bhargava, 2006, p. 341). At that time, corruption was 'open slather', according to one interviewee, and there is considerable acclaim for the increased awareness about corruption that has developed in the last three decades. Undoubtedly, the emergent implications of establishing ICAC would have been unforeseen and incalculable (Karapin & Feldman, 2016, p. 441); yet, there is a notable absence of academic or practical literature exploring any implications, such as how selectivity in corruption investigations and prosecutions have symbolic effects on the wider social body or how corruption is meaningfully understood as a lived and environmental phenomenon. Overt forms of corruption may have been addressed, but more surreptitious and richly nuanced forms of mundane corruption fall out of focus altogether.

4.3   Summary

This chapter has not sought to engage in the discussion about what corruption is, but to establish a baseline spectrum of how those on the frontline might see the issue of corruption from their situated position and how they might respond to it. Notably, any daily and sensory experiences of corruption tended not to inform survey respondents' views about the assumed level of corruption within their council or its degree of change in the past 5 years, these being informed predominantly by the accessibility of indirect information or supposed anti-corruption remedies.

This chapter augments how subjective and abstract corruption is when those who work within local government are invited to identify with it. The everyday reality of corruption, in terms of its prevalence within the council environment, is disassociated from its perception as a phenomenon that is well addressed and adequately governed. Anti-corruption performativity is visible at different levels and in different ways. From artefacts that supposedly manage and control corruption (policies and procedures), to the increased attention by the media and their likening of the term corruption to the work of the ICAC, a socially engineered understanding of corruption and anti-corruption has been created. The disconnect and lack of association between perception and reality is one that emerges as quite significant within this chapter. This is important within the

scholarly study of corruption as it highlights that corruption is imagined in a very different way to how it is potentially enacted.

The different ideas about corruption – in terms of what it is, what it is not, where it may manifest, and by whom – have been informed largely by symbolic ideas about ICAC as an organisation designed to address corruption within NSW local government, but with little comprehension of its actual size, scope and mandate. One of the key implications highlighted in this chapter is that administrative or occupational corruption is seen to be insignificant, and incongruent with the 'sexy' forms of corruption that are pursued by ICAC, and then popularised by the media. These are seen to involve elected officials rather than appointed officials, and vastly different in nature to the administrative context, which is potentially unconcerning, unremarkable or within a socially-optimal threshold of tolerance. Subtler forms of corruption risk being overlooked, but may be just as insidious, or more so, as they gradually build up and become entrenched within an organisation. In the broader context of this thesis, this chapter has salient implications. Namely, a formal effort to control corruption by a prominent and popular body, such as the ICAC, has latent risks and indirect costs that have not been explored to date. As one aspect, it is clear that the much broader existence of corruption in local government is potentially disregarded unless it aligns to a formal or legalistic notion, or matters are akin to those that are popularised in the media.

Chapter 5 proceeds to explore these issues, by examining and contrasting respondents' daily, sensory experiences of, and direct exposure to, conduct of a potentially corrupt nature.

CHAPTER 5:   THE INSTITUTIONALISATION OF CORRUPTION

5.1   Introduction

This chapter explores the degree of potential corruption within local government, and how corrupt tendencies, as framed by regulatory definitions, become hard-wired into the organisational and cultural lives of councils. Building on Chapter 4, this chapter highlights how more complex and nuanced practices of corruption have become institutionalised, and explores the nature and extent of these within the sample of council environments. Many of these practices are hidden from view, as they are more abstruse or less prone to the label of corruption; while bribery conjures up the 'brown paper bag' imagery, in fact conflict of interest is the most common feature of corruption within NSW local government. This chapter further explores thresholds in the perceived un/acceptability or harmfulness of corruption, and reasons for many employees' disinclination to report their suspicions of corruption.

5.2   The normalcy of corruption

Survey respondents were asked for their views on nine different practices, each of which might be construed as, or potentially constitute, corrupt conduct within the purview of ICAC's jurisdictional mandate. The same classification of practices explored the views of respondents, as to whether: (1) they believe that an *opportunity* exists within their council for the act to take place; (2) they have ever *suspected* any of the acts take place within their council; and (3) they have *directly witnessed* any of the acts taking place within their council. This is illustrated by Figure 5.1, with each category reflected as a percentage of total responses, on account of the different response rates.
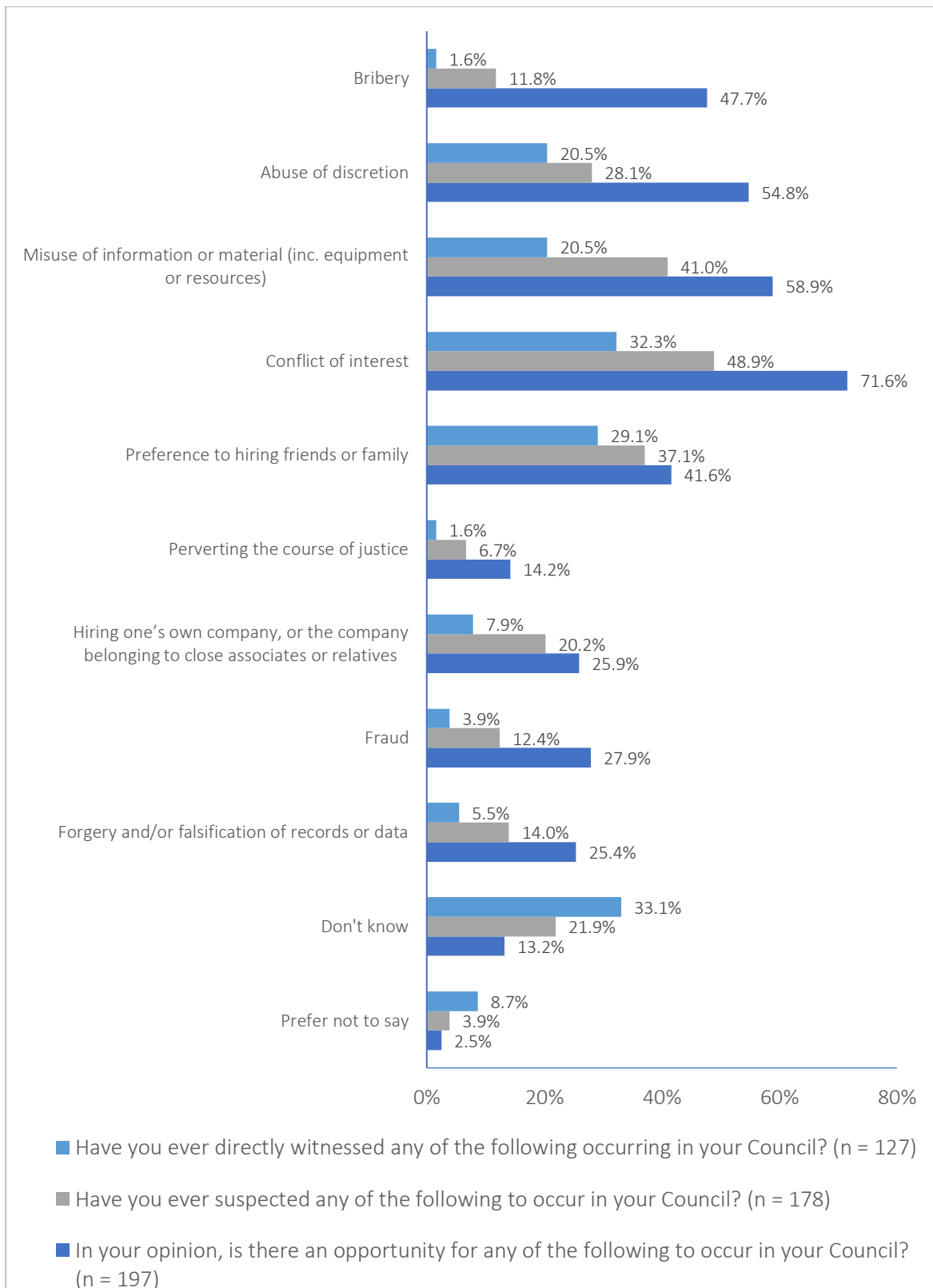
Figure 5.1. Comparison between opportunity for, suspected and witnessed corruption within each respondent's Council

The four most frequently *witnessed* forms of corruption were: (1) conflict of interest; (2) preference to hiring friends or family for council jobs (particularism); (3) misuse of

information or material; and (4) abuse of discretion. These were also the four most common acts that were *suspected*, albeit not with the same corresponding weighting. These matched the four most frequently observed acts in the study of Victorian public servants (Graycar, 2014, pp. 278-279) and also of local government employees in Victoria (IBAC VIC, 2017a, p. 8).

Despite the fact that nearly half of all respondents thought that the opportunity existed for bribery to take place (47.7%), just over 1 in 10 respondents have ever suspected an act of bribery (11.8%) and less than 1 in 50 have ever witnessed bribery (1.6%). A similar finding was identified in the Victorian study, with only 2% of Victorian public servants claiming to have directly observed bribery (Graycar, 2014, pp. 278-279). One might think that the observation of bribery within local government might be higher than that at the state level, as there is a greater deal of interaction between councils and members of the community who may be more sensitive to the decisions of their local council (ICAC NSW, 2015, p. 17), such as developers, residents, ratepayers and local contractors, to name a few. However, comparisons between state and local government in Victoria suggest that this is not the case (IBAC VIC, 2017a, p. 8; 2017b, p. 8). Despite the rare observance of bribery in both studies (NSW and Victoria), many respondents thought there was an opportunity for it to occur. This may viably be attributed to the fact that the term bribery is often deemed to be synonymous with the term corruption (Johnston, 2005, p. 6). This limited focus detracts attention from other more clandestine, less delineable, forms of corruption (Kurczewski, 2004, p. 163). In NSW, conflict of interest and preference to hiring family or friends for public sector jobs (particularism) have been witnessed by nearly a third of respondents (32.3% and 29.1% respectively). These results reinforce the argument that perceptions of corruption do not correlate with direct experience and measurable realities (Masters & Graycar, 2015, p. 173).

The level of claimed witnessing of conflict of interest (32.3%) shown in Figure 5.1 is slightly higher than that identified in the IBAC report, which noted that 20% of local government employees in Victoria have observed a conflict of interest (IBAC VIC, 2017a, p. 8). The IBAC report aptly observes that 'failure to declare or properly manage conflicts of interest is not, of itself, corrupt but can represent misconduct or be an element in corrupt conduct' (IBAC VIC, 2017a, p. 7). However, the TI Source Book states

that 'a conflict of interest arises when a person, as a public sector employee or official, is influenced by personal considerations when doing his or her job. Thus, decisions are made for the wrong reasons' (Pope, 2000a, p. 195). Arguably, there is a slight lack of cohesion between the two definitions, with the TI Source Book taking a more resolute view.

Each of the top four frequently witnessed and suspected behaviours are not criminal violations, but may be considered as ethical ones, and as such, their perpetration may be permitted as long as they are not unlawful (Gorta & Forell, 1995, pp. 316-317; Philp, 1997, p. 441; Zimring & Johnson, 2005, p. 797). The extensive complexities around their component parts makes labelling them 'corrupt' less likely than more overt forms of corruption with more tangible forms of exchange (Heidenheimer, 2009, p. 142), and this might explain why they are suspected and witnessed in vast quantities or more prone to acceptance.

Divergences between different practices reinforces how richly nuanced corruption is. Notwithstanding, this does little to assist everyday practitioners, policymakers or academics to develop their understanding around the existence of corrupt practices, when public service employees' impressions are predominantly informed by media publication of high-profile cases. It is argued that corruption tends to be more visible at the lower levels (Gupta, 1995, p. 384), but any degree of 'visibility' seems to be subject to a degree of administrative normality, considering the claimed observances of 'conflicts of interest' and 'preference to hiring friend or family'. Other administrative practices of corruption, namely, 'abuse of discretion' and 'misuse of information or material', have been witnessed by 1 in 5 respondents (20.5%), further highlighting their commonness. Each of these four practices would feasibly fit within the typology of 'corruption', according to ICAC's legislative mandate, but are potentially too mundane to warrant any form of interventionist response.

Whether these observations indicate that the acts are designated as corrupt by those who claim to have suspected or witnessed them is not conclusive. It may be that those who suspected or witnessed these infractions did not necessarily see them as corrupt, or that those who were committing the acts, did not either (Ashforth & Anand, 2003, p. 15; Rosenblatt, 2012, p. 241). This highlights the contingent and situated nature of

corruption: any practice designated as corrupt is influenced by definition and context, factors which shape in what light and significance acts are regarded.

These figures support the notion that there is a degree of cultural normalcy when one considers that the majority of respondents believe that there is only 'little' or 'some' corruption within their council (see Figure 4.2). Of particular note is the close correlation between the perceived opportunity for particularism to take place (preference to hiring friends or family) with the levels suspected and directly witnessed. This furthers the observation in the previous chapter about the potentially embedded roots of particularism, resulting from power-based inequalities and discrimination (Rosenblatt, 2012, pp. 239-240), but the close correlation further highlights its habituation (Cohen, 2001, p. 46). Mungiu-Pippidi (2017, p. 12) remarks that 'when the dominant norm is particularistic, the distinction between grand and petty corruption is about as meaningful as remarking that a crime happens in a train or an apartment building [in that] neither indicates the nature or the mechanism of the crime'. As a means of examining this idea, the machinations of particularism are explored later in this chapter, apropos respondents' views about how damaging particularism is perceived to be (Section 5.3.2). At this juncture, it is worth exploring the interesting disconnect between what respondents claim to have observed with what is actually reported.

5.2.1   The vast amount of under-reporting

While based on a relatively small sample of local government employees in 10 councils in NSW, the data behind Figure 5.1 indicates that 156 acts of corrupt conduct have been 'directly witnessed' by 127 local government employees, with many respondents claiming to have witnessed more than one act.

If this sum of 156 witnessed acts of corrupt conduct from employees at 10 councils is used to extrapolate its prevalence across all 152 councils in NSW, then this figure would amount to 2,371 witnessed acts of potentially corrupt conduct by just 1,930 employees. In June 2016, when there were 54,300 local government employees in NSW, 1,930 employees equated to 3.6% of the local government workforce in NSW (Australian Bureau of Statistics, 2017a). If the 'suspected' category were to be used as an indicator –

which is the basis on which referrals to ICAC should be made – then the extrapolated degree of suspicion would be much higher.

On the basis that just 120 referrals were made to ICAC by councils in 2015–16, this data highlights a significant discrepancy between suspected corruption and those cases referred to ICAC for actions designated as 'corrupt'. In particular, the extrapolation indicates that less than 5% of local government employees may have witnessed 20 times more than that referred to ICAC. It is not possible to know when each of the respondents witnessed or suspected each of the different practices identified in Figure 5.1, whether each practice was unique, a one-off incident, or a sequence of events over a period of time. As such, this extrapolation cannot be directly cross-tabulated with ICAC's annual reporting figures. Notwithstanding this, when one considers that just 0.5% of all ICAC matters progress to 'full investigation' and become publicly known (see Figure 2.1), the opposite metaphoric reference, 'tip of the iceberg' seems apposite: much suspected corruption remains submerged from view.

As a means of exploring why such a disconnect is evident, respondents' observation of corrupt practices was cross-tabulated with their perception about the level of corruption within their council. The results identified salient disparities. As noted within Chapter 4 (Figure 4.2), 1 in 5 (20.8%) respondents believe that the level of corruption within their council is *none*. This is a strong assertion and signifies that respondents do not consider corruption to be present in any way, shape or form, within their own locality. However, of this portion of respondents who stated that corruption does not exist within their council, nearly a third (a total of 30.1%) claim to have suspected at least one corrupt act (see Figure 5.1), while nearly 1 in 6 respondents (a total of 16.1%) claim to have directly witnessed at least one act (Figure 5.2). Hence, in spite of denials that corruption exists within their own council, many respondents have suspected or witnessed a corrupt practice. This data was not categorised by council type, as a respondent's answer may be attributed to a previous council employer.
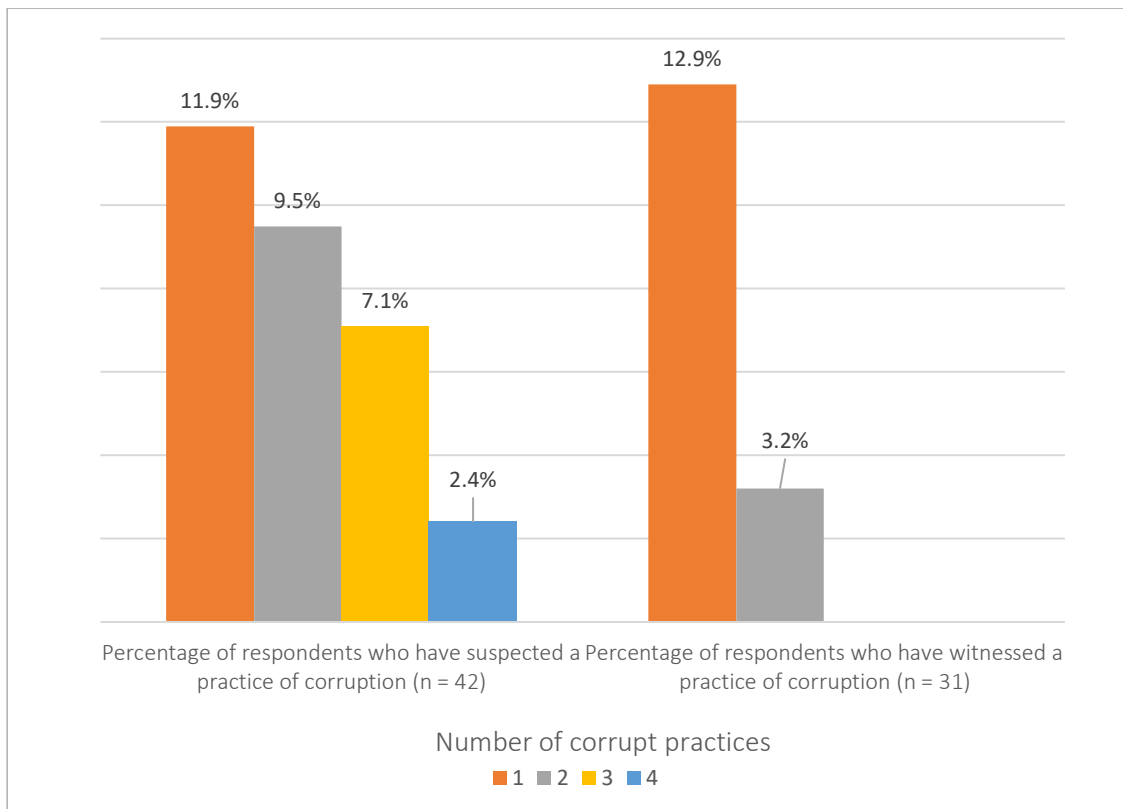
Figure 5.2. **Crosstabulation of respondents who stated that there is no corruption at their council but claim to have either suspected or witnessed a corrupt act**

To elucidate the factors which might explain the disconnect between perceptions of corruption in the workplace, on the one hand, and the realities of encountering it, on the other, it is worth noting the moral dimensions of corruption and its escalatory potential. One interviewee phrased it this way:

> 'Corruption is that feeling that you have when you know you're not doing the right thing. It's really easy to point to things like it's a brown paper bag. It's when you do something for your own personal benefit when you should be working in the public interest. It's accepting a gift that you shouldn't accept to make a decision that you shouldn't be making. So that's probably capital C corruption, ICAC corruption. But I think that in reality it all comes from the same sort of poor judgement or early bad decisions.'
> (Interviewee 6)

This interviewee's interpretation of corruption aligns with the principal–agent model referred to in more contemporary literature (Holmes, 2015, p. 1), as an individually perpetrated act or misdemeanour within public office (Buchan, 2012, p. 89), more so than the societal or institutional language of corruption that formerly predominated

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(Buchan, 2012, p. 73; Hindess, 2001, p. 7; 2012, p. 11). In this regard, the comment, 'it's really easy to point to things like a brown paper bag', makes a symbolic reference to bribery. This supports the purported indistinctness between the terms bribery and corruption (Johnston, 2005, p. 6; Kurczewski, 2004, p. 163), and is feasibly disregarding of the more 'subtle and hidden abuses' that fall within the 'dark figure of corruption' (Zimring & Johnson, 2005, p. 802).

This 'visualisation' of corruption, through a principal–agent lens, focuses on the more identifiable transgressions which result in a tangible exchange of benefit. This level of compartmentalisation has the potential to inhibit views of what corruption is and how it might manifest in different ways, resulting in a failure to see corruption and its many layers. At this juncture, there are evident tensions between mundane, everyday forms of corruption (as suspected and witnessed by some respondents), and those practices of corruption that have been designated and prosecuted as corruption by ICAC and reported in the media.

The expression 'capital C corruption, ICAC corruption' in the above comment is significant in this regard, because it supports the previously alluded-to summation that there are varying degrees of corruption, with those higher on the scale of seriousness being associated with the work of ICAC. By default, forms of corruption that fall within the lower end of the spectrum risk abandonment. As noted within Chapter 4, many respondents referred to matters undertaken by ICAC, and reported by the media, as the basis of their reason for thinking that corruption had decreased (see Section 4.1.2). This implies the existence of a *subliminal threshold* that exists within the local government culture, similar to concepts and theories about the threshold at which a stimulus is noticed, derived from the psychology discipline (Carpenter, 2012, p. 125). Such a threshold might apply to sensory experiences of corruption, with any degree of ambiguous or attenuated corruption being unnoticed or misattributed. This might go some way to explaining the divergence between 'capital C corruption', the serious and systemic corruption investigated by ICAC, and more mundane, everyday forms of corruption that might fall beneath public notice.

At any stage of intervention, if intervention is indeed forthcoming, the acceptable language which supposes a subliminal threshold has, by its very nature, mitigated and

neutralised any taint of moral defect (Mills, 1940, p. 906). Within the organisational realm, corrupt practices have become quotidian, even automatic thinking for some individuals, who previously might have viewed the perpetration of such practices with derision or contempt (World Bank, 2014, p. 60). This process may unfold for many reasons, but in this case, there has been a spiral of divergent norms, with council employees potentially failing to see anything wrong (Den Nieuwenboer & Kaptein, 2008, p. 137). Any motivation is not only neutralised by the corrupt actor (Weber, 1947, pp. 98-99), but habitually perpetrated by otherwise decent people who become less sensitised to the nature of the conduct as they have accepted an account that justifies their actions as permissible or even legitimate (Rorty, 1998, p. 105).

5.2.2   The scalability of corruption – from *unexceptional* to *exceptional*

As indicated in Figure 5.1 and discussed in Section 5.2.1, various practices that may be construed as corrupt appear to be prevalent in many NSW councils. Many of these practices have been suspected or witnessed by respondents who concurrently maintain that corruption does not exist within their council (Figure 5.2), signifying a degree of inertia and acceptance on the part of the respondents. To illustrate the inferred *threshold*, following are some insightful perspectives from interviewees:

> 'I think people see corruption as a big scale thing. They don't see it as "the things I do daily, can contribute towards being corrupt conduct". I don't think they do and I think the relevant person who's the reporting officer might not actually see it that way either.' (Interviewee 7)

> 'I think that's [differences in scale and type of corruption] not understood very well, I have to say, a lot of the less serious forms of corruption. I think people tend to think it is the brown paper bag, cash in hand; where really timesheet fraud, technically, is corrupt conduct and I don't think many people out there would consider that corrupt conduct.' (Interviewee 9)

> 'I think there's not enough awareness of it. I think when people think of corruption they think of the big end of town, but they forget other things like pinching the stationery and who knows whatever else, which of course at the end of the day is only very minor, but if you've got a thousand staff doing that then that makes a big difference.' (Interviewee 11)

These perspectives go some way to explaining why various corrupt practices are seemingly naturalised within the occupational culture of councils. The 'big scale' or 'big

end of town' references conform with Heidenheimer's (2009, p. 152) colour-coded classification of *black* corruption as well as the concept of *grand* corruption (Langseth, 2012, p. 9; U4 Anti-Corruption Resource Centre, 2016); that is, acts significant enough that they may be investigated by ICAC or attract media interest. A focus on such high-profile corruption – that which attracts media interest following investigative action by the ICAC – has generated a cultural disregard of low-level corruption, which could be construed as unexceptional or mundane; *viz*, the *everyday* is distinctly different to the *exceptional*.

If local government employees neglect to reconcile everyday workplace activities with corruption, the tolerance of everyday corrupt acts not only continues but it potentially metastasises – to use the medical metaphor of corruption as a cancer – to the point of becoming endemic. This process was infamously identified at RailCorp, following investigation by ICAC (ICAC NSW, 2008a, p. 5). In such a culture, even if a 'guardian' were to be present, being the third component of the crime triangle (Clarke & Eck, 2003, p. 27), it would not necessarily be a 'capable' one; it would be ineffectual, as the everyday practices would be so extensively mediated that they would become 'un-visible': corrupt practices might exist, but those in or around them would not see them or would consciously choose not to.

One interviewee stated it this way:

> 'I think it's a little bit like the old broken window theory in that if you tolerate minor indiscretions by your staff, that's probably going to lead to a culture that breeds a worse form of corruption and a tolerance for this misbehaviour. I think councils need to address it at all levels, regardless of how minor or major it seems to be. (Interviewee 8)

In a scenario such as this, a tolerance of unexceptional corruption would viably nurture an environment in which lay observers fail to see anything wrong with the environment around them. This interviewee associated this concept with the broken windows theory (Kelling & Wilson, 1982), a metaphor that advocates that minor discretions and violations are important and should not be ignored, and one of the theoretical influences behind this study (see Section 2.2.1). Any focus on 'everyday corrupt acts', as advocated by Graycar and Villa (2011, p. 422), would be challenging, if those observing the acts disregard them as insignificant or do not designate them as 'corrupt'.

The above interviewee acknowledges that, over time, the organisational culture will decline if small acts of corruption are unchecked, but it may be that such practices keep the organisational culture operating, as observed by Ditton (1977) in his ethnographic study of a bakery where 'fiddling [was] normatively contingent upon a subculture' (Ditton, 1977, p. 173). Several scholars consider that corruption will continue to exist as it is an integral part of the social, economic and cultural organisational dynamic of any organisation (Clammer, 2012, pp. 123-124; Gupta, 1995, p. 376; Hasty, 2005, p. 272). This might explain the apparent acceptance of many forms of corruption as normal, as illustrated by Figure 5.1; many council officials do not notice activities or behaviours which might be construed as everyday, minor infractions. However, one might wonder whether structural, architectural or hierarchal conditions are created that facilitate or hinder the degree of pervasiveness of corruption (Zimring & Johnson, 2005, p. 801). Do these conditions contribute to the degree of social, economic or cultural organisational dynamics at some councils more so than others (such as at Council 8, based on the aforementioned analyses) or is the regulatory structure of oversight and governance a facilitator in this regard? At this juncture, the ICAC categorisation of corruption is explored, as a potential influence on the prevalence and normalcy of corruption within local government.

5.2.3   The ICAC categorisation of corruption

The ICAC Act is part of the legislative framework that governs all public officials in NSW and therefore defines how corrupt conduct is understood and categorised, investigated and prosecuted. It is, therefore, a foremost point of reference. As argued by Andvig (2006, p. 337) 'corrupt transactions … have to be related to a set of rules'; however, such rules have the potential to detract from the broader concept of corruption, which has implications for how local government employees understand and interpret different, potentially corrupt, scenarios. As explained by one interviewee:

> 'The ICAC Act includes a number of issues that are categorised as corruption. Sometimes we tend to limit that view to a few specific behaviours. I take a broader view, so more almost like a social issue, rather than just a legalistic list of issues of behaviours.' (Interviewee 1)

This is a noteworthy observation in that it highlights how the legislative definition compartmentalises corruption and corrupt acts or behaviours, focusing on the

individual, rather than the system, and inhibiting any broader view of corruption. Moreover, the legislative definition is not concerned with understanding why any person might choose to engage in corrupt activity, but even on this basis, it assumes that any decision was by conscious choice.

The regulatory framework and parameters of ICAC, together with its governing legislation, decree whether certain behaviours constitute corrupt conduct in the NSW public sector. While this framework undoubtedly exists for good reason, it abstracts corruption from its socially situated context, despite the fact that 'systems and individuals are mutually reinforcing' (Ashforth & Anand, 2003, p. 1). There is a risk that regulations presume that the environment, as Buchan (2012, p. 73) puts it, is '*un-corrupted* … with boundaries supposed to [prevent] the contamination of corruption'. These symbolic 'boundaries' are somewhat exhibited within respondents' comments as being effective remedies to corruption (see Section 4.1.2). Taking individuals out of the social, structural or cultural context heightens the disconnection of understanding, yet the existing anti-corruption discourse compounds this problem when the main source of information available to local government employees and the public alike is ICAC. Any existing or proposed typology of corrupt practices fails to account for the complex and convoluted nature of corruption, when it is classified in such a fashion:

> 'I actually think that there's some things that are in [the] definition of corrupt conduct that perhaps shouldn't be there … if it's captured under another umbrella. So, if it's theft it's theft. … Same with fraud.'
> (Interviewee 6)

The above comment used the term 'umbrella', which is a concept referred to by Varraich (2014, p. 3) when describing relationships between different corrupt types. The two acts cited by the above interviewee (fraud and theft) are categorised as examples of corrupt conduct under section 8(2)(e) and (f) of the ICAC Act, but are both criminal infractions also.[20] This has the potential to confuse and conflate understanding, especially when criminal violations are grouped with ethical ones, such as the four acts most frequently suspected and witnessed by council employees (see Figure 5.1). One interviewee built on this notion, but furthered this by illustrating how some corrupt actors utilise the confinement's of ICAC's legalistic definition to justify inaction:

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[20] As an example, fraud is a criminal offence in NSW under section 192E of the *Crimes Act 1900* (NSW).

'I mean, obviously we have a definition of corrupt conduct legally in this jurisdiction because of the ICAC Act. Now that has its uses absolutely, but I think if we're going to talk about ethical practice rather than corruption … I personally hold the view that we should have a much broader definition of what is corrupt. Because the problem is that the ICAC Act is there to govern the ICAC and what they deal with, and that's perfectly legitimate. They have to have parameters … You couldn't actually operate them without those parameters. The problem, however, is that those who wish to act in their own interests – shall I put it that way – now use the ICAC definition of corruption to say it doesn't fall within that, therefore it's fine. And that I think is the problem.' (Interviewee 2)

Extant literature refers to the rationalisation of corrupt practices by corrupt actors (Ashforth & Anand, 2003, p. 15; Granovetter, 2004, p. 3; Gray, 2013, p. 535). However, the interviewee's observation, that the ICAC definition is used as an avoidance rationalisation in the organisational milieu, lends support for Shepherd and Button's (2018, p. 18) contention that corporate managers employ similar avoidance rationalisations to justify their decision *not* to tackle occupational crime or deviance. In the context of this interviewee's remarks, corruption is perceived more from a 'legalistic' point of view if the person has a higher social status (Dormaels, 2015, p. 12). In this sense, reference is made to the legislative jurisdiction of the ICAC Act. This would assist in keeping the focus away from the higher echelons, where corruption may be complex and richly nuanced, instead focusing on single public service agents and easily designated forms of corruption (Kurczewski, 2004, p. 163). This comment goes some way to providing one explanation as to why suspected corruption in local government might *not* be referred to the ICAC, and therefore fails to come to light.

On the basis that some potentially corrupt practices may be suspected or witnessed frequently (Figure 5.1), it can be posited that these practices are more likely to continue, with a third of employees who suspect these infractions conceiving there to be no corruption in their council. Moreover, the reporting of corruption, by anyone who observes such a practice and wishes to speak up, is potentially inhibited if such practices are deemed to be the social norm (Dormaels, 2015, p. 606).

5.3   Eye of the beholder

The observance of corruption and its degree of normalcy is further influenced by its perceived scale and severity, as remarked on by this interviewee:

> 'Yes, and gee, isn't that a grey scale, and of course I think people see it from different sides like that, too. So, what one person perceives as being corrupt, another person thinks is normal behaviour.' (Interviewee 11)

This comment highlights how the socially situated and contingent nature of corruption affects perceptions and understanding, adding context to the view that corruption is in the 'eye of the beholder' (Anechiarico & Jacobs, 1996, p. 3; Holmes, 2015, p. 2; Olsen, 2014, p. 187). Johnson and Sharma (2004, p. 3) contend that there is no 'rigid line separating what is legitimate from what it corrupt'. Heidenheimer's (2009, pp. 152-154) colour-coded scale offers a form of classification in this regard: what one person views as permissible (white, or on the lighter shade of grey), another person may view as deplorable (black, or on the darker shade of grey). This highlights the complexities of classification, but also the importance of locating corruption culturally and socially, as any misfeasance is only corrupt when it is designated as such by the 'beholder'. One interviewee stated:

> 'I'm sure there are things that are seen to be greater and lesser crimes. I think anything that's – what's that beautiful phrase – "ICAC-able", people would probably say is fairly severe.' (Interviewee 4)

The term 'ICAC-able' enriches understanding on the perception threshold, referred to earlier, indicating that the threshold is influenced by perceived severity, but also ICAC's designation of corruption in accordance with its regulatory jurisdiction. In this sense, the designation is set at a very high bar, with just 2% of matters receiving any form of preliminary investigation by ICAC and 80% closed without referral (ICAC NSW, 2016, p. 23); the continuum of tolerance is somewhat facilitated by this high threshold. Specifically, there would be little incentive for councils to report matters to ICAC if the perceived scale or severity falls short of the 'black' or 'ICAC-able' level of corruption. Further, this offers councils an avoidance rationalisation and a supposed rationale to cover up the corrupt transgression(s).

This subliminal threshold compounds difficulties with cataloguing corruption based on severity and seriousness. It possibly supports a focus on everyday corrupt acts (Graycar & Villa, 2011, p. 422) as a means of breaking down the concept of corruption: from a single problem, which is too large and amorphous to address, to one that can be examined systematically. This may form part of a tutelage remit within any guardianship role, as remarked on by this interviewee:

> 'I think part of the problem is that we need to be reminded regularly what it [corruption] actually is and where the level of black and white actually stops. There are always going to be areas of grey and I think that's when you guys [internal ombudsmen] would become very handy because if you're not sure you need someone to ask.' (Interviewee 11)

This interviewee considered that the role of an in-house point of contact, such as an internal ombudsman, is pivotal to educating employees on corruption and its varying degrees of severity, with a realisation that 'there are always going to be areas of grey'. Another interviewee made a similar comment, correlating this degree of understanding with councils' ability to react and respond:

> 'They would be most likely to raise it as a management issue and then it would be up to someone like me to say that's ... actually a corruption issue.' (Interviewee 3)

In the absence of an in-house point of contact, which might function as a form of 'capable guardian', the above interviewee notes that corrupt acts would be viewed as a 'management issue' and not a 'corruption issue', suggesting that less obvious infractions would not be designated as corrupt or might be moderated. In the absence of any standardised and accredited awareness or education in this space, knowledge is attained through indirect sources. In Western Australia, it was identified that many councils lack the internal capacity to manage the risk and reality of misconduct and corruption (CCC WA, 2013). This lack risks tempering the degree of perceived significance.

Consequently, it is likely that such matters would not be reported, or otherwise attended to appropriately. If dealt with as a 'management issue' as opposed to a 'corruption issue', it is also likely that the mode of assessment and response would alternate and this would have implications for the person reporting it who *did* construe the act of behaviour to be corrupt and might have expected a more punitive sanction to apply. As

a result, this might further disincentivise reporting. This is explored further in Chapter 6. At this juncture, it is worth elaborating on the issues associated with the designation of some practices as corrupt, on the basis that any degree of interpretation has implications for how it is addressed.

5.3.1   The designation of corruption

Within a review of the literature, it was considered that the community set the bar for what establishes a 'wrongful exercise of public duty', and the degree of tolerance (Johnson & Sharma, 2004, p. 2; Philp, 2009, p. 47). Yet, within each council, employees' interpretation of corruption, in its various guises, forms and degrees of extensiveness, determines what comes to light based on a subliminal threshold or 'barometer'. If particular acts of corruption are not considered to be damaging, then the prospect of them coming to light would arguably be lesser than other corrupt acts that might be considered more severe; namely, those at the 'ICAC-able' end of the barometer. The following section reflects on respondents' perceptions regarding the most damaging forms of corruption that their council could harbour.

5.3.2   Harbouring corruption

As illustrated within Figure 5.3 below, the most damaging act of corruption was considered to be 'Misuse of funds' followed by 'Conflict of interest/personal interest' and 'Bribery'. 'Nepotism/unfair recruitment/promotion processes'[21] were considered to the least damaging acts of corruption that councils could harbour, despite being the second most frequently suspected and witnessed act of corruption and having the closest correlation between opportunity, suspicion and direct witnessing (see Figure 5.1).

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[21] Interchangeably referred to as particularism to incorporate all favouritism-type acts of corruption, as the salient features of this corrupt act are coterminous.
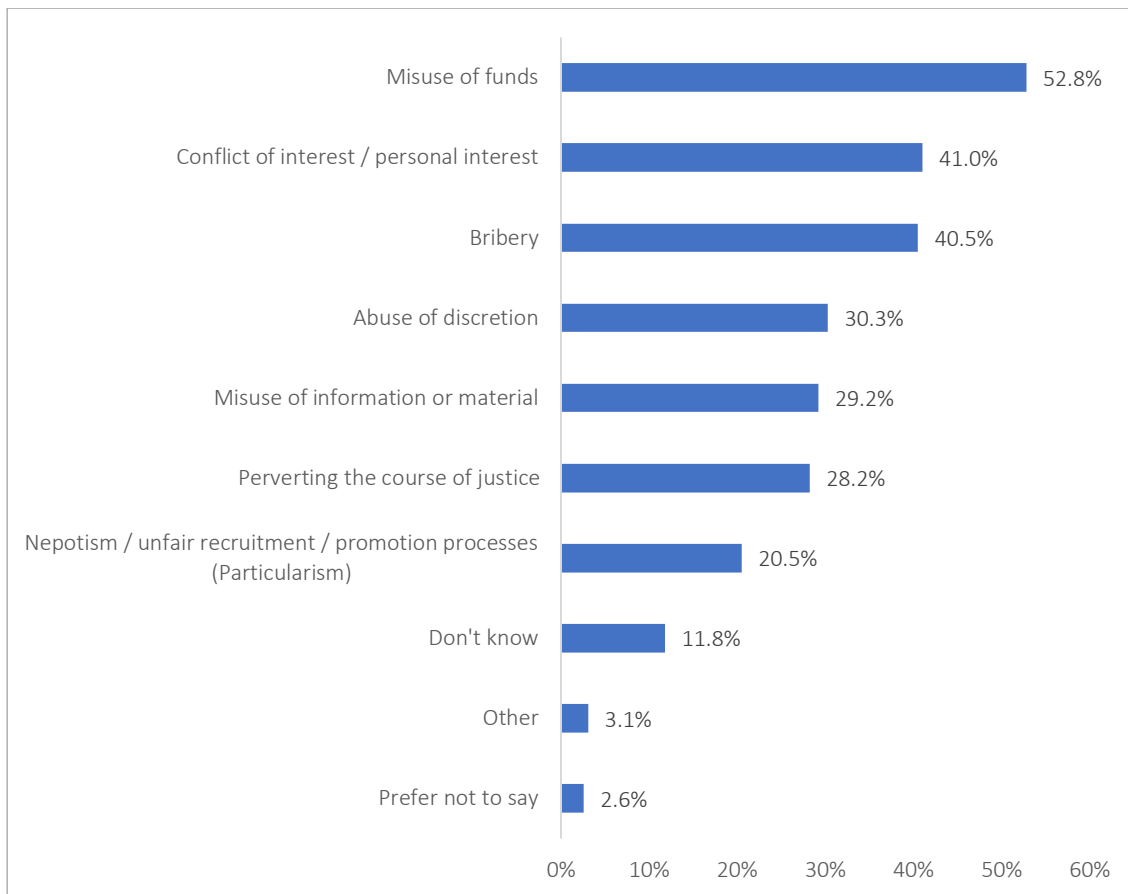
Figure 5.3. Respondents' views on the most damaging acts(s) of corruption that their council could harbour (n=200)

When considering how different practices of corruption may be categorised within the spectrum of severity, one argument might be that they are influenced by the perceived harm, or lack thereof, of the offending act (Becker, 2003, p. 70). In this regard, it is notable that *particularism*, which includes all forms of favouritism in personnel decision-making (Hudson et al., 2017, p. 2), as listed in Figure 5.3, is perceived as the least damaging act for local government officials to perform.

This supports the notion that not all corrupt practices are considered in the same way and highlights the importance of distinguishing between different forms of corruption as opposed to viewing all forms as a homologous group (Porter & Graycar, 2016, p. 426). On the basis that particularism stands out at the bottom of this scale as being the least damaging, it is deduced that this practice is more permissible than others, supporting observations that many respondents perceive it to be acceptable or legitimate (Hudson et al., 2017, p. 12). Particularism does not have an economic benefit or immediate exchange or obligation in the way that bribery might (Heidenheimer, 2009, p. 141;

Masters & Graycar, 2015, p. 165), which was viewed as more damaging by twice as many respondents (Figure 5.3). When this is contextualised with the fact that particularism features as one of the most suspected and witnessed corrupt acts (see Figure 5.1), it reveals a degree of routineness and institutionalisation (Ashforth & Anand, 2003, p. 3). An excerpt from one respondent's comment, referred to earlier, illustrates this:

> 'What is ignored in the corruption focus is the "death by a thousand paper cuts" stuff – the nepotism that may result in an informal network of people who subtly control the place, the leadership culture that may subtly punish compliance with norms/power, lack of systems or skills resulting in lots of small financial losses etc.' (ID-126, Council 10)

The lack of appreciation of this concept within the 'corruption focus', as emphasised by this respondent, is feasibly attributed to the supposed lack of recognition of its potentially damaging effects (see Figure 5.3), yet conflictingly, its rather malleable nature and ubiquitous presence (see Figure 5.1).

Traits of this nature were referred to within ICAC's report into fraudulent practices at Botany Bay Council, perpetrated by the chief financial officer and others, which took place over the period of nearly two decades (ICAC NSW, 2017b). The report noted that 'under-skilled staff were able to obtain their positions at the Council because recruitment processes were informal and often subject to influence by senior Council staff' (ICAC NSW, 2017b, p. 75). Several staff, including the main protagonist, were 'engaged without a genuine competitive, merit-based selection process', with one employee quoted as saying that 'staff just bring their mates to work' (ICAC NSW, 2017b, p. 75). While the ICAC report noted that 'staff lacked the requisite skills and experience to perform their roles effectively' (ICAC NSW, 2017b, p. 74), the focus of recommendations was on governance and audit failures, with just one of nine recommendations touching upon the inherent cronyism that was evident at Botany Bay Council. Accordingly, this form of corruption is not widely accentuated in terms of its significance in general or within the industry of local government. This may have a correlation with respondents' views that its level of seriousness is at the lower end of the spectrum.

5.3.3 Recruitment in local government: 'A closed shop'

During the interviews, the practice of particularism was elaborated on as an omnipresent feature of local government administration:

> 'It comes down to relevance of corruption in local government more broadly as well – about having open recruitment processes and encouraging new blood to come into an organisation, rather than this internal nepotism that goes on, because if you have essentially a closed recruitment system as I saw at [name of Council redacted], where your senior managers are all being promoted from underneath within the organisation. And again, the powers that be justified that and I've heard it justified on the basis, "oh but we want to give our good people development opportunities." That's how they justify it and therefore ethical recruitment practices can go out the window. But that's how they justify it. Now apart from the fact that the practice in itself in my view is completely unethical, the downside from an organisational perspective is you're not getting your fresh blood in. You therefore don't get a fresh wash-in of water into the culture and therefore any bad cultural aspects you have are emboldened and further embedded into the organisation, and at a more senior level.' (Interviewee 2)

It is worth exploring this issue in terms of the cultural and structural organisational dynamics that foster this practice. Its prevalence, as a corruption risk, was elaborated further by the same interviewee:

> 'So I think that the closed shop, if I can use that phrase for it, although it has other connotations of course, but the closed shop organisational approach, I think, is a big factor for corruption risk. I think the lack of understanding generally around what's ethics and what's not, and the over-reliance on the ICAC definition of corrupt conduct. I think that's the problem.'
> (Interviewee 2)

> 'But again, you increase the risk factors associated with the closed shop mentality and the closed culture ... a culture which is ethical by definition will never be a closed culture. A culture which is corrupt by definition will usually be a closed culture.' (Interviewee 2)

The 'closed shop' approach is like a culture of 'jobs for the boys', a semantic reference to cronyism, albeit the interviewee phrases this 'internal nepotism'. The interviewee identifies the enablers of this practice as being a 'lack of understanding [and] over-reliance on the ICAC definition of corrupt conduct'. As argued by Granovetter (2004,

p. 11), any corruption entrepreneur is well placed to 'choose strategic targets who are centrally located in networks that ... best serve his goals ... [and] will most likely leverage his efforts'. This appositely sums up why corrupt practices at Botany Bay Council (ICAC NSW, 2017b) were permitted to flourish.

The above interviewee's contention that 'bad cultural aspects ... are emboldened and further embedded into the organisation' describes a situation where potentially such actions are not even being perceived as corrupt. In the eyes of those who influence or observe such practices, the institutionalisation of socially constructed accounts rationalise and legitimise particularism, to the extent that it continues unconsciously and automatically without any comprehension that anything is wrong (Ashforth & Anand, 2003; World Bank, 2014).

These interviewees reflected on their experiences with forms of particularism within particular councils:

> '[Name of council redacted] has a very high tolerance of things like nepotism, you get families and generations that have worked for the same employer.' (Interviewee 10)

> 'I worked at a council where every second person had the same surname. Like there were just areas that were full of people's relatives. The council was a very big employer and it was a very big employer of unskilled labour. So, it actually had quite a key role in that community. It was a council where a lot of, particularly the outdoor labour force, were local, local to the local government area and it was almost a rite of passage or a way that people who came from quite disadvantaged backgrounds got a foot into the workforce, and were looked after in the workforce. So, you know, you're talking about guys who perhaps didn't do very well at school or didn't finish their schooling. It was a council that managed all of its own outdoor functions, so it serviced all of its own trucks. There was lots of opportunity for at the time unskilled labour and I think there was a very long tradition of nephews, sons, brothers, cousins finding their way into that workforce.' (Interviewee 4)

These comments refer to nepotism in the sense of family members being recruited into the same council, not as a result of their competences, but instead as a consequence of their kinship and social capital. Noting that the meanings of corruption have changed over time and place (Wedel, 2012, p. 454), it is feasible that the tolerance of these more

overt forms of nepotism have decreased or are not as prevalent as they once were, but that this practice has evolved:

> 'I think particularly historically there's been a lot of nepotism, which doesn't get talked about a lot as corruption but ultimately is, and I've seen that all the way through my local government career. Both nepotism in terms of long-term employees but also nepotism in terms of relatives of elected reps, and that's still today prevalent, not as prevalent as it was when I started working in local government which was, oh gosh, a long time ago: I think about 1999, when it was rife.' (Interviewee 4)

Of particular note in the interviewee's observation that 'nepotism … doesn't get talked about a lot as corruption', which goes some way to explaining why it is perceived to be one of the least harmful acts of corruption (Figure 5.3). The evolution of this form of favouritism in the appointment or recruitment of personnel is a concept alluded to by Bellow (2003, p. 19), who considers that 'new nepotism [is] not the return of something tribal and archaic but the transformation of an ancient practice into a new and more acceptable form'. Employees in advantaged positions are more likely to advance than those who do not have such social capital or networks, attributed to factors such as status, gender, and socioeconomic origin (McNamee & Miller, 2014, p. 83). Key factors nurture this informal practice of social exchange, with intangible, yet well established, degrees of trust, and reciprocal factors featuring predominantly (Popczyk, 2017, p. 50). Accordingly, noting the long service of many survey respondents, it can be deduced that some of them may have been appointed or promoted favourably, and were therefore inclined to respond in a particular way. This was kept in mind when looking at the results of cross-tabulating respondents' views about the tolerance of particularism (Figure 5.3) with demographic data. Thus, more than two-thirds of respondents (25 of the 36) who claim to have directly witnessed a preference to hiring friends or family for council jobs, have managerial or supervisory responsibilities some (16.7%) or all (52.8%) of the time (Figure 5.4).
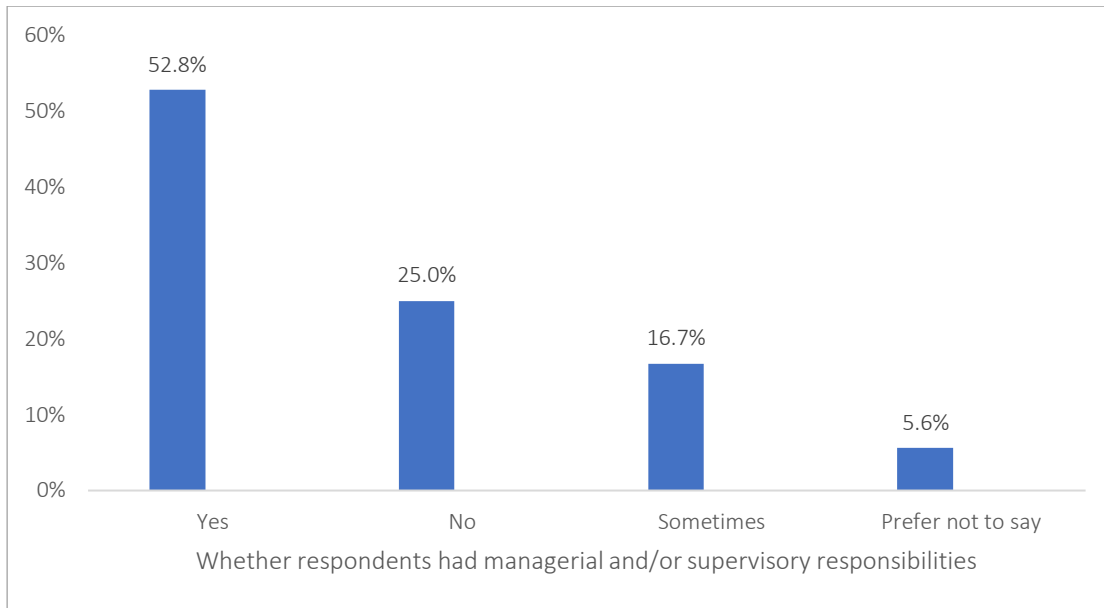
Figure 5.4. Correlation between direct witnessing of particularism and whether employees have managerial or supervisory responsibilities (n=36)

The findings above suggest that employees in supervisory and managerial roles *can* and *do* recognise the commonness of potentially corrupt practices when invited to. To place this in the context of a NSW baseline, the last census of local government employees highlighted that about a quarter (17%) of local government employees had supervisory, managerial or executive responsibility (DLG NSW, 2011, p. 16). This was comparable across metropolitan, regional and rural councils. Accordingly, this highlights that a small portion of the workforce – those with managerial or supervisory roles – have a greater tendency to see, but simultaneously accept, the practice of particularism.

As identified within Chapter 3, managers and supervisors play a key role in the development of integrity frameworks and practices within local government (Hoekstra & Kaptein, 2013, p. 20) and can facilitate the institutionalisation of corruption (Ashforth & Anand, 2003, pp. 6-7). However, the purported lack of concern regarding the impact of nepotism and cronyism arguably compounds its degree of visibility. Its perceived degree of severity is at the lower end of the spectrum, when compared to other forms of corruption such as bribery (see Figure 5.3); this focus on more severe forms continues to undermine any attempt to expose or govern the less tangible forms of corruption that may be committed by the elite (Kurczewski, 2004, p. 163). If a council's culture is based on particularism, advancement can very easily be based on connections rather than merit (Mungiu-Pippidi, 2017, p. 9). One respondent reflected on this:

'Managers at my council reward favourite, yet incompetent, staff with promotions, upgrade to higher duties and salaries. My council has a culture of bullying, harassment and intimidation by certain managers (who are then protected by HR).' (ID-231, Council 8)

The mention of a 'culture of bullying, harassment and intimidation' indicates that other insidious practices are intrinsically linked to particularism within this council. The antecedents of workplace bullying and corruption are somewhat similar, in that the cultural environment either fosters ethical or unacceptable behaviour, through the various in/actions of management (Stouten et al., 2010, p. 18). While there is an absence of empirical research linking workplace bullying with corruption (Hutchinson et al., 2009, p. 213), the nexus between the two is becoming stronger, to some extent, in recent studies (ACFE, 2018, p. 46). To some scholars, bullying is, in and of itself, a form of corrupt behaviour (Hutchinson et al., 2009, p. 213), though frequently unrecognised as such (Vickers, 2013, p. 95).

This interviewee reflected on the interpersonal dynamics which might result in partial treatment towards one person or group over another, for self-interested reasons:

'I've seen in plenty of organisations, local government in particular, and probably local government worse than anywhere else in the government sector, … this nepotism and … promoting those who you want, because they're going to be yes people, they're going to give you what you want, and circumventing processes around that. That is corruption.' (Interviewee 2)

The impetus behind this practice in councils is, as alluded to by the above interviewee, to ensure that 'yes people' are favoured in the promotion process. That is to say, favouritism is shown to employees who acquiesce and conform instead of challenging the status quo. As they advance within the organisational hierarchy, they are more prone to a *higher immorality*, as a consequence of their biographies, but also (relatedly) because they have less conscience about their decision-making practices, argues Mills (2000 [1956], p. 343). As one person's position or influence benefits another, an obligation to reciprocate is inherently created, impacting upon the ongoing and pervasive nature of corruption with agents appointed and promoted to protect each other (Andvig et al., 2000, p. 132). Rose-Ackerman (1999, p. 3) contends that corruption breeds more corruption, yet the reciprocity may be elusive and immaterial. Indirect and intangible forms of reciprocity, such as complicity in decision-making, enhance the

social norm of particularism (Jones, 2016, p. 10). These subtle, yet potent practices and realities rarely feature on popular news channels. Even though ICAC referred to this practice within its investigation into Botany Bay Council in 2017, it paid scant attention to its prevalence as a key structural and cultural contributor to the corrupt practices which continued for nearly two decades (ICAC NSW, 2017b).

Clearly, respondents perceive and interpret practices of corruption differently, and there is a divergence in terms of which corrupt practices are more or less harmful. 'ICAC-able' forms of corruption – those that fall within ICAC's jurisdictional mandate – are extensively distanced from the mundane forms of corruption that are suspected and witnessed routinely. This not only reveals that much suspected corruption is failing to come to light, but also highlights its degrees of institutionalisation. Such irreconcilabilities underpin the ambiguity of corruption. To elucidate this point, the next section compares respondents' perceptions of corruption with their intention to act upon them, depending on any perceived degree of wrongfulness, scale or severity.

5.4   Unspoken corruption

Out of 201 respondents surveyed, 1 in 5 respondents (39 out of 201) have declined to report corruption that they either suspected or witnessed. A further 16 respondents (8%) preferred not to say, which may indicate that they too have likely declined to report suspected corruption (Figure 5.5).
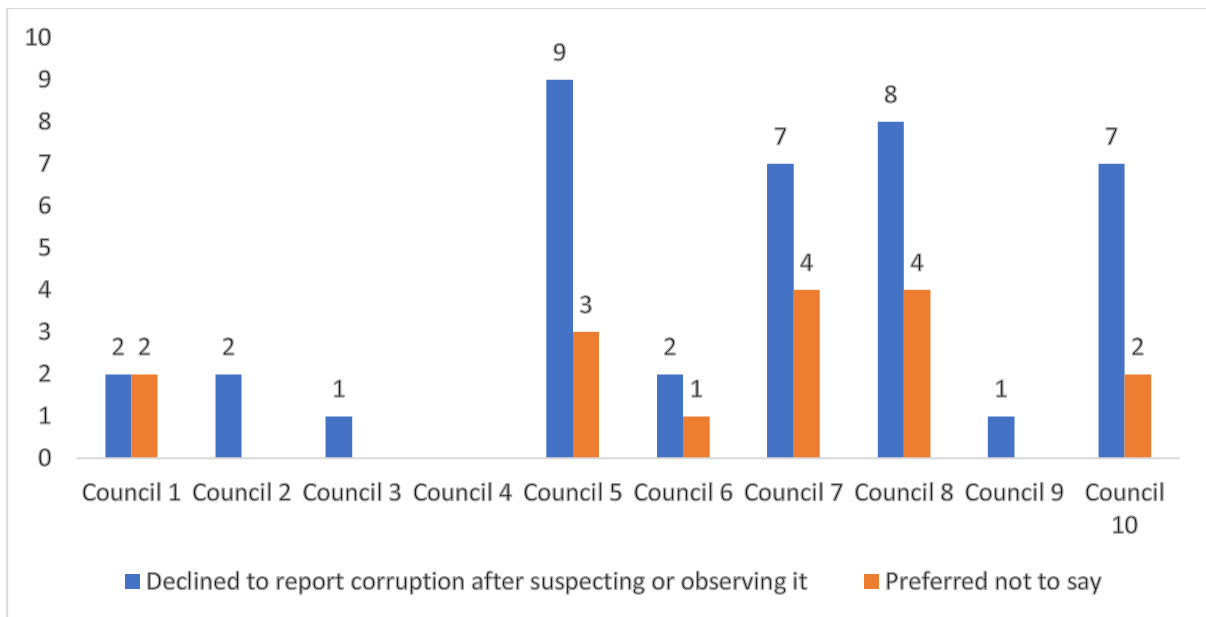
Figure 5.5. **Number of respondents in each council who declined to report corruption after suspecting or witnessing it plus those who preferred not to say (n=55)**

With further reference to symbolic interactionist ideas, it becomes evident that each observer *has* deemed the act or practice in question to constitute corruption. The fact of the assessment here, however, is that each person has chosen not to act. Apart from Council 4, the proportion of respondents who have declined is relatively consistent, though at Council 5 – a medium-sized metropolitan council in an above average socio-economic area – nearly two-thirds of respondents (a total of 12 out of 20) have either declined to report or preferred not to say. This response is nearly 50% higher than the next highest-ranking council (Council 10), indicating that there may be other deep-rooted organisational or cultural issues occurring within Council 5. It is in this sense that, as Klitgaard (1988, p. 186) puts it, 'one can speak of a culture of corruption, which requires not that everyone is corrupt but that almost everyone is unwilling to report on the corrupt'.

At Council 4, no respondents have declined to report suspected corrupt conduct, which suggests that they have either experienced corruption and reported it or have not experienced corruption at all. The number of responses from this council was not sufficient to say with any certainty whether this response would be the same of a larger sample, although it is noted that *all* respondents from this council also felt that the level of corruption at the council was *none*.

5.4.1 Reasons for not reporting

Respondents who stated that they declined to report corruption after suspecting or witnessing it were asked what the reasons were. Out of 10 pre-defined reasons (see Question 18 in Appendix 8 for full list of questions), five stood out in particular, as illustrated by Figure 5.6. Thus, many concerns about potential corruption have not been raised for a variety of reasons, with more than half (53%) of all respondents who declined to report corruption believing that they would be 'branded a trouble maker'. Around 2 in 5 (42%) of all respondents stated that they declined to report their concerns because they did not feel that they had enough evidence to support their suspicion, an aspect that is explicated further within Chapter 6. Out of the top five reasons, lack of evidence is the *only* one that does not have a connection with other people, indicating that intangible and cultural reasons impact on a person's decision not to report corruption. Corrupt acts risk being permitted through passive observation, where those who see them, but omit to act on them, give them a form of approval (Cohen, 2001, pp. 69-70).

These reasons indicate that there are internal cultures or workplace environments, which foster a non-reporting of corruption. Potentially, there may be inter-council contrasts that contribute to this, with different factors being more influential in the non-reporting of corruption at some councils over others. Given the small number of respondents in this sample (38), it did not seem fruitful to systematically explore this by attributing these broad brush responses to the 10 councils in the sample. Rather, it seems more beneficial to acknowledge that whistleblowing legislation, associated regulatory frameworks and processes are limited in their ability to encourage and facilitate the reporting of much corruption.
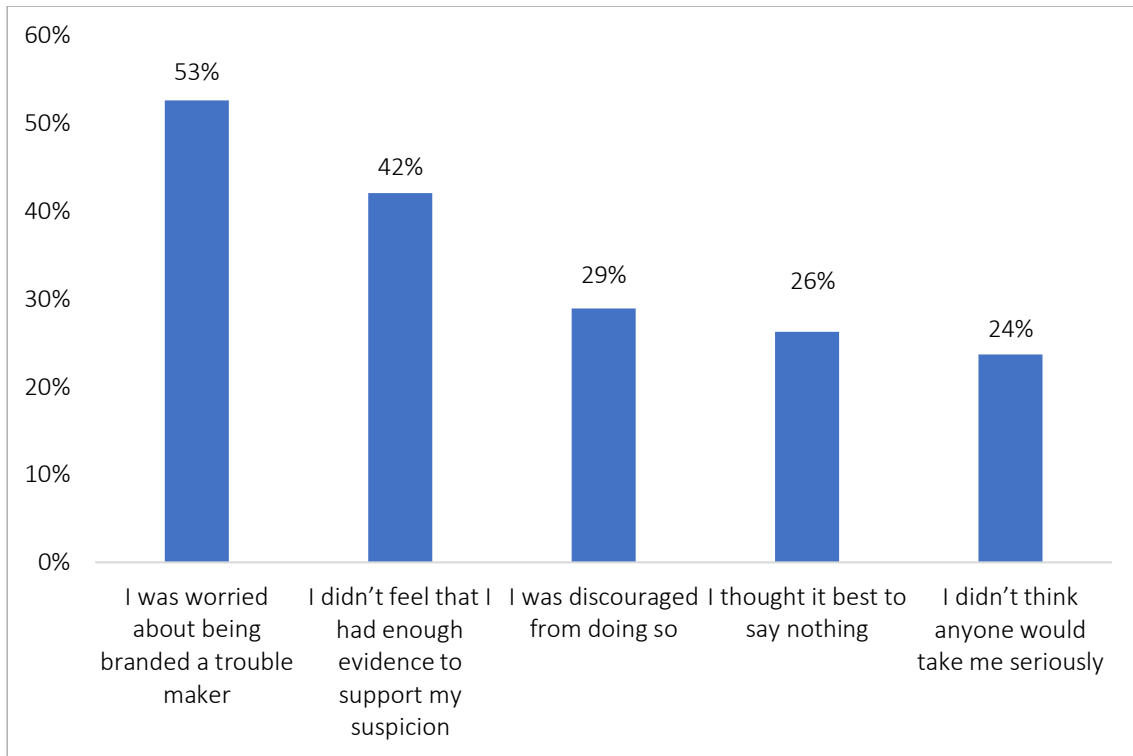
Figure 5.6. **Top five reasons selected by respondents who declined to report corruption after suspecting or witnessing it (n=38)**

Some respondents gave free-text reasons under the category *other* which were coded under the theme 'managerial influence':

> 'I had a discussion with my manager who did not take my concerns seriously.' (ID-115, Council 10)

> 'I mentioned to my superiors informally but never lodged a formal report as I did not want to rock the boat or be targeted, given the person was a politician.' (ID-245, Council 8)

> 'My supervisor was aware and did nothing.' (ID-223, Council 8)

The above respondents allude to different means of raising their concerns about potential corrupt conduct, noting managerial awareness but inaction: 'I had a discussion with my manager'; 'I mentioned to my superiors informally'; and 'My supervisor was aware'. These highlight the pivotal role that managers and supervisors have, as acknowledged by several scholars in a review of the literature within Chapter 2 (Section 2.3.10) (Hoekstra & Kaptein, 2013, p. 20; Roberts et al., 2011, p. 9; Zipparo, 1999a, p. 84), and how they are likely to be the initial recipient of any report about suspected corruption (ACFE, 2016a, p. 10; IBAC VIC, 2015a, p. 1). However, this degree of inertia on the part of management

features as a salient impediment to the addressing of corruption. It would be reasonable to conclude that employees would likely feel further disincentivised to report future incidences on the basis that no action was forthcoming previously.

In light of the dominant international and domestic literature that has been published on whistleblowing, particularly around the prospect of reprisal action and the prevalence of processes and procedures (Brown et al., 2016; Lewis et al., 2014; Transparency International, 2013d), the impediments to reporting are explored below.

5.4.2   The prospect of reprisal action

Exposing corruption is heavily reliant on reports being made by observers (ACFE, 2012, p. 17; 2014, p. 19; 2016b, p. 11), yet the prospect of reprisal or retaliation for voicing concerns remains a fundamental inhibitor affecting public officials' un/willingness to report. This is highlighted by Figure 5.7, which shows that just 2 in 5 respondents (37.5%) felt confident that they would be protected from associated reprisal action if they were to report corruption to a person within their council.
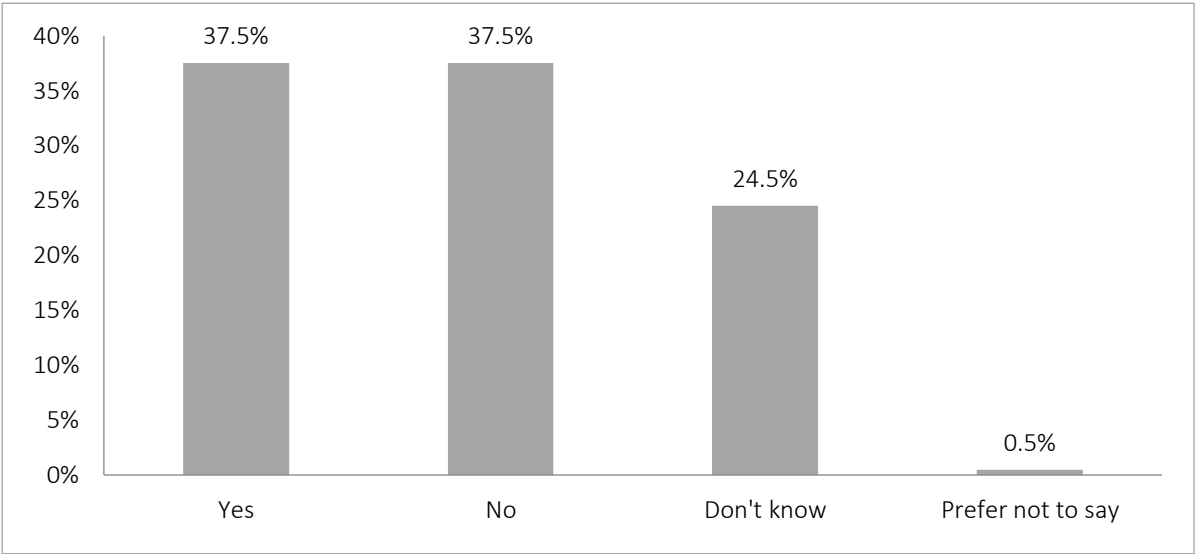
Figure 5.7.   Whether respondents would feel confident that they would be protected from reprisal action (n=200)

Nearly 1 in 4 (24.5%) respondents felt unsure that they would feel protected from associated reprisal action. Accordingly, just under 2 in 3 respondents (a total of 62.5%) either did not feel confident that they would be protected from associated reprisal action if they were to report corruption, or they did not know, or they preferred not to

say. This pivotally indicates that many observers of corruption would likely not act on their concerns, in spite of whistleblowing polices, processes and legislation.

Figure 5.8 below attributes responses to each of the 10 councils sampled to ascertain whether the results are weighted to any council or generalisable across the sample base. It is presented as number of respondents per council, rather than a percentage, to more clearly depict differences between councils.
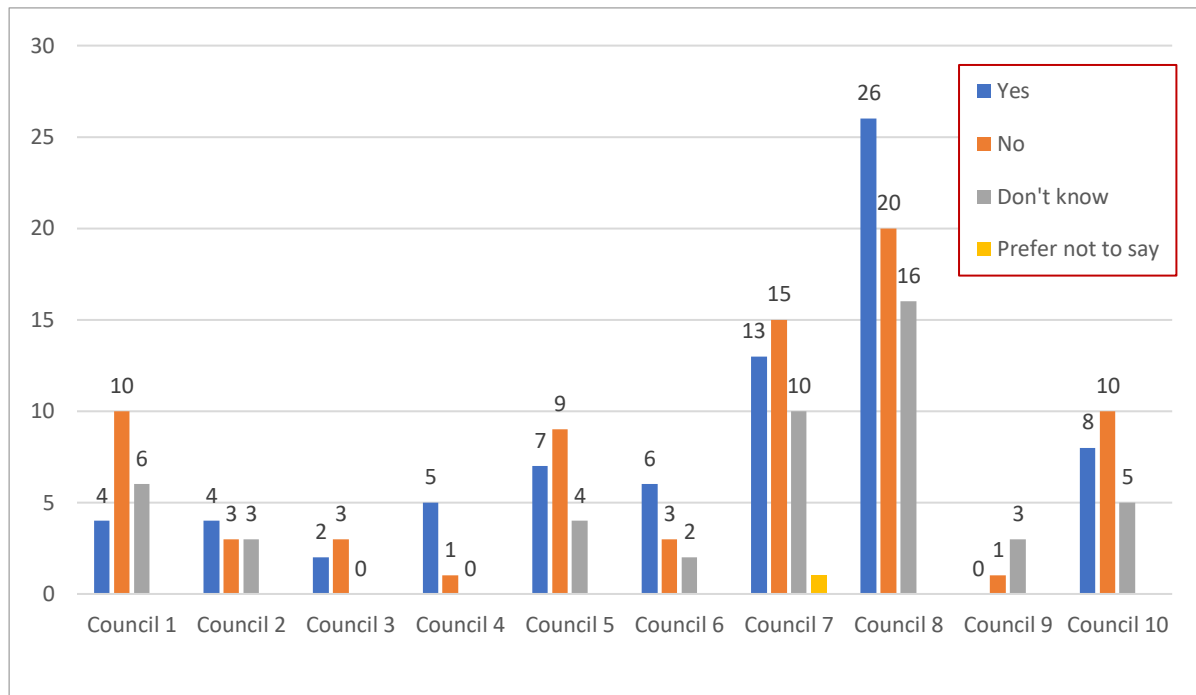
Figure 5.8.   Respondents' views on whether they would feel confident that they would be protected from associated reprisal action, by council (n=200)

At Council 9, which is the only rural council in the sample, no one felt confident that they would be protected from associated reprisal action. Councils 4 and 6 are the only two councils that each have a greater percentage of respondents who would feel confident about being protected from reprisal action than otherwise, albeit, this is only slightly so with Council 6. The data above suggests that many suspicions of corrupt conduct would not be reported, if nearly two-thirds of employees feel that they would not be protected from associated reprisal action. When this same question was posed in a survey conducted by the ANU, on behalf of IBAC, similar findings were noted, with 46% of those surveyed stating that they 'would not feel confident they would be protected from victimisation should they report corruption' (Graycar, 2013, p. 14; 2014, p. 279).

However, these findings contrast with the People Matters Survey 2014 which indicated that 65% of respondents stated that they felt confident that they would be protected from reprisal for reporting misconduct/wrongdoing, a figure that was up from 58% in 2012 (Public Service Commission, 2015, p. 20). The Office of the NSW Ombudsman attributed this to 'an improvement in the reporting culture' (Ombudsman NSW, 2015, p. 22). A viable hypothesis is that reporters may feel greater protection from reprisal action for raising concerns of 'misconduct/wrongdoing' in contrast to reporting concerns of 'corruption', thereby indicating a degree of stigmatisation to the term 'corruption'. However, the test of this question is the prospect of reprisal action for raising a concern and fear of reprisal action might be likely regardless of the nature of the issue raised. Notably, what is clear is that there are a number of contradictions, with significantly less respondents in this study feeling confident about supposed protections than those within the People Matters Survey. While this may be attributed to different categorisations, with the term 'corruption' infused with provocatively negative connotations (Ashforth et al., 2008, p. 671; Hindess, 2012, pp. 2-3; Mulgan, 2012, p. 25), this might not be the reason at all. It could be that this positive reinforcement with the People Matters Survey is simply to enhance and enforce regulatory efforts and promote whistleblowing frameworks. This would mean that genuine impediments to reporting then become under-considered.

Respondents were invited to give any reason for answering the question on their decision to report in a particular way, and a number of comments indicated several causal factors, including the 'role of the corrupt actor'. For example:

> 'Dependent on the person.' (ID-87, Council 7)

> 'Depends on their level in the organisation.' (ID-26, Council 8)

Other comments referred to degrees of reticence based on 'breach of confidentiality':

> 'Things are not always kept 100% confidential.' (ID-196, Council 5)

> 'These matters are never kept confidential.' (ID-9, Council 5)

> 'I don't trust the reporting mechanism. I feel that it would be revealed.'
> (ID-89, Council 7)

> 'Information does not stay confidential even if a protected disclosure is submitted.' (ID-232, Council 8)

Some comments were based on employees' previous 'experience or observance of others':

> 'I have been black lined previously.' (ID-111, Council 7)

> 'I have witnessed the treatment of people who bring up items that are unsavoury or who make strong criticisms.' (ID-65, Council 10)

> 'I have reported corruption in previous councils and paid the price for being honest and blowing the whistle on someone.' (ID-24, Council 7)

Without more context, it is assumed that the term 'black lined' means that the respondent has been negatively or unfavourably treated for raising an issue. The other comments indicate that potential reporters have been disincentivised from reporting concerns, because of their perceived treatment of others who have done so previously. Collectively, there is a strong indication that respondents would not feel confident that they would be protected from associated reprisal action if they were to report a concern about corruption to a person within their council.

In terms of identifying what form(s) of reprisal action might transpire, respondents stated the following:

> 'Believed I would be targeted.' (ID-149, Council 6)

> 'Thought I would be sacked.' (ID-136, Council 1)

> 'I feared repercussions i.e., loss of employment – labelling as a whistle blower.' (ID-92, Council 7)

> 'I would be/am worried about being victimised if I report corruption.'
> (ID-183, Council 8)

These comments highlight a degree of self-preservation, expounding Bauman's (1990, p. 131) assertion that 'self-interest and moral duty point in opposite directions'. Otherwise, these insights might be construed as excusatory, symptomatic of the 'bystander effect', with the above comments potentially being 'retrospective justifications for past inaction' (Cohen, 2001, p. 70). Either way, there is a societal

acceptance of the corruption, reifying corrupt practices by omitting to call them out and see them effectively prosecuted.

In conjunction with the earlier finding that 1 in 5 respondents declined to report suspected corruption (Section 5.4), this self-preservation aspect furthers our understanding about why some instances of corrupt conduct may not be coming to light nor rectified. Also, it signifies why respondents correlate everyday activities with corruption *yet* may decline to do anything about it. This challenges the general view that corruption is non-existent within a respondent's council, as depicted by a fifth, or 1 in 5, of the respondent base (Figure 4.2), and further reinforces the inherent contradictions and tensions that exist which within the occupational lifeworld of local government. This is discussed in more detail below.

Table 5.1. **Correlation between 'witnessed' corruption (n=161) and whether respondents had declined to report**

		Whether respondents have thought about reporting corrupt behaviour or activity in their council, but decided not to			
		Yes	No	Prefer not to say	Total
Number of acts that have been witnessed (1–9)	0	8	71	5	84
	1	6	23	5	34
	2	6	11	3	20
	3	10	3	1	14
	4	5	1	0	6
	5	1	0	0	1
	6	1	0	0	1
	7	1	0	0	1
Total		**38**	**109**	**14**	**161**

As identified within Table 5.1, out of the 38 respondents who thought about reporting corrupt conduct in their council but decided not to, over three quarters (a total of 30) have witnessed one or more of the nine corrupt acts shown in Figure 5.1. Three or more of these acts have been witnessed by nearly half (a total of 18) of the 38 respondents. This highlights a strong affiliation between these nine acts and each one's designation as a corrupt practice.

This is further supported by the data within Table 5.2 which shows that out of the 39 respondents who have thought about reporting corrupt behaviour or activity in their council, but decided not to, 37 claim to have *suspected* one of more of the acts outlined in Figure 5.1. Additionally, three or more of these acts have been suspected by more than three quarters (a total of 32) of the 39 respondents.

Table 5.2. Correlation between 'suspected' corruption (n=201) and whether respondents had declined to report

		Whether respondents have thought about reporting corrupt behaviour or activity in their council, but decided not to			
		Yes	No	Prefer not to say	Total
Number of acts that have been suspected (1–9)	0	2	68	2	72
	1	1	26	2	29
	2	5	17	4	26
	3	10	15	6	31
	4	10	11	1	22
	5	5	3	1	9
	6	2	4	0	6
	7	2	1	0	3
	9	2	1	0	3
Total		**39**	**146**	**16**	**201**

This indicates that many concerns which may relate to specific forms of corrupt conduct have not been reported but have been correlated with one or more of the nine corrupt acts categorised within Figure 5.1. On the basis that many scholars consider corruption to be 'in the eye of the beholder' (Anechiarico & Jacobs, 1996, p. 3; Holmes, 2015, p. 2; Olsen, 2014, p. 187), these nine practices seem to be a suitable baseline typology that would go some way to assisting practitioners and policymakers streamline their educational efforts to address the more richly ingrained practices, whether suspected or witnessed, that fail to come to light.

As discussed in Chapter 2 (Section 2.3.10), several scholars identify reasons that employees of an organisation might not speak up, such as: loyalty to colleagues and the employer (Zipparo, 1999b, p. 273); a tendency to avoid the stress of reporting (Johnston, 2012, pp. 59-60); mistrust or a lack of confidence in the reporting system (Graycar, 2013, p. 14; 2014, p. 279); or a lack of knowledge about reporting mechanisms (McAllister et al., 2012, p. 5; Zipparo, 1999a, pp. 84-85). The last of these reasons can, to some extent, be addressed within the education domain, by raising awareness about the mechanisms for reporting, but the first three come down to individual and interpersonal factors.

If observers omit to report, corruption continues and becomes more normalised the longer it is unattended to (Dormaels, 2015, p. 606). It is this aspect that is worth noting on the basis that there is a vast disconnect between suspected and witnessed events, with the purported degree of corruption within local government and its perceived decline in the past 5 years. Prior to exploring this further, it is worth considering any degree of normalisation in the context of councils' efforts to encourage reporting of corruption.

5.4.3   Whether councils do enough to encourage employees to speak up against corruption

Figure 5.9 indicates that out of the 197 respondents sampled, just over half (53.8%) felt that their council did enough to encourage employees to speak up, and out, against corruption. This means that nearly half of all surveyed respondents do not think that their council does enough to encourage employees to speak up against corruption, or they do not know, or preferred not to say.
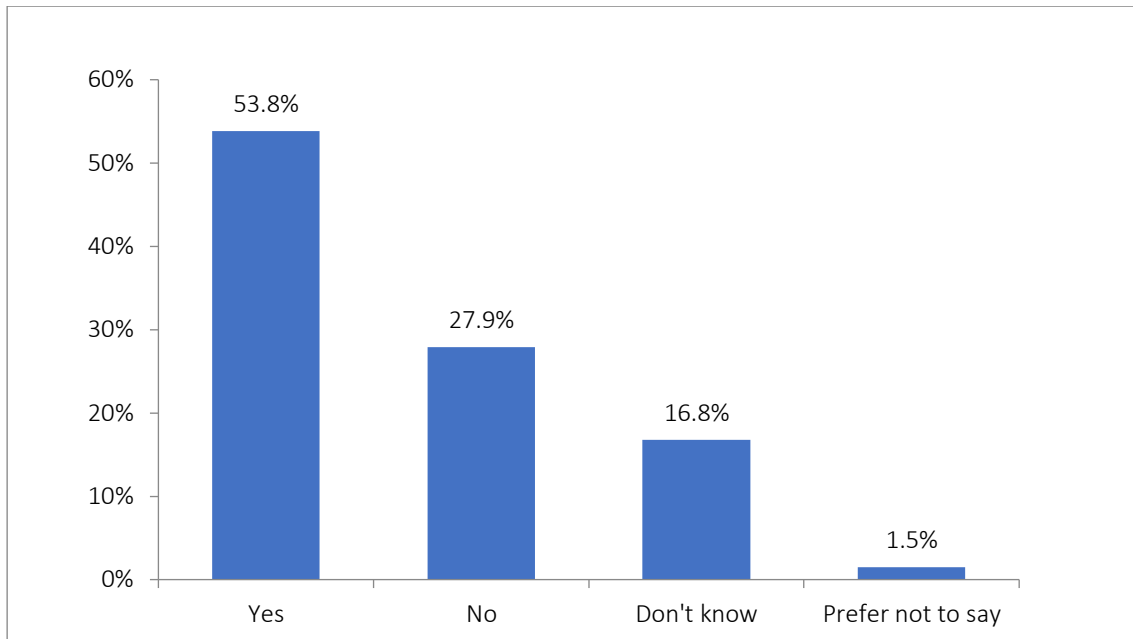
Figure 5.9. **Respondents' views on whether their council does enough to encourage employees to speak up against corruption (n=197)**

This reveals that many councils are not doing enough to encourage employees to speak up against corruption, but even if they were, potential reporters may still not feel safe doing so. One respondent who said that their council does do enough to encourage reporting made this comment:

'I believe council works hard to prevent corruption and make it possible for corruption to be reported, but as an employee, I would still feel unsafe and unsure that reporting corruption would be wise.' (ID-123, Council 8)

Similarly, a respondent who did not feel that their council did enough to encourage reporting made this comment:

'Encouraging people is not the problem – the reality is that people who speak out are likely to suffer reprisals regardless of protections.' (ID-126, Council 10)

Each of the above comments, from respondents at separate councils, acknowledge awareness and prevention efforts, but concede that there are inherent problems associated with the reporting, investigating and prosecuting of corruption. There is an indication that employees will fail to speak up against corruption despite prevention or awareness efforts. A cultural trope of not 'dobbing in' was identified within the study, as detailed below.

5.4.4 A culture of not 'dobbing in'

It was identified in the survey that many concerns will not be raised by employees who do not wish to 'dob in their mates'. This colloquialism was explored in Chapter 2 as one that has traditionally existed as a feature of Australian identity; however, it was largely dismissed as a real issue in today's workplace society that purportedly understands and appreciates how reports about corruption should be made (Roberts & Brown, 2010, p. 56). In spite of this, several interviewees cited this idiom, considering it to be a salient impediment towards the exposure of corruption in Australian local government:

> 'Unfortunately, there's a bit of a culture in Australia, you don't dob. I think that would refer to what I see as one of the biggest impediments, and that is the Australian culture of not to be seen dobbing on your mates. The potential ostracising of someone who does have the guts to go to the manager and say, "look, this guy is stealing council coffee or this guy put in a timesheet last week that was fraudulent," it's the peer pressure in an organisation that doesn't have a proper anticorruption culture would be the biggest impediment.' (Interviewee 8)

> 'You're up against both people's idea of mateship … Dobbing people in is a huge bridge for people to go across.' (Interviewee 10)

One interviewee considered that this concept was *not* 'Australia-specific', stating:

> 'A lot of cultures have something similar, whether it's in Europe and it's seen as supporting these totalitarian governments and I just think across cultures it's going to be a disinclination to do it. I don't think Australia is alone in that aspect.' (Interviewee 9)

However, when asked if this was 'Australia-specific' another interviewee stated:

> 'Absolutely, and I think it's dying out but it is, it's traditionally been – it started as a class-based thing … The most positive way of saying it is that you solve the problem yourselves without involving others but it very quickly translates into we don't dob on each other to anybody outside of our little group, and that's really negative.' (Interviewee 10)

Accordingly, 3 of the 11 interviewees contended that the notion of 'dobbing in' continues to exist as a feature within NSW local government, despite a strong observation in the literature that whistleblowing frameworks exist and that individuals are aware of protections against associated reprisal (Roberts & Brown, 2010, p. 56). This notion

could be likened to similar concepts, referred to as a 'code' or 'cocoon' of silence, a 'curtain', or a 'blue wall' (Cohen, 2001, p. 68; Skolnick, 2002, p. 7): unwritten but well understood concepts that keep issues contained, implying that anyone who might speak up would be excoriated for doing so. Building on the discussion in Section 5.4.1, it is argued that observers would be disinclined to speak up because of social peer pressure, and this would likely enhance any degree of perceived ostracism.

Such a concept would be aggravated by the inherently 'closed recruitment culture' that was identified with in Section 5.3.3. The existence and normalcy of particularism would lead to this contingence, as there is a degree of unconcern that particularism is harmful, or even wrong. Drawing on denial theory (Cohen, 2001, pp. 58-59) and the associated techniques of neutralisation, there is a general *denial of injury* (Sykes & Matza, 1957, pp. 667-668). Those engaging in or benefiting from particularism, or those who observe its incidence, neutralise its wrongfulness because there is no or little perceived harm (Cohen, 2001, p. 60). Particularism has likely contributed to this cocoon of silence, as employees have suspected or witnessed particularism, but do not speak up because it is socially interwoven within the fabric of local government. As a corruption risk, it is not seen as such in its evolved form (Bellow, 2003, p. 19). Yet, it arguably could be one of the most insidious forms of subterfuge, as it scales the history of corruption and reproduces the culture by similar members joining the clique that has benefited those before them. This is considered below, in light of respondents' perception of risk management.

5.5   The risk of corruption

Despite the fact that many instances of suspected or witnessed corruption have been identified (see Figure 5.1) and that many instances of suspected corrupt behaviour have not been actively reported, many survey respondents had a positive view about how well their council handles the risk of corruption. As illustrated by Figure 5.10, nearly two thirds (60.6%) of sampled respondents consider that their council handles the risk of corruption well.
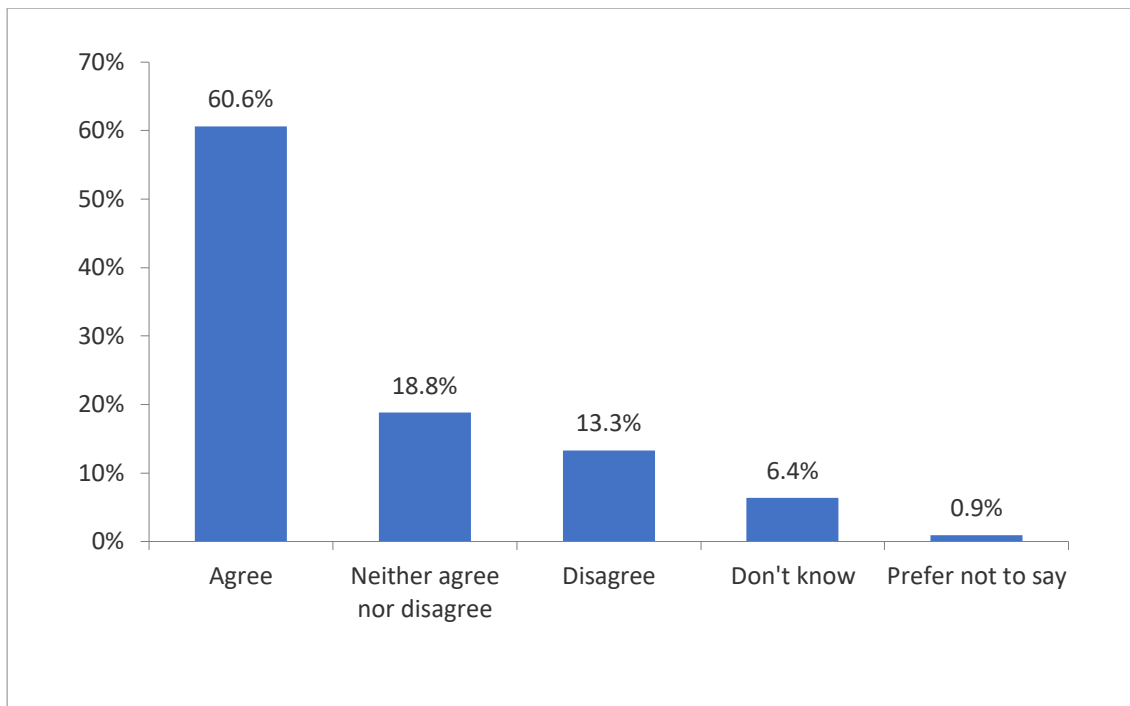
Figure 5.10. Respondents' views on whether their council handles the risk of corruption well (n=218)

It is pertinent to note that this refers to the handling of corruption risk, not the handling of reports; that is, proactive *prevention*, as opposed to reactive *response*: how councils proactively manage or mitigate corruption risks, but not how they then reactively deal with it when it is observed or reported.

This finding was cross-tabulated with respondents' answers as to whether they had declined to report suspected corrupt behaviour or activity. As shown by Table 5.3, 4 out of every 5 respondents (108 out of total of 134) who claim that they have never thought about reporting corruption within their council considered that their council handles the risk of corruption well.

Of the 39 respondents who have declined to report suspected corruption, 28 *do not* agree that their council handles the risk of corruption well, accounting for more than two-thirds of the respondent base. However, of the respondents who claimed that their council handles the risk of corruption well, 11 respondents had declined to report suspected corruption at their council while 3 preferred not to say. One might consider why employees would decline to report on suspected corruption, if they believe that

their council handles the risk of corruption well, but generally speaking, there is a correlation between willingness to report and perceived handling of corruption risk.

Table 5.3. **Correlation between employees who considered that their council handles the risk of corruption well with those who had thought about reporting corruption but decided not to (n=186)**

		Number of respondents who have thought about reporting corrupt behaviour or activity in their council, but decided not to			Total
		Yes	No	Prefer not to say	
Whether respondent agreed or disagreed or their council handles the risk of corruption well	Agree	11	108	3	122
	Neither agree or disagree	15	13	9	37
	Disagree	13	13	1	27
Total		**39**	**134**	**13**	**186**

To develop some enriched understanding about the prevention and control of corruption as a risk, a number of comments emerged as a theme from the qualitative survey responses. A total of 42 responses from the survey were coded under the theme, 'positive control and exposure arrangements', shedding light on respondents' views about the type and nature of efforts to prevent corruption, raise awareness and encourage reporting. Notably, out of the 42 responses coded under this theme, just over a third (15) originated from respondents at Council 8, indicating a particular emphasis on such efforts at this council. Some of these are outlined below.

Respondents who considered that the level of corruption in local government had 'decreased a lot' attributed their response to these reasons:

> 'I believe it has to do with the improved procurement and governance frameworks in the industry.' (ID-18, Council 8)

> 'More is known about types of corruption and staff are being educated about corruption.' (ID-222, Council 8)

'Governance systems for staff have been put in place to reduce the ability to be corrupted.' (ID-111, Council 7)

'Improved internal systems and high level of publicity for poor behaviour.' (ID-2, Council 1)

A respondent who believed that the level of corruption in local government had 'decreased a little' attributed their response to this reason:

'Implementation and updating of policies and corporate documents and tighter scrutiny since Operation Jarek.' (ID-188, Council 2)

A respondent who believed that the level of corruption in their council was 'lower' in comparison with other councils, attributed their response to this reason:

'We have regular fraud/corruption training. Also established procedures, chains of command, review by management in decision making etc.' (ID-61, Council 8)

One respondent who believed that the level of corruption in their council is 'much lower' than other councils gave this reason:

'Internal and external auditing processes, internal ombudsman, introduction of corporate plans and policies, anti-fraud and corruption newsletter and other initiatives.' (ID-188, Council 2)

These reasons may explain why nearly two-thirds of respondents consider that their council handles the risk of corruption well (see Figure 5.10). There are indications of corporeality, with councils implementing a variety of anti-corruption initiatives, thus imbuing employees with a perception that corruption has been curtailed or controlled. Collectively, they could be construed as a form of imprimatur of anti-corruption, especially if implemented following a recommendation from the state's authority on corruption, being ICAC. This is illustrated by reference to *Operation Jarek*, an investigation undertaken by ICAC and reported on in 2012 (ICAC NSW, 2012).

Such endeavours might minimise opportunities for public officials to engage in corrupt activities, by increasing the likelihood of detection or incentivising honest behaviour. Yet, it seems paradoxical that councils *are* adequately attending to the risk of corruption when simultaneously, many opportunities for corrupt acts continue to exist (see Figure 5.1). Moreover, as aforementioned, richly nuanced forms of corruption – such as conflict

of interest, particularism, abuse of discretion and misuse of information – have been simultaneously suspected and witnessed to a significant degree in spite of these visible anti-corruption efforts. Without delving into the many shades of grey that might exist between white (tolerable) and black (intolerable) corruption (Heidenheimer, 2009, p. 152), the extensive references to the type of initiatives which might fall within the ambit of 'positive control and exposure arrangements' (procedures, education, improved frameworks and systems, etc.) are deemed by many respondents to be an effective remedy for all forms of corruption.

The comments below acutely highlight the fallibility of, and over-reliance on, preventive controls and governance systems:

> 'It doesn't matter how solid or how tight my processes are or how good I think we have this nailed on the head, if someone wants to act outside they will act outside it.' (Interviewee 6)

> 'That's where the rubber hits the road. You can write all the manuals and don't take this the [wrong] way, I think these are fantastic, but all of this sort of stuff, if it's all just going on a barren field, it's not going to do anything.' (Interviewee 10)

The latter comment supports the view that, despite measures designed to prevent corruption (such as processes/manuals), they will be futile in an organisation that generates corrupt working cultures and practices, similar to observations made by Klitgaard (2000, p. 5). The formal existence and promulgation of anti-corruption endeavours do not necessarily account for the informal practices, interpersonal relationships and power configurations that exist, claims Mungiu-Pippidi (2017, pp. 9-11). Accordingly, one wonders to what extent employees' morality has been shaped by the council's collective social culture (Punch, 1996, p. 266), and to what extent this has resulted in a culture that is indifferent to everyday corruption. If the dominant norm within a council is the tolerance of nuanced forms of corruption that are easily subsumed within culture and practice, then these will prevail regardless of any formal rules, governance or anti-corruption initiatives (Mishra, 2006, p. 341). This is especially the case if employees have discretion and flexibility in the manner in which they perform their role (Shore & Haller, 2005, p. 6). If any observer omits to report the suspected or witnessed infraction, as 1 in 5 respondents have (see Section 5.4), anti-

corruption efforts become no more than a tick-box exercise, 'window dressing' or tokenistic (Osrecki, 2015, p. 349). This issue is considered below, in the context of the Code of Conduct, a document that governs the way that public officials are expected to act and behave, and reputedly a widely implemented and relied upon anti-fraud/corruption control (ACFE, 2018, p. 27).

5.5.1 The Code of Conduct

Every council in the state of NSW has a Code of Conduct (ICAC NSW, 2010c, p. 18), prescribed on a 'model code' that is promoted state-wide by the OLG (2013b). Yet, ICAC has noted that employees from a number of councils in NSW continue to act contrary to their Code of Conduct, associated policies or training (ICAC NSW, 2012, p. 6). Despite this, when respondents were asked why they thought that the level of corruption in local government in NSW had decreased in the past 5 years, these comments were made by three respondents from different councils:

> 'My council has rigorously amended it[s] Code of Conduct to prevent corruption from occurring.' (ID-231, Council 8)

> 'More conscientious about Code of Conduct and other processes.' (ID-79, Council 1)

> 'Certain councils have put in place solid code of conduct procedures.' (ID-169, Council 7)

Akin to the way that laws reflect the accepted practices within society, the Code of Conduct typically represents organisational values and ideals (Brien, 2001, p. 66). Across the breadth of sampled councils, 87.2% of respondents considered that the Code of Conduct training they received sufficiently conveyed the importance of having a workplace culture that rejects the idea of corruption as being acceptable (Figure 5.11).
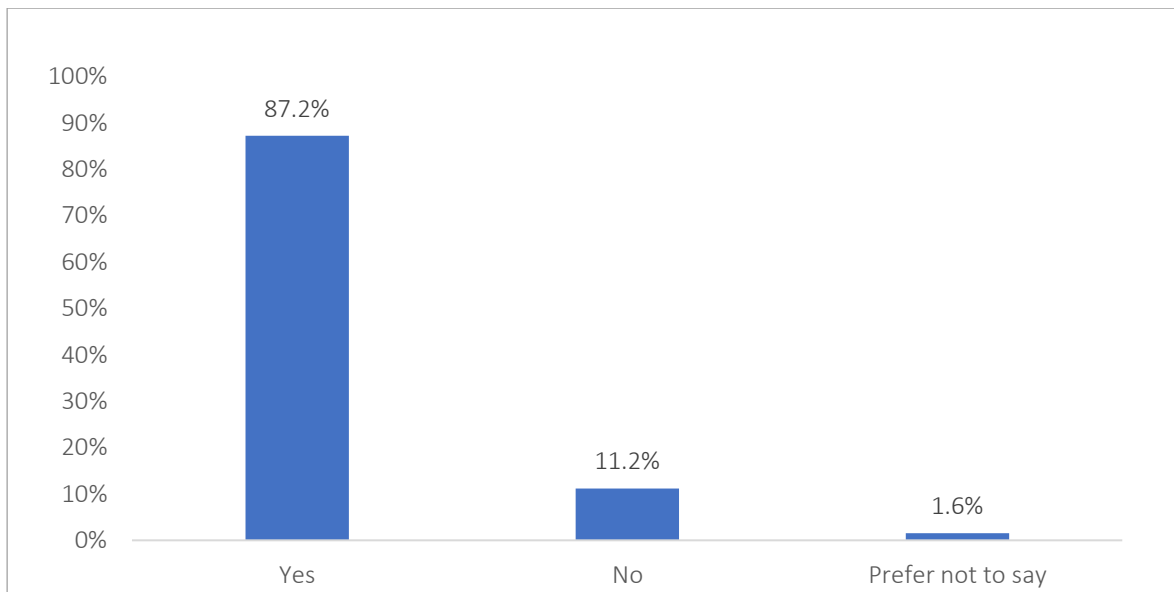
Figure 5.11. Whether respondents felt that the Code of Conduct training they received sufficiently conveyed the importance of having a workplace culture that rejects the idea of corruption as being acceptable (n=187)

This might support the observation that organisations have moved away from enforcement of rules that govern ethical conduct by actors, towards changing the culture and collective consciousness into one that rejects the notion of corruption and supports integrity (Mulgan & Wanna, 2011, p. 416). From one standpoint, the presence of formal training has communicated to employees at the front line the existence of a Code of Conduct and the importance of having a workplace culture that rejects the idea of corruption as being acceptable. However, this has viably transitioned into a view that its universal adoption will limit corruption. A Code of Conduct is often in place when fraud/corruption is perpetrated and then identified (ACFE, 2018, p. 26) and the mere presence of a formal Code of Conduct will not prevent or limit unethical behaviour, claims Zipparo (1998, p. 2). Such codes 'fail because the structure and culture of the organisation is not conducive to ethical action', argues Brien (2001, p. 64). Despite these perspectives, the Code of Conduct remains something of a cornerstone 'control', yet this interviewee remarked on its degree of embedment within the council environment:

> 'The Code of Conduct in most organisations is dealt with once when people start and it's a cursory application. There's only one organisation I've worked at where the code of conduct was probably taken seriously. Other than that, it's a dust collector on the shelf most of the time.' (Interviewee 7)

This reinforces the 'tick-box' concept, and underpins the findings in Table 5.4 below, which reveal that 28 of the 38 respondents who have declined to report suspected corruption also believed that their council sufficiently conveyed the importance of having a workplace culture that rejects the idea of corruption as being acceptable. Accordingly, this equates to nearly 3 out of every 4 employees.

Table 5.4.   Cross-tabulation between respondents' views about the Code of Conduct and whether they had declined to report on suspected corruption (n=186)

		Whether respondents have ever thought about reporting corrupt behaviour or activity in your Council, but decided not to.			
		Yes	No	Prefer not to say	Total
Whether respondents thought that the Code of Conduct training they received sufficiently conveyed the importance of having a workplace culture that rejects the idea of corruption as being acceptable.	Yes	28	125	9	162
	No	10	8	3	21
	Prefer not to say	0	2	1	3
Total		**38**	**135**	**13**	**186**

This calls into question the operational and cultural usefulness of the Code of Conduct as a mechanism in the prevention or deterrence of corruption, or as a means to expose corruption through reporting, as perceived by some respondents. One might cynically believe that councils comply with this compliance-based requirement as it shows that they are 'seen' to be doing the right thing. Supporting Interviewee 7's view that the Code of Conduct 'is dealt with once when people start and it's a cursory application', nearly all respondents (94.5%) had attended Code of Conduct training since being employed by their Council (Figure 5.12).

Across the broader network of public sector agencies in NSW, nearly all (98%) staff are aware of their organisation's Code of Conduct with 'nearly three quarters having read or referred to it in the last 12 months' (Public Service Commission, 2015, p. 30). Hence, awareness of the Code of Conduct is almost universal, and a place of reference for

council employees, but whether such training influences employees' willingness to report corruption is questionable. The 'basis of public integrity must be both compliance and value orientated', argues Anechiarico (2009b, p. 85). Yet, when respondents were asked if they felt more or less inclined to report suspected corruption as a direct result of their attendance at this training, more than half of the respondent base (56.4%) said that they felt 'no different' (Figure 5.13); this indicates that such training is limited in its ability to modify attitudes or behaviours.
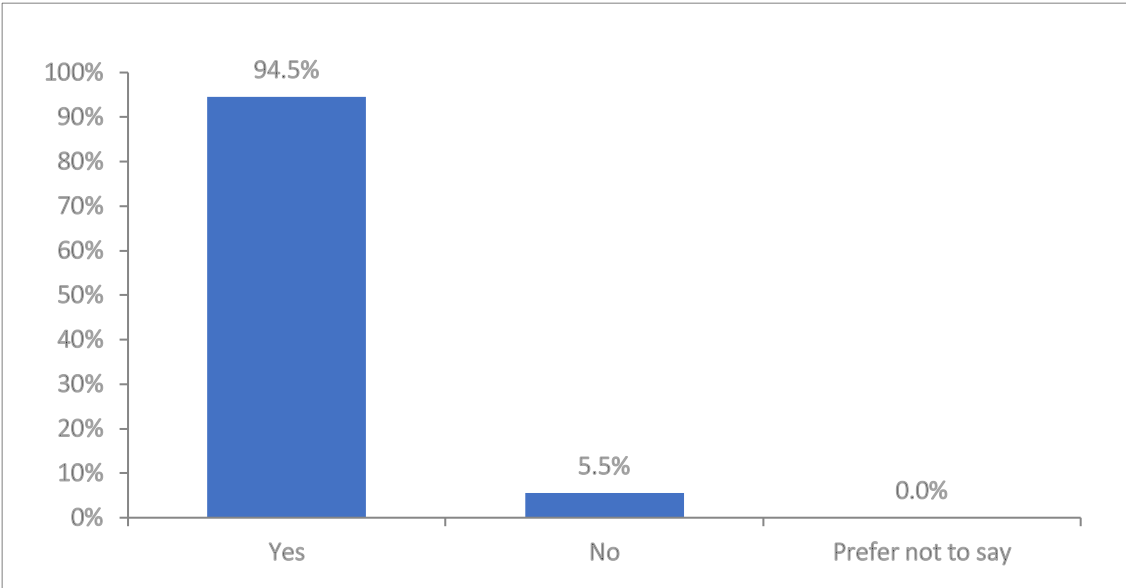
Figure 5.12. Code of Conduct training attendance (n=199)
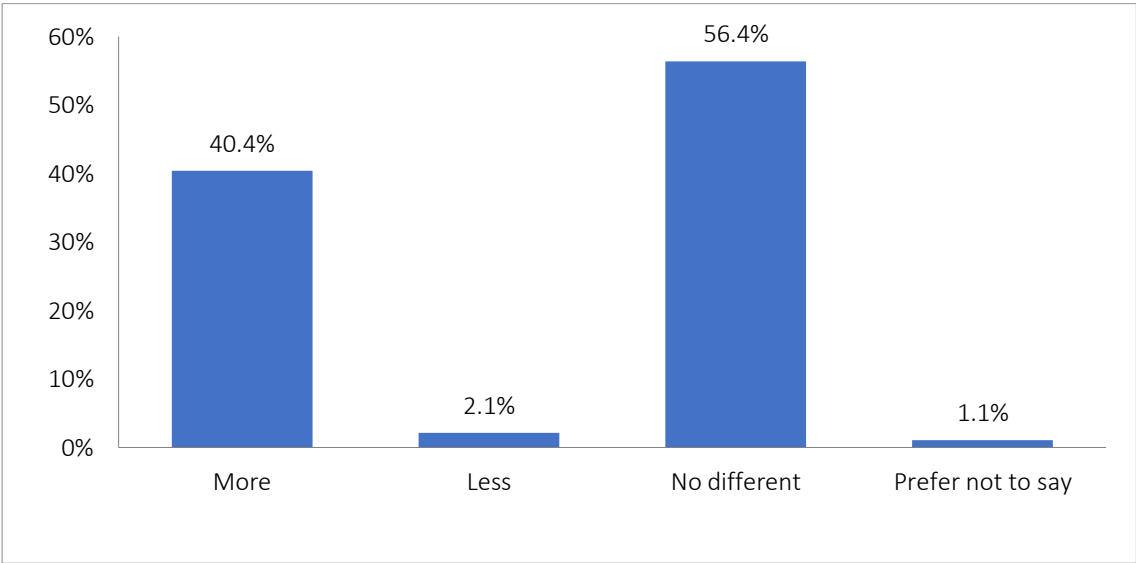
Figure 5.13. Whether respondents felt more or less inclined to report corruption as a result of their attendance at Code of Conduct training (n=188)

Despite 1 in 5 (40.4%) respondents claiming that they felt 'more' inclined to report corruption as a result of their attendance at Code of Conduct training, this has not transitioned into reality. As identified in Table 5.4, nearly 3 in 4 respondents who have suspected corruption and declined to report it *have* also attended Code of Conduct training *and* agreed that it sufficiently conveyed the importance of having a workplace culture that rejects the idea of corruption as being acceptable. Accordingly, Code of Conduct training will *not* necessarily influence a person's actions or behaviour in terms of reporting or acting on their concern. Some employees will remain reluctant to report corruption despite receiving such training. What remains are the organisational and cultural barriers that disincentivise reporting and inhibit the exposure of corruption. These continue to remain in spite of a Code of Conduct or similar compliance-based protocols.

Governance by rules, whether formalised in law or a Code of Conduct, policies and procedures, attempts to regulate and govern human behaviour, by establishing a foundation of order and compliance in terms of how humans should interact and behave (Bauman, 1990, p. 182; Fuller, 1969, p. 205). As noted by Heller (1989, pp. 302-303), some people will 'follow the rules but at the same time rebel against them in mind and heart'. Rules may delineate between right and wrong (Brien, 2001, p. 67), but potentially stifle human creativity, devalue integrity and professionalism, and potentially inhibit any organisational responsiveness (Warren, 2006, p. 804). Accordingly, typical anti-corruption instruments, such as codes of conduct, policies and declarations, lose their salience and become forgotten about, devaluing their impact on the prevention of corruption (Anechiarico & Jacobs, 1996, p. 17). Such perspectives are noteworthy when considering corruption and anti-corruption measures; while the evidence above highlights their lack of effectiveness in many respects, councils continue to embrace such measures. They purport to show that corruption is taken seriously, but the efforts are performative: tokenistic endeavours that give the outward impression of good governance. Inwardly, the reality of corruption is very much subsumed within culture and practice.

5.6 Summary

This chapter's contribution to the thesis is centred around *a posteriori* knowledge of corruption, as opposed to *a priori* knowledge, as explored in Chapter 4. This chapter has revealed, on one hand, that anti-corruption endeavours are visibly evident – even correlated with a perception of reduced corruption or decreased risk – but on the other hand, there is an institutionalisation of corruption that is a prominent feature of local government bureaucracies. Through a systemic examination of particular acts and behaviours, there is an everydayness of corruption, with several practices of corruption featuring in particular. These are more nuanced, less overt, and lower on the perceived scale of severity or seriousness. They have less affiliation to the term corruption, and are quite dissimilar to bribery, a well-known practice and one that still resonates as being harmful, despite its rare existence within local government. As one practice that is quite prominent, particularism is widely observed, yet seen as the least harmful form of corruption. It has been predominately suspected and witnessed by employees in managerial or supervisory roles, but as it is not accentuated or brought to the public's attention, its pervasiveness is not recognised. Particularism is, however, a most notable feature of local government administration.

In general, this chapter highlighted that practices of corruption have been routinely suspected or witnessed in quantities that appear to be estranged from the perceptions of their levels of incidence explored in Chapter 4. This chapter identifies that the commonly suspected and witnessed practices that exist do not conform with the more formal or legalistic examples that are pursued by the ICAC. Not all of these observations or suspicions have been articulated by employees, because of social stigmas and other inhibitors; hence, as they have not been reported, they have not been responded to. The personal cost and perceived risk of reporting suspicions of corruption remains high, in spite of different modes of regulatory governance, such as whistleblowing policies and frameworks that facilitate confidential reporting. As such, valuable knowledge about corruption and its everydayness has not surfaced, and this has implications for how anti-corruption measures are designed and implemented. For the broader objectives of this thesis, this presents as a major consequence, in that potentially corrupt behaviour has

become emboldened over time, as it has manifested but has been largely ignored or tacitly accepted.

The findings within this chapter elucidate the equivocal nature of corruption, indicating that it presents in different forms within local government, in spite of different programs of governance, or well considered anti-corruption controls, such as codes of conduct. There are fundamental considerations that have a bearing and centre around the existence of a major paradox, where the perceived level and perceived reality of corruption is vastly at odds with the situated reality.

Chapter 6 develops these insights through a focus on the architectural and administrative composition of councils.

CHAPTER 6:   COUNCILS' APPETITE FOR CORRUPTION

6.1   Introduction

This chapter explores the influence of political, social and structural forces on the different organisational approaches to corruption management. On the surface, councils are seen as reactive, rather than proactive, with a tokenistic approach towards the management of corruption, rather than genuine appetite. When suspicions of corruption have been reported, they have either been met with no response, or an unsatisfactory one.

Noting that councils are diverse social entities, the findings within this chapter reflect on different cultural and structural influences which impact on the means and mechanisms of response. The chapter also highlights how the diverse and diffuse nature of corrupt practices, as explained in the previous chapter, are not captured or explicated within councils because of the limited focus on corruption management, augmented by different constraints and inhibitors.

6.2   The anti-corruption agenda

As discussed in Chapter 2, some forms of corruption are easier to describe and designate as such by the majority, yet any restricted gaze means that more opaque forms of corruption fall out of view: practices that might be unethical, rather than unlawful, such as those suspected and witnessed by a significant proportion of respondents (see Figure 5.1). For example, one interviewee stated:

> 'Councils generally tend to focus on the much more binary on paper provable things … that kind of "I can prove it". If I can prove it or it's in that traditional mould so it's easier for people to accept that that's corrupt conduct … inappropriate decision-making, all that kind of stuff, not declaring gifts.' (Interviewee 6)

This example highlights that councils tend to deal with forms of corruption that fit the 'traditional mould' or are 'provable', which potentially means that subtler, less obvious forms of corruption, fall outside public notice. In a similar vein, one interviewee stated:

'What we're talking about there is with organisations it would be very easy to pick off low-hanging fruit to use the metaphor. And therefore, you're seen to be doing the right thing.' (Interviewee 2)

While some scholars argue that corruption tends to be more visible at the lower levels (Gupta, 1995, p. 384), the above interviewees' observations indicate that councils attend to low-level visible corrupt practices purposefully, so that the council is 'seen to be doing the right thing', by 'pick[ing] off the low-hanging fruit'. This is akin to a ceremonial or performative endeavour but without any real or genuine appetite to unearth corruption. To extend the metaphor, if anti-corruption efforts focus on the 'low-hanging fruit', the roots of corruption risk remain firmly embedded in the ground, keeping the attention off the higher branches (Kurczewski, 2004, p. 163).

As identified through ICAC's investigation at Wollongong City Council, those distantly implicated in the corruption failed to see the everyday events as corrupt (Graycar & Prenzler, 2013, p. 143) to the point that cultural toleration became systemic. In this situation, corruption remains unchecked. As elaborated on by this interviewee:

'They [councils] pay lip service to it [corruption], but it is in the too hard basket. It's one of those things that has the potential to take the eye off the ball of the senior executives. Directors, general manager, if you've got major frauds happening in the background, it's just something you don't want to know about. And by the way, once the council's become aware that there's a major fraud in council and you get dragged up before council to explain yourself, you don't need that grief. So why address it in the first place?' (Interviewee 5)

The remarks 'lip service' and 'it's just something you don't want to know about' signify degrees of corporate denial, coupled with inertia, suggesting that it would be more convenient to wilfully ignore corruption, than to risk dealing with it (Heffernan, 2011, p. 104). This interviewee further identified a degree of managerial apathy:

'I think it's way down the list of things to be done. It's a bit like audit and risk – it's one of those, you should be doing it but who really cares?' (Interviewee 11)

Despite any formal, structural mechanisms that might exist within the organisational hierarchy, there is a degree of indolence when it comes to addressing corruption. It is argued that 'in the absence of scrutiny, corruption can flourish' (Vanstone, 2015), but

the lack of scrutiny is conceptualised by the remark, 'who really cares?'. When Klitgaard's (1988, p. 75) formula is re-examined, that corruption equals *monopoly*, plus *discretion*, minus *accountability*, it is notable that many councils operate in a monopolistic fashion, autonomously, and with much discretion. Compounding these forces, a lack of accountability is exhibited by the degree of apathy.

When the plausibility that anti-corruption measures, such as codes of conduct, and recommendations stemming from an ICAC inquiry, might result in reduced corruption was explored, this interviewee provided an illuminating insight:

> 'So ... [name of Council redacted] Council's actually been through an ICAC inquiry and they've implemented all the recommendations but really I'm not sure that they're really embedded properly. I think it was sort of a bit of a tokenistic approach.' (Interviewee 3)

> 'So, when ICAC's going to an inquiry they're very good about talking to the agency involved and trying to work with them about what they can do to actually improve their systems and that it's then up to the leadership of the entity to sort of say "okay, we need to fix these things" and create a more resilient organisation. But in some agencies that just doesn't happen. It's treated as a bit of "oh the ICAC have been and gone, we'll just do what we have to do to sort of implement their recommendations instead of actually using it as an opportunity for continuous improvement".' (Interviewee 3)

While 'implementation' demonstrates to ICAC that the council has sought to embrace the value of anti-corruption recommendations, the reality would seem that these are only done to placate ICAC. The supposed implementation of these anti-corruption initiatives could be likened to Osrecki's (2015, p. 349) concept of 'window dressing' or 'tokenism', in that they are merely formal changes. This interviewee observed the difference in council approaches:

> 'The history of the organisation might have led to a particular approach. For example, ours having gone through an ICAC inquiry a few years ago, we've taken an approach that was fairly restrictive and ... fairly strong approach in relation to detection and cultural training and zero tolerance in relation to some particular behaviours. Others are more flexible ... so some people settle for what is the minimum requirements and that is good enough until something blows up in their face.' (Interviewee 1)

This comment reflects a particular council's approach to corruption, noting that this was only undertaken reactively, following ICAC intervention. As such, corruption remains hidden until the point of such intervention, this seemingly being the necessary catalyst for organisational change:

> 'I think until the big thing happens, like the Ryde example with the mayor,[22] then very little attention gets paid to any corruption work.' (Interviewee 3)

> 'I think it's heavily dependent on whether council have been through some kind of enquiry or not … I think enough [is] being done by state government to direct local government. I just don't think local government are doing enough. They're not responding to that.' (Interviewee 3)

> 'The more I meet other councils and see what level they look at things, the more my view of them is getting eroded. The horrifying reality I think is until a council is actually tainted with some kind of corrupt behaviour they don't think it's a problem, and how do you address that unless there is something that is compulsory and really spells out what is corrupt behaviour and what is not.' (Interviewee 11)

Similar to findings in a review of Victorian public sector agencies, corruption does not appear to be 'on the radar' of councils in NSW (IBAC VIC, 2014, p. 1; Van der Wal et al., 2016, p. 3). Based on the above comments, this is likely to remain the case, unless a council is subjected to the likes of an ICAC inquiry.

6.2.1 Reactive nature of local government

Building on the above impressions, the reactive culture of local government was deemed to be a distinguishable aspect making it more susceptible to corruption. As observed by these interviewees:

> 'I think local government is a reactionary beast. A lot of people are quite happy to just turn up, get their paycheque, move on, "this is my area, as long as I don't have a problem I don't want to know about it". I think until there's actually a problem, most people don't actually fix anything.' (Interviewee 7)

> 'Government agencies but most organisations are fairly reactive when it comes to these issues. We don't want to acknowledge that there might be systemic or specific issues within the organisation, simply because it's a

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[22] The interviewee is referring to an ICAC investigation involving certain City of Ryde councillors and others (ICAC NSW, 2014d).

self-defence mechanism where we feel that our organisation that we are managing is doing well. … There's typically a reaction, so when the problem occurs then we react to it. And then we create frameworks and situations to address those issues and then that urgency obviously declines over time and we feel that obviously that framework is not necessary anymore until the problem presents itself again in the future.' (Interviewee 1)

As alluded to within the above comment, there is a sense of cultural denial that corruption is a risk (Cohen, 2001, pp. 58-59). The reality of corruption might seem disconcerting to those who have a role in a council as a moral agent to act and respond; it becomes difficult to entertain the idea that co-workers and colleagues might be dishonest or corrupt, and if they are, that they may have to intervene (Cohen, 2001, p. 24). Accordingly, proactive intervention or risk management becomes more unlikely, which means that the causalities of corruption remain unexplored. As explained further below, employees' length of service may be a facilitator in this regard:

'I worked for one council where the executive management team turned over a little bit, they'd work for five years or so and then they'd move on, and then you get some fresh blood through, which meant organisational change and culture benefit and values. The general manager's been here 30 years. A couple of the directors have gone from their apprenticeship all the way through to director. I don't know whether or not they're interested. They might not have necessarily been exposed to a different way of doing things, or a different way of looking at things.' (Interviewee 7)

'I think it's very typical of local government. Three of the councils I've worked at have had long-serving staff members being in the organisation. They live locally. It's nice and easy. Not a lot of pressure to move on. As long as you're doing your job then you can continue on … when there's long-serving staff members consistent, then I don't think they necessarily have the appetite.' (Interviewee 7)

These comments support the closed recruitment concept referred to within Section 5.3.3, being a cultural feature of local government which has a correlation with its structural hierarchy. Employees have attained a status of seniority, with asymmetrical power differentials, and through these, there are traits of 'fatigue and disenchantment' (Cohen, 2001, p. 116): a degree of managerial inertia.

The above interviewee noted that the GM has been employed by a council for 30 years, and is surrounded by subordinates (directors) who commenced their employment at the same council on an apprenticeship. As mentioned in Chapter 2, corruption was a suppressed concept prior to becoming popularly discussed 30 years' ago. (Andvig et al., 2000, p. 6; Bhargava, 2006, p. 341). Since then, meanings and practices associated with the term corruption have changed (Wedel, 2012, p. 454) and these would have impacted on the situatedness of corruption within councils themselves. Within Interview 7's council, however, a degree of organisational lethargy likely remains. The lack of 'fresh blood' has facilitated a culture that is stagnant, without new ideas and innovation. As observed by the interviewee: 'when there's long-serving staff members consistent, then I don't think they necessarily have the appetite' to address corruption.

This possibly highlights how one council's approach might differ from another's. From a structural perspective, councils' tendency to recruit and appoint staff members from within the council potentially emboldens any collective denial that corruption is real, furthering the disconnect between exceptional and everyday corruption. When the cultural discourse is united, a shared unconscious commitment between employees shapes and insulates individuals from moral culpability (Cohen, 2001, pp. 64-66; Punch, 1996, p. 266). Employees' attitudes towards corruption become enshrined within the organisational environment as a situational reality. This may explain why 1 in 5 respondents believe that there is 'no corruption' within their council, yet concurrently have suspected or witnessed as least one corrupt act (see Section 5.4). Echoing Rorty's (1998) seminal paper on how easy it is to be corrupt within the corporate environment, this interviewee identified the *slippery slope of corruption*, demonstrating how the routineness of corruption had become organisationally entrenched:

> 'And that was part of their just business as usual, keep it quiet, keep
> tracking along. But over years it just eats away and everything becomes
> a little bit corrupt, a little bit inefficient, a little bit unchallenged.'
> (Interviewee 10)

Another interviewee framed it this way:

> 'It comes down to priorities, and that's cultural: "This is how we've done it
> for years and we've never had a problem". There's a lot of people who know
> a lot of people, and they've been here 30 years, of course they're going to

know a lot of residents who will contact them directly as opposed to going through appropriate lines, and I think that can be a significant problem and I think that's a cultural issue as opposed to everyone going, well no this is the line. I think those lines get blurred and they get blurred between the elected council and staff, and then I think the blurred lines come in when people don't necessarily think there's a problem or why do we need to change.' (Interviewee 7)

Issues of tradition and habituation feature here, building on the organisational characteristic that the workforce comprises many long-standing employees. In turn, this belief has compounded the 'blurred lines of corruption', extending Johnson and Sharma's (2004, p. 3) observation, that there is no distinct line on corruption, but also that such lines do not remain static. Over time, distinctions between the legitimate and the illegitimate get murkier if long-serving employees are recalcitrant, intensifying the tacit approval of more ambiguous forms of corruption by the collective who are more inclined to succumb (Punch, 1996, p. 266). At this stage, as phrased above, 'people don't necessarily think there's a problem.'

This is illustrated below, where two survey respondents from the same council (Council 8) were resolute in their view that, during the course of their long-standing tenure, there was little corruption:

> 'Having been here for 17 years, there has been very little corruption seen.' (ID-35, Council 8)

> 'Been here 17 years, little corruption to start with.' (ID-36, Council 8)

On this basis, the demographic make-up of respondents is compared below with their view on how corruption is understood. When the number of respondents who believed there was no corruption in their council was cross-tabulated with their demographic data, more than half (21 of the 38) of the respondent base have been employed in local government for over 15 years (Figure 6.1).
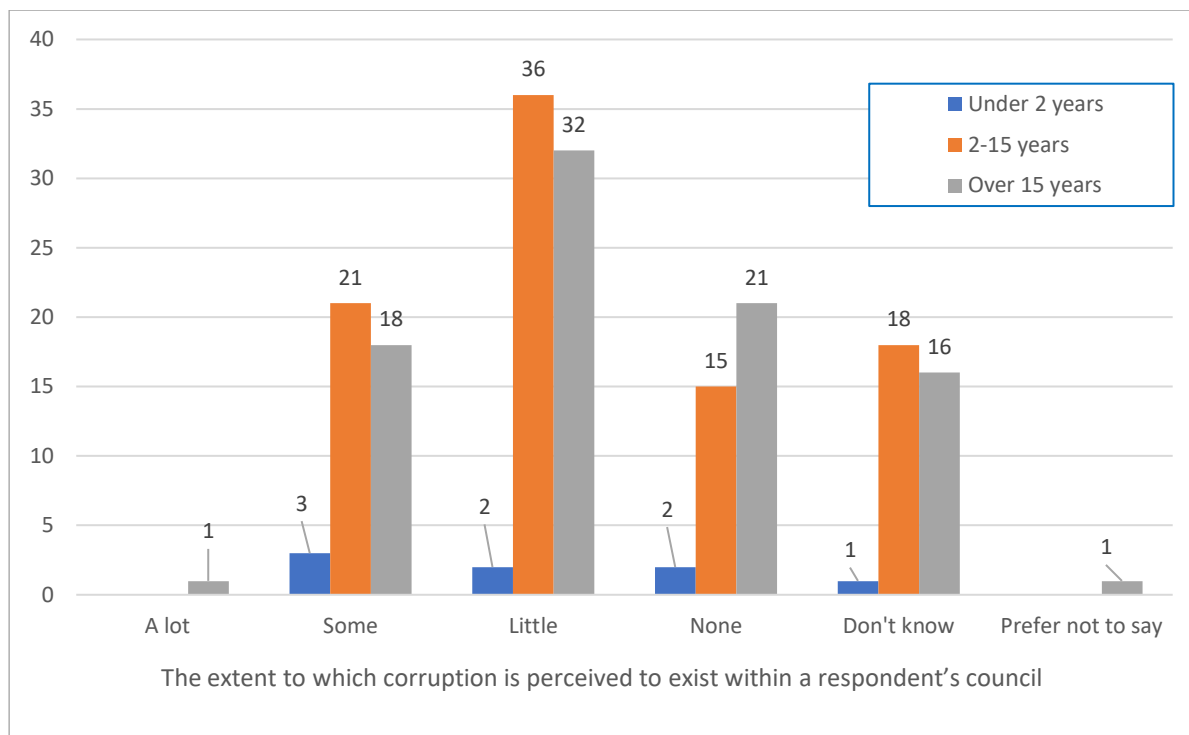
Figure 6.1. Respondents' length of employment in local government cross-tabulated with the occurrence of corruption (n=187)

The impression of little or no corruption is quite absolute, and suggests that corruption is not, or barely, evident, in any way, shape or form. Should individual corrupt practices be suspected or witnessed by employees who feel this way, it may indicate that, in their minds, the supposed corrupt acts have not crossed the subliminal threshold that was discussed in Section 5.2.2. The perceived level of seriousness falls somewhere between the white or light grey forms of *everyday* corruption and not within the black forms of *exceptional* corruption (Heidenheimer, 2009, p. 152). Conversely, such practices are not designated as corrupt, highlighting that corruption is differentially understood. This may be by design and intention, but as alluded to by some of the above comments, may also have been largely influenced by a cultural normalcy that has been nurtured over time (Chibnall & Saunders, 1977, p. 152).

To explore this further, respondents' length of service was compared with the number of corrupt acts they have suspected (Figure 6.2) or witnessed (Figure 6.3).
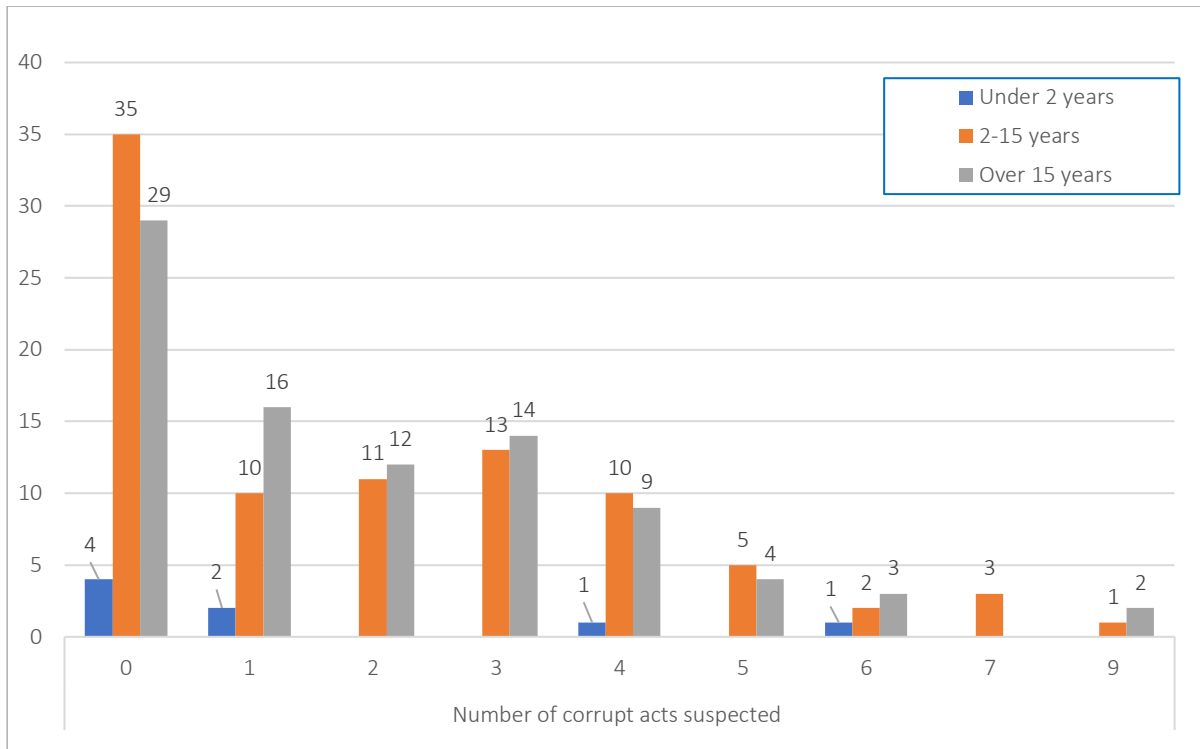
Figure 6.2.   Cross-tabulation between respondents' length of service and number of corrupt acts suspected (n=187)
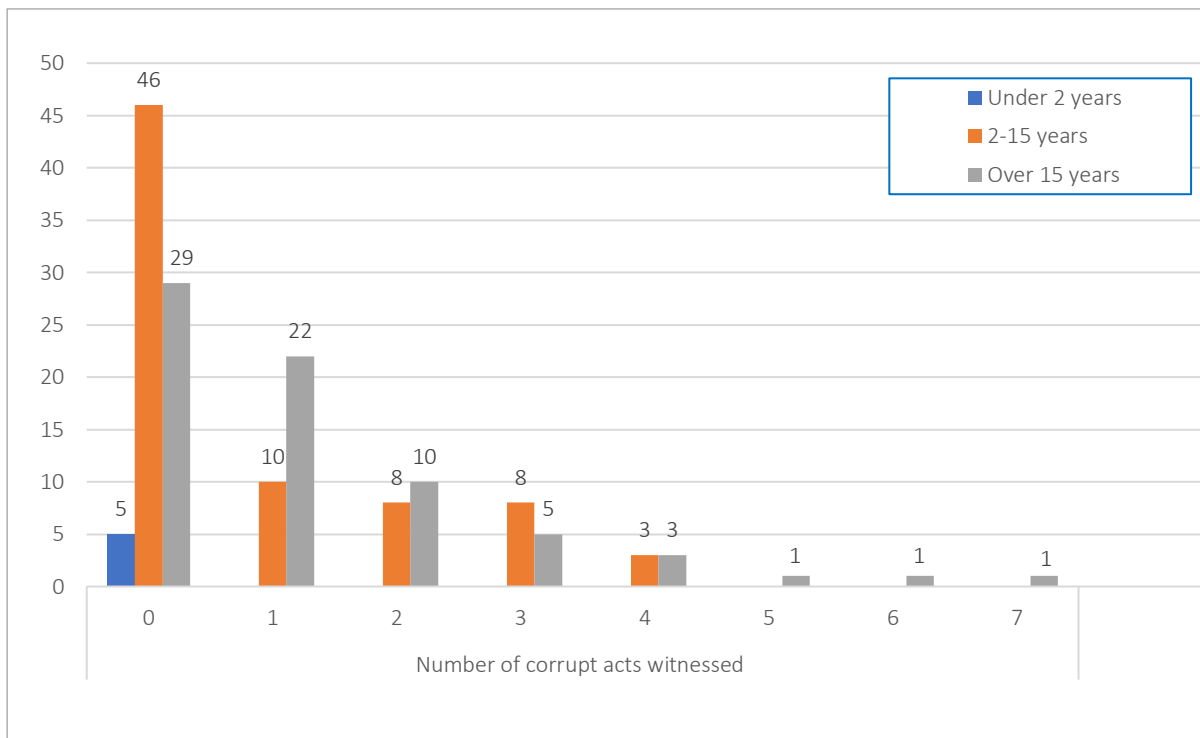
Figure 6.3.   Cross-tabulation between respondents' length of service and number of corrupt acts witnessed (n=152)

The above figures show that various practices have been suspected and witnessed by respondents who have differing years of service, without any particular attribution to a key group. Tolerance is arguably subjective, but could be influenced by the culture of the council if one concedes that individuals succumb to the organisational norm (Punch, 1996, p. 266), become socialised within a corrupt culture or capitulate to peer pressure (Beugré, 2010, p. 534; World Bank, 2014, p. 60). This may or may not be exemplified by their level of willingness to designate the behaviour as corrupt and this too may be affected by any number of factors, such as: the corrupt actor(s); any observers or complicit parties; the perceived severity of particular forms of corruption; the anticipated benefits or harms; or its degree of cultural acceptance within the organisation. Such *mindsets to corruption* are explored below to ascertain whether, and to what extent, the organisational context facilitates, rationalises and ignores corruption.

6.2.2   Mindsets to corruption

The use of justifications, commonly described as rationalisations, stems back to the seminal works of Sykes and Matza (1957, p. 666), and features prominently in the scholarship of fraud and corruption studies (Gorta, 1998, pp. 74-76; Wells, 2004, pp. 11-12). This focus on the individual actor was summed up by this interviewee:

> 'People have a sort of a rationalisation about why it's okay for them to do it on this occasion. You think, wow, did you go and stand in front of the mirror and run that line at yourself? You wouldn't be convinced; why would I be convinced? It's just nonsense; you've built it as a bit of a defence in your head ... I think quite often it's a shock. Quite a shock that oh my god here I am ... Well in my role because it's usually head of HR or head of employee relations and you just see the penny drop and they think wow, I'm really in the shit. Like I'm actually here getting told that I'm probably about to be dismissed and that's probably the first time they've seriously thought about why am I here at all.' (Interviewee 10)

This comment resonates with the individualistic nature of rationalisation, being an avenue that is relatively unexplored from a systemic perspective within the public sector (Gannett & Rector, 2015, p. 165). The employee's actions have been nurtured by a culture that rationalises the behaviour, but the realisation dawns on the individual when their behaviour is questioned by an external party (Ashforth & Anand, 2003, p. 34). The example above was not considered to be a legitimate or reasonable

rationalisation by the interviewee, hence the taint of moral defect was not neutralised (Mills, 1940, p. 906; Scott & Lyman, 1968, p. 54). However, if mundane practices are more prevalent, in that they are interlaced within the fabric of the organisational culture, it becomes clear that there is a degree of normalcy. Hence, there is a cultural acceptability: a vocabulary of motives is situated within the council environment (Cohen, 2001, p. 59; Ditton, 1977, p. 149), resulting in a routineness of activity that is either not perceived to be corrupt or too mundane to warrant concern.

This degree of organisational un/visibility can be facilitated by personnel in strategic or line management levels (Hoekstra & Kaptein, 2013, p. 20; Zipparo, 1999a, p. 84) but also by colleagues and clients engaging in such practices. Several interviewees identified this as a means of condoning behaviour by personnel who hold higher status positions, and this could be construed as a form of avoidance rationalisation for corruption, analogous to Shepherd and Button's (2018) theory of differential rationalisation. For example:

> 'I think there's a wilful blindness to it when it affects senior people who are, if I can use the phrase, on the A team … as long as they're on the inner or the A team I call it, people largely become protected species. So, I think that willingness is largely driven by that.' (Interviewee 2)

The interviewee uses the idiom, 'wilful blindness', which is a legal term in origin, but has come to define any situation in which people purposefully shut their eyes to a situation (Heffernan, 2011, pp. 2-3). The interviewee referred to two further expressions: namely, that corrupt actors may be on the 'A team', and if so, they were a 'protected species'. This practice, which is based on and influenced by favourable interpersonal relationships, is characterised by the preferential treatment of some personnel by those within positions of power and influence.

As argued by Andvig et al. (2000, p. 132), 'organisations characterised by entrenched corruption are likely to have developed a system where agents are protecting each other'; within the above example, this protection is extended to a particular inner group. Any degree of mutual assistance or protection is more established the longer that personnel work together (Bauman, 1990, p. 85). Yet, there is a degree of layered ambiguity which compounds this; namely, those in or around this scenario may not see their actions as culpable, complicit, or even corrupt. A *structural amorality* feasibly exists (Mills, 2000 [1956], p. 343), one that is characteristically numb to corruption: a

council's operational and strategic decisions are made by personnel who are socially and psychologically similar, with an interchange based on a convergence of interests (Mills, 2000 [1956], pp. 287-288). Accordingly, the council's bureaucratic arrangement shapes a 'collective conscience or organisational mind' (Punch, 1996, pp. 242-243): a situational morality within the collective mindset is shaped and framed by those who see, do not see, or choose not to see, un/ethical issues in what they do and what the others around them do. This is somewhat symptomatic of local government; it highlights a collectively relaxed morality towards corruption, and one that percolates down the hierarchy, as this interviewee stated:

> 'My experience is, it's usually the supervisor or the person who you're asking to take action in relation to it who does the rationalisation. "Oh they're a good employee, it's just a one off." It's like well how do you know? Seriously, how do you know? And I even find that when you've got HR as well, I've had to listen to people bitch and moan about staff a lot and then something will happen and you'll be like here you go and they'll go: "Oh, I don't know. He seems reasonable." So yeah, I think the rationalisation ... I think I see it more from the person who's the supervisor, the person who needs to help you get it dealt with.' (Interviewee 6)

The above observation is comparable with Shepherd and Button's (2018, p. 16) theory, noting that 'managers ... turn a blind-eye to detected incidents unless the circumstances dictate that the negative consequences of avoiding the problem outweigh the negative consequences of addressing it'. The advocation of practices which rationalise or neutralise corrupt or deviant actions become an evolved and learned process if allowed, thereby promoting a culture that is tolerant of such indiscretions (Sutherland & Cressey, 2004, p. 67). In this sense, those who see and witness corruption, but then witness the cultural condoning of said acts by management or human resources staff, will likely feel disincentivised to report their observations on the basis of the council's inaction. During the ICAC inquiry into Wollongong City Council, systemic corruption within the council manifested, with many corrupt practices condoned and rationalised by senior managers, yet the external perception was that the council was normal (Pedroza, 2011, p. 3).

The following section further explores the reporting of corruption.

6.3 Reporting corruption

This section focuses on actions by council employees to expose corruption through reporting: where their concerns were raised; and how well the concerns were managed. Descriptive findings will be presented, prior to analysis.

As indicated within Figure 6.4, 1 in 6 (16.8%) respondents claim to have personally reported behaviour or activity that they suspected to be corrupt.
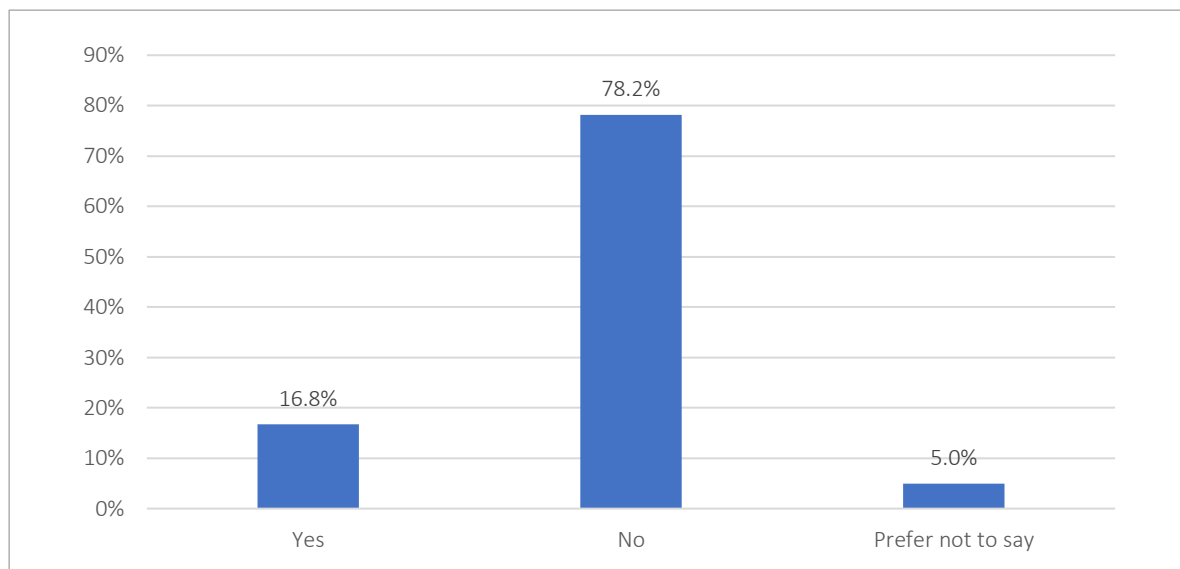
Figure 6.4.   Whether respondents had personally reported corrupt behaviour or activity (n=202)

Of the respondents who indicated that they had made a report of corruption, the majority (30 out of 34) made the report to an internal source as opposed to an external source (Table 6.1). This indicates that respondents had a preference for reporting suspected corruption internally within their council, thus highlighting the importance of an internal guardianship mandate.

Table 6.1.   Reports of corrupt behaviour (n=34)

	Where report was made		Total
	Internally	Externally	
Personal reporting of behaviour or activity which was suspected to be corrupt, in the respondent's capacity as a public official	30	4	34
Total	**30**	**4**	**34**

However, as indicated by Figure 6.5, out of the 30 respondents who made reports internally, only 1 in 3 (11) felt that their report was dealt with effectively, signifying that concerns about corruption are not being adequately attended to.
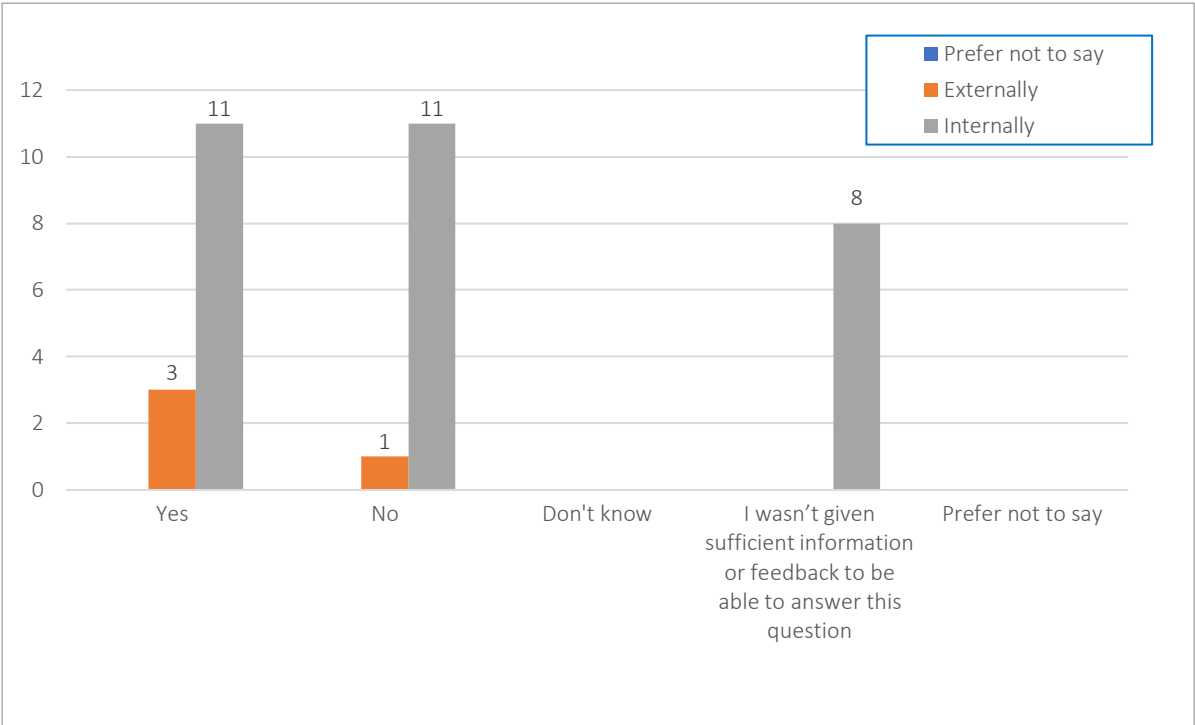
Figure 6.5.   Whether reports about corruption were dealt with effectively, broken down by internal and external referral (n=34)

Whether this was deliberate or otherwise is not clear, but it does highlight that concerns about corruption – in the eye of the person who has reported, anyway – have been raised but have not been adequately dealt with. If this figure is extrapolated, it would not bear any resemblance to the meagre number of referrals made to ICAC each year,

irrespective of mandatory reporting requirements placed upon councils. Moreover, this calls into questions *who*, within each council, is, or is not, attending to concerns about corruption raised by employees.

Given that 2 in 3 internal reporters were either not satisfied or received no feedback, it is arguable that for this majority there would be no encouragement or incentive for them to report further concerns or suspicions about corruption. If this hypothesis is correct, the collective conscience about organisational deviance would be entrenched and a culture of antipathy towards anti-corruption nurtured: *viz*, why would a public official voice their concerns, if no one is listening? The structure of reporting would be weakened by a culture that is disinterested.

When the findings are placed into context, there is a disconnect between councils' perceived ability to effectively handle the risk of corruption (see Figure 5.10) and encourage reporting (see Figure 5.9), and their perceived inability to effectively deal with such reports when they are made. As about a third of employees claim that their internal report was dealt with effectively (Figure 6.5), it is feasible that many councils are ill-equipped to manage and investigate reports about suspected corrupt conduct. As mentioned in Chapter 2 (Section 2.3.10), this issue has been identified within many councils in Western Australia (CCC WA, 2013, p. 19). The reason may simply be incompetence or incapability. Given the disappointment of respondents in the way that their internal reports were addressed, any perpetrated corruption likely continues without remedy, deepening its roots and becoming more embedded in the council culture.

On the basis that much is supposedly reported internally, the following analysis identifies where reports about suspected corruption might be directed.

6.3.1   Where reports about corruption are currently made

As identified earlier, within Table 6.1, nearly 90% of respondents claim that they have made their reports known to someone internal to the council. To elicit which source within councils would likely receive such reports, respondents were asked to indicate where they would make their reports. Figure 6.6 shows that almost 1 in 3 (31.3%) would report suspected corruption to their manager. This finding is similar to other

studies which indicate a propensity for reporting to either the immediate manager or supervisor (ACFE, 2016a, p. 10; IBAC VIC, 2015a, p. 1).
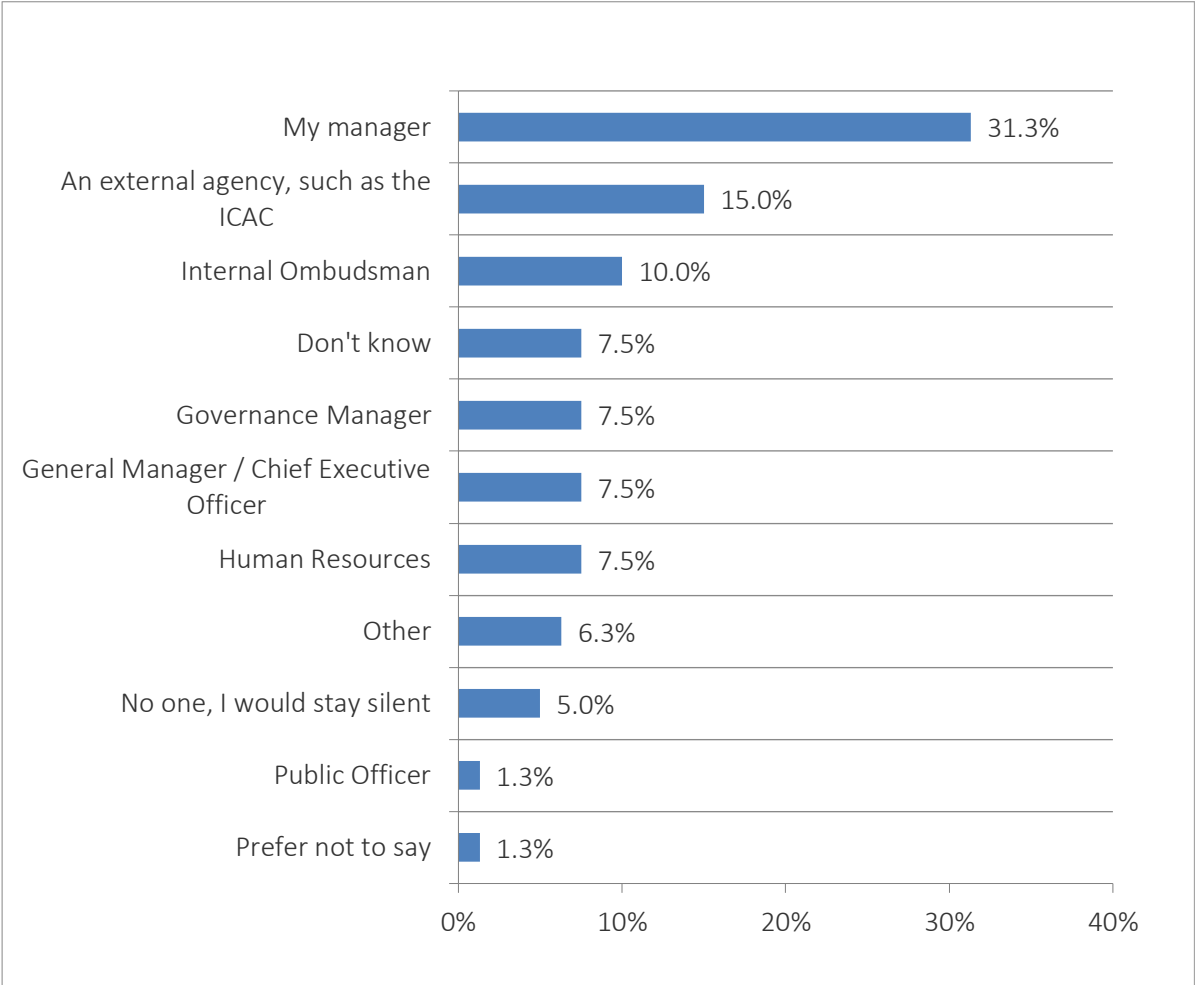
Figure 6.6.   Where reports about corruption might be made (n=80)

The next preferred avenue is claimed to be an external agency, such as ICAC, with less than 1 in 6 (15%) respondents claiming this course of action. From there, a variety of internal sources are likely to be notified of any suspicions of corruption by employees. This has the potential to obfuscate how concerns are addressed across a diverse and fragmented council landscape, when each recipient of any report may have a different means of assessing and investigating any concern.

As discussed in Chapter 2 (Section 2.3.10), the structures around whistleblowing policy and legislative practice receive much attention, with scholars highlighting issues associated with reporting mechanisms (McAllister et al., 2012, p. 5; Recanatini, 2011b, p. 45; Roberts & Brown, 2010, p. 56; Zipparo, 1999a, pp. 84-85). The findings within Figure 6.6 show that any potential issues may be compounded if managers are likely to

be the initial recipient of any report about corruption, noting respondents' earlier comments that their managers or supervisors were aware of corrupt conduct but declined to act (see Section 5.4.1). This indicates that managers may be habitually inclined to ignore some practices of corruption. As habitual tendencies become more commonly accepted, there is less need for any vocal justification, as the actions become routine and require less legitimisation (Bauman, 1990, p. 118). Managers will likely continue to act in such as manner unless a self-serving interest leaves them with little choice other than to act (Shepherd & Button, 2018, p. 16). At this stage, self-preservation will override choice (Bauman, 1990, p. 115). Two respondents used the 'blind eye' idiom to describe this process within the organisational hierarchy of local government:

> 'There is not a culture of performance management; rather, managers are guided to turn a blind eye.' (ID -136, Council 1)

> 'Because management do it [commit corruption], lower level staff are frightened of losing their jobs so turn a blind eye. But if it was the other way around, people would be fired and dragged over the coals. There is systematic bullying in this council.' (ID-11, Council 5)

The psychology of turning a blind eye implies that the facts are evaded by choice (Cohen, 2001, p. 5). It indicates a cultural acceptance of corrupt practices (Merton, 2004, p. 64), with internal practices condoned, ignored or subject to cover-up (Cohen, 2001, p. 66). While the first respondent claimed that '*managers* are guided to turn a blind eye' (emphasis added), the second respondent claimed that '*lower level staff* ... turn a blind eye' (emphasis added) to managers committing corruption. This is a salient observation, considering that managers account for nearly half of all perpetrators in Oceania (ACFE, 2012, p. 43).

A cultural nurturing of this concept was infamously identified during ICAC's investigation into RailCorp, where there was a 'norm of withholding information' (ICAC NSW, 2008a, pp. 38-39). Despite a vast number of respondents highlighting the perceived strength and rigour of existing controls within their council (see Sections 4.1.2 and 5.5.1), the concept of 'wilful blindness' highlights the fallibility of over-reliance on formal processes for reporting. As aptly contended by Gilbert and Sharman (2014, p. 74), it is not the *ability* of those to report, but their *disinclination* to. An illuminating insight is provided by this interviewee:

'I would say is that if you turn a blind eye to the little stuff, where does that road end? That's why I do take the view that you have to be black and white about this and you can't justify dodging up the timesheet that week because you don't feel that you were given recompense to what you deserved.' (Interviewee 2)

The interviewee's example of a feasible rationalisation, that 'you can't justify dodging up the timesheet that week because you don't feel that you were given recompense to what you deserved', resonates with Ditton's (1977) exploration of 'fiddling' and pilferage within a bakery in the south-east of England in the early 1970s. Ditton explored the notion of rationalisations at this level in an ethnographic study, noting that many employees saw fiddling and pilferage as 'subsidising [of] wages' or 'part of the job' (Ditton, 1977, p. 171). Within local government, there may be a tendency for some acts, such as bribery, to manifest (Graycar & Villa, 2011, p. 422), or as exampled by the above interviewee's comment, low level forms of fraud. However, focusing on the more tangible, low level and easy to designate forms of corrupt conduct such as these, and not the richly nuanced forms that remain socially interwoven within the organisational fabric, potentially dismisses the broader potential for corruption within local government; the predominant practices identified within Figure 5.1 are examples of this. Arguably, neither should be examined exclusively, but rather understood as an entanglement.

When reflecting on the vast number of corrupt practices suspected and witnessed by many local government employees (see Figure 5.1), one could surmise that a blind eye has been turned in more cases than not. Many respondents from the survey declined to report suspected corruption, with many referencing cultural factors behind their decision: primarily, they were 'worried about being branded a trouble maker', 'discouraged from [reporting]' or 'thought it best to say nothing' (see Section 5.4.1). The decision not to report, in these instances, is undoubtedly a conscious one: the observer has identified a practice of corrupt conduct but has subsequently decided not to speak up. These reasons may be logical, in the mind of the observer anyway, but equally, they could also be construed as *avoidance* rationalisations. This is where the observer has denied or played down any consciousness of guilt or obligation on their part, acknowledged that they have suspected or observed corrupt practices, but found it acceptable to remain silent. This might indicate a culture of silence: an unwritten

injunction to the reporting of corruption (Skolnick, 2002, p. 7). As observers become passive bystanders, the endorsement of the corrupt practices identified within Figure 5.1 becomes possible through a culture of tacit complicity (Cohen, 2001, pp. 69-70).

To elucidate this point further, here are more instances of interviewees referring to 'turning a blind eye':

> 'The difficult thing is being a whistleblower. Going along and turning a blind eye is the easy thing, and that's what happens … there's a culture of blind eye, particularly the blue-collar side, not so much the white-collar side.' (Interviewee 4)

> 'One of the big issues that came out of Wollongong Council was the fact there was far too much discretion given to a female planner in terms of the approvals that she gave to certain developments, albeit corruptly. There was far too much of that hands-off approach by the general manager. I understand that the actual group manager in charge of the planning area attempted several times to intervene and approached the general manager about this particular female planner's behaviour and was told basically to back off. So, corruption went to the top.' (Interviewee 8)

The latter interviewee's observation refers to ICAC's investigation into corruption at Wollongong City Council (ICAC NSW, 2008b). Systemic and localised opportunities are considered to be environmental factors that allow corruption to manifest (Graycar & Sidebottom, 2012, p. 389); these were evident at Wollongong City Council, but there was a purported failure to 'see the corruption' (Graycar & Prenzler, 2013, pp. 134-135). The perpetuation of the corruption was intensified as a blind eye was turned by key observers, including by the GM (ICAC NSW, 2008b, p. 79).

This notion bears semblance to some of the aforementioned issues: that many observers of potential corruption fail to speak up; that corrupt acts can be excused or justified, not just by those who engage in them, but also by those who observe them, and choose not to act; and that the role of the GM, as the council's chief executive, is critical in the facilitation or disruption of corruption and its degree of institutionalisation.

Arguably, such factors impact upon the already layered complexities associated with the observance of corruption. From the position of symbolic interactionism (Blumer, 2007, pp. 68-69), an influential factor affecting individuals' visibility of corruption is the

subliminal threshold: some forms of corruption are seen as more or less severe or detrimental than others based on moral, economic and utilitarian calculations (see Section 5.2.2). As explored below, such factors impact upon what corruption is, what it entails and what the harms are; consequently, once corruption is noticed, the suspicion then either transitions into a report or a form of intervention, or into inaction: the observer continues routinely as the corruption is tolerated or ignored.

6.3.2   Influence of scale and severity

Perceptions of corruption are influenced significantly by the media and ICAC public inquiries (see Section 4.1.2). The narrowness of their focus widens the gap between what public officials see as being corrupt and what they witness routinely and may or may not report on. Many causal factors impact upon reporting, such as: the perceived seriousness of any perceived corrupt conduct; its nature and scale; its frequency; the relationship between the parties; and the type and quality of the evidence (Olsen, 2014, p. 186). These factors have not been examined in great depth within local government, indicating that they are not deemed to be characteristically significant in the study of corruption at this level, either from a scholarly or practitioner point of view. Conceivably, the multifaceted intricacies are too difficult to unravel, as observed by one interviewee:

> 'I think that's partly going to depend on what sort of misconduct and corruption are we talking about, because I think it varies. I think the willingness to report will vary between the different types.' (Interviewee 2)

Similar considerations featured within respondents' free-text responses in the questionnaire, as part of Phase 1 of the study. Based on the responses outlined in Figure 6.6, comments made by respondents in this regard were coded under the theme 'scale and severity' when contemplating who to direct their report to. Each is presented below with the key variable underlined for emphasis:

> 'It would depend on the <u>level</u> of corruption.' (ID-14, Council 5)

> 'It would depend on the <u>type</u> of corruption and <u>who was involved</u>.'
> (ID-74, Council 8)

> 'Depends on the <u>activity</u>.' (ID-153, Council 1)

Out of these three comments, four distinguishing variables related to corruption feature as impediments to reporting, namely the: (1) level; (2) type; (3) activity; and (4) who was involved. References to 'type' or 'activity' constitute two of the four dispositions in the TASP (types, activities, sectors and places) model of classification (Graycar & Prenzler, 2013, p. 11), although it is not clear from the respondents' quotes whether they are adopting the same meaning. Under the TASP model, different types of activity may include personnel management, procurement, delivering programs or services (Graycar & Prenzler, 2013, pp. 10-11); as observed within Chapter 2 (see Section 2.3.8), councils have an inherently vast array of corruption risks that are associated with their functional nature (ICAC NSW, 2010c, p. 14).

These distinguishing features may be understood in terms of Johnson's (2004, p. 145) observation that any tolerance of corruption is dependent on its level of pervasiveness and frequency, further alluding to the layered ambiguities associated with corruption and the reporting of corruption. The identification of these factors highlights that failure to report is not just from the fear of reprisal action, which features as a key reason for not reporting, supporting the findings in Section 5.4.1. Demographic features, such as gender, age and position, might impact on any employee's decision to report or not report (Mazerolle & Cassematis, 2010, pp. 135-144). Arguably, a broad array of informalities exist within any organisation, which makes such categorisation difficult and always *ex post facto*.

When interviewees were asked to what extent they thought that employees were willing to report behaviour that they feel is corrupt, one interviewee who had worked at ICAC, and subsequently within a council, stated:

> 'In general, my experience at the ICAC, I think they're pretty willing but I think I wouldn't see it here [within the council] ... I feel like there's not the volume that I was aware of when I was at the ICAC so I think that perhaps they're reporting through a different mechanism ... even though we talk about public interest disclosures a lot and people are aware of what they are, I just don't get them.' (Interviewee 3)

This interviewee's viewpoint highlights a salient disparity between their previous experience at ICAC and their current experience within a council. When this interviewee worked at ICAC, reporting appeared to be frequent, but in the interviewee's local

government working environment, frequent reporting does not seem to be the case. The interviewee reflects on the fact that matters are not brought to their attention, speculating that they may be reported through a different mechanism. As identified in Section 6.3.1, such reporting might be through any one of a number of internal sources, if the issue is even reported.

In addition to any inherent variables relating to corruption, such as the level, type, nature of the activity or who was involved, any person's decision to raise a concern would be informed by the availability and tangibility of any evidence, as explored below.

6.3.3   Evidential basis for reporting corruption

As shown in Figure 6.7, over 2 in 3 (70.9%) respondents stated that they would report corruption with actual evidence whereas less than 1 in 4 (23.6%) stated that they would report corruption on the basis of suspicion alone.
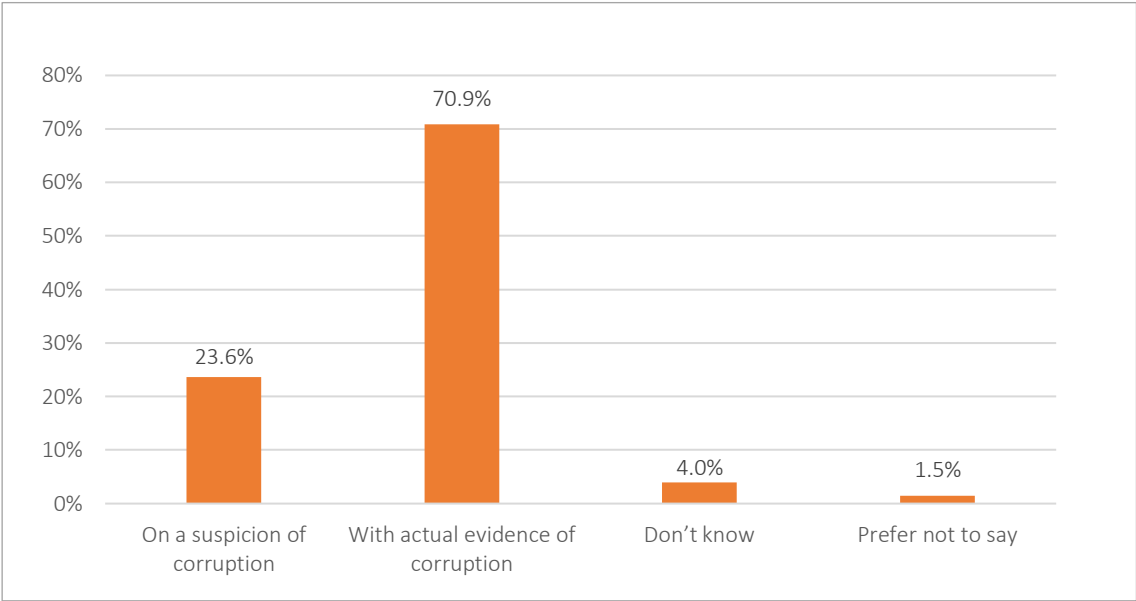
Figure 6.7.   The basis on which respondents claim they would report corruption within their council (n=199)

In similar studies, 34% of respondents said that they would report corruption on the basis of suspicion alone, whereas 56% said that they would only report corruption on the basis of hard evidence (Graycar, 2014, p. 279). A review of integrity frameworks at six Victorian councils identified that 71% of respondents felt that they would need hard evidence of corruption prior to reporting it (IBAC VIC, 2015b, p. 21). The clandestine

nature of much corruption compounds the likelihood that many acts will go undetected, as they may not be visible to anyone other than the parties involved, third parties who may be implicated, or lay observers (Larmour & Wolanin, 2001, p. xii). As councils' GMs are 'under a duty to report to the Commission [ICAC] any matter that the person suspects on reasonable grounds concerns or may concern corrupt conduct',[23] they need not be in possession of actual evidence; hence it is likely that a great deal of suspected corrupt conduct or behaviour may not coming to light if this is the basis on which concerns will be raised. The above findings underpin a view postulated earlier, that this mandatory reporting requirement is arguably ineffectual, given that a meagre 120 reports were made by councils in the 2015–16 reporting year (ICAC NSW, 2016, p. 20).

The hypothetical nature of the responses illustrated in Figure 6.7 highlights that the majority of observers would only report on the basis of 'actual evidence', but this in itself could be utilised as an avoidance rationalisation; a means of pacifying their own consciences, perhaps, while undertaking the denial of responsibility (Sykes & Matza, 1957, p. 667). Specifically, while a significant proportion of respondents claim that they only would report corruption with actual evidence, it is questionable whether they actually would do so if they encountered such a situation.

Out of the 47 respondents in Table 6.2 who said that they would report corruption based on suspicion alone, more than a third (18) claim not to have suspected any of the corrupt acts identified within Figure 5.1. The remaining 29 respondents (nearly two-thirds) have suspected at least one corrupt act, with half (15 of the 29) suspecting three or more corrupt acts (Table 6.2).

Table 6.2. Cross-tabulation between number of respondents claiming to report corruption if suspected and number of corrupt acts suspected (n=199)

		The basis on which corruption would be reported, if thought to be present in a respondent's council				
		On a suspicion of corruption	With actual evidence of corruption	Don't know	Prefer not to say	Total
Number of acts suspected (1–9)	0	18	50	3	0	71
	1	6	22	1	0	29
	2	7	18	0	0	25
	3	4	23	2	2	31
	4	3	18	0	1	22
	5	2	5	2	0	9
	6	4	2	0	0	6
	7	2	1	0	0	3
	8	0	0	0	0	0
	9	1	2	0	0	3
Total		**47**	**141**	**8**	**3**	**199**

To extend this, and delineate between suspicion and witnessing, should an employee directly witness a form of corruption, they are assumed to be in possession of *prima facie* evidence through direct observation. Yet, as indicated within Table 6.3 below, when the number of respondents who claim they would report corruption if in possession of actual evidence is cross-tabulated with their direct observance of one or more acts, half (a total of 57 out of 113) of respondents have directly witnessed at least one of the corrupt practices listed in Figure 5.1. This indicates that of all respondents who claim they would report corruption based on actual evidence, nearly half of them have witnessed a potentially corrupt act, from a sample of nine different practices (Table 6.3).

Table 6.3. **Cross-tabulation between number of respondents claiming to report corruption with actual evidence and number of corrupt acts directly witnessed (n=160)**

		The basis on which corruption would be reported, if thought to be present in a respondent's council				
		On a suspicion of corruption	With actual evidence of corruption	Don't know	Prefer not to say	Total
Number of acts witnessed (1–9)	0	25	56	3	0	84
	1	5	27	0	1	33
	2	3	16	0	1	20
	3	1	10	2	1	14
	4	4	2	0	0	6
	5	1	0	0	0	1
	6	0	1	0	0	1
	7	0	1	0	0	1
Total		**39**	**113**	**5**	**3**	**160**

The second-highest reason given by respondents for not reporting corruption was that they did not feel that they 'had enough evidence of their suspicion' (Figure 5.6), which indicates that even through first-hand observation, many incidences of behaviour which respondents have recognised as corrupt conduct remain unreported. Even with 'actual evidence', many respondents are disinclined to speak up, and it is pertinent to refer back to the remaining four of the five most cited reasons, which all involve intangible, interpersonal and cultural reasons, the most common one being 'they were worried about being branded a trouble maker' (see Figure 5.6). As Bauman (1990, p. 66) notes, we 'worry about how our actions would affect the image of ourselves held by those who watch us', and this arguably features as a key reason for not raising concerns, despite the apparent existence of 'evidence'.

Without teasing out the various scenarios that respondents might have experienced, it can still be broadly argued that inherent organisational tensions and contradictions compound the already difficult nature of defining what corruption is and understanding why and how it exists. When one considers the correlations among the perceived decline in corruption within local government, the work of ICAC, the presence of the media, and the promulgation of controls that supposedly prevent corruption, the above observations seem paradoxical.

This paradox touches upon the inherent disconnect that appears to be under-considered in the current scholarship of corruption and anti-corruption. The notable internal constraints on anti-corruption efforts, as discussed earlier, are examples of gatekeeping factors (Shoemaker & Vos, 2009, p. 3) within councils, in that they facilitate a social and organisational reality, or unreality, of corruption and of anti-corruption efforts. Different impressions are facilitated primarily by external factors, such as the media and ICAC. However, an internal, localised educational undertaking could be facilitated by a *formal guardian* within each of the 128 councils, if that person had responsibility for the development of an ethical workplace culture and the embedding of associated processes (Graycar & Prenzler, 2013, pp. 133-134). The presence of gatekeepers combined with the absence of a formal guardian arguably heightens the obfuscation of corruption on the ground, keeping any potential corrupt practices out of public view.

The next section explores councils' different in-house approaches for receiving and responding to alleged corruption, keeping the guardianship concept in mind, prior to exploring the role of the GM as a potential *gatekeeper* (one who might facilitate the incidence of corruption or who might fail to disrupt or prevent corrupt activity), or a *gate opener* (one who might disrupt, educate about or prevent corrupt activity).

6.3.4   In-house point of contact

As shown earlier (Figure 6.6), respondents indicated that suspicions about corrupt conduct would be reported to any number of internal personnel, as opposed to an external agency such as ICAC, with nearly 1 in 3 being inclined to inform their manager. Figure 6.8 shows that 5 in 6 respondents (83.7%) stated that their council has an in-house point of contact to whom suspicions of corruption could be made, such as an internal ombudsman or conduct coordinator.
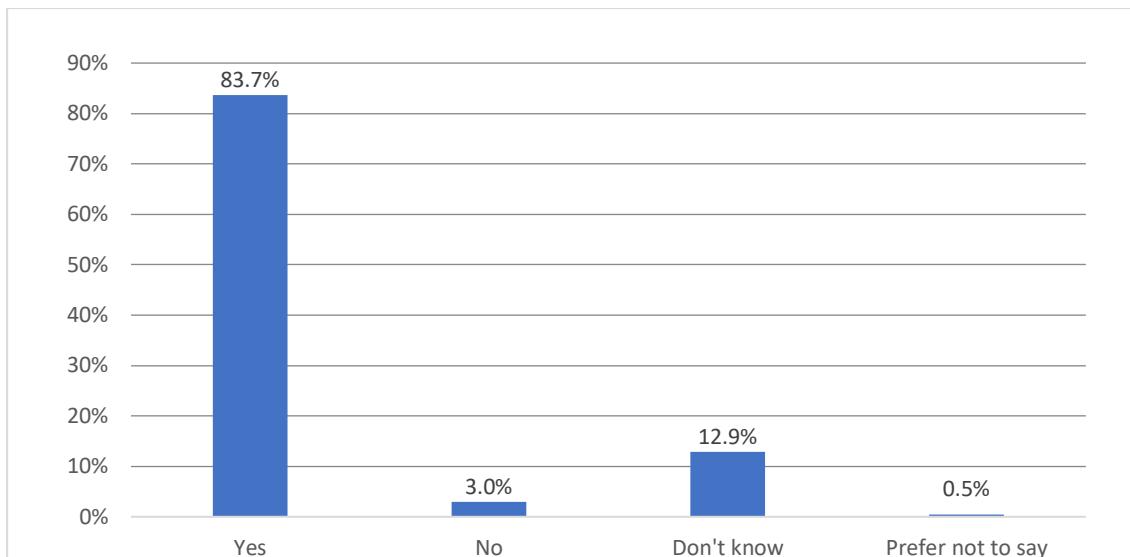
Figure 6.8. Whether councils have an in-house point of contact to whom suspicions of corruption can be made (n=202)

At the time of conducting the survey in Phase 1 of this study, only a handful of the 152 councils in NSW had an internal ombudsman, this being a form of in-house capable guardian that supplements the integrity framework at the state level (Warburton & Baker, 2005, p. 5). Yet all councils in NSW must nominate an employee who can receive and assess matters about corrupt conduct.[24] Based on the data within Figure 6.8, respondents might deem this nominated person to be their 'in-house point of contact', but this would not necessarily indicate that the person *is* a formal guardian. It is possible that reports about corruption are directed to such personnel, notwithstanding that managers seem to be a natural point of referral about activities associated with corruption. This highlights a number of organisational complexities, noting the aforementioned observations that some managers have omitted to attend to staff members' reports about corruption or have turned a blind eye. From a review of the literature, there is a lack of available data comparing and contrasting how allegations of corruption are assessed and addressed by ICAC. This may be worth considering for any further research.

To consider an alternative notion, if inherent particularism is prevalent within local government, with a closed shop recruitment culture intertwined within the architectural

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[24] The Office of the NSW Ombudsman requires that all councils must have an Internal Reporting Policy, based on how complaints will be assessed, in accordance with the PID Act. Accordingly, a Disclosures Coordinator must be nominated. This nominated person must also fulfil the role of a Complaints Coordinator, a person who manages Code of Conduct complaints, as stipulated by the OLG.

fabric of local government, this would contribute to the intrinsic code of silence that exists (Cohen, 2001, p. 68). For employees, it would be seditious to 'dob in' a co-worker, and betray the loyalty of colleagues or the organisation (Huberts et al., 2006, p. 283; Zipparo, 1999b, p. 273), and many interviewees considered this to be a cultural impediment (see Section 5.4.4). If likened to Felson and Eckert's (2018, pp. 95-99) notion of a crime multiplier, the longer that the corrupt act is unattended to, the more likely it is that further forms of corruption will intensify. The indoctrination of such practices become intermingled and the observers fall into the 'corruption trap' (Rose-Ackerman, 1999, p. 3).

Notwithstanding this inherent paradox, a salient observation is that, out of all respondents who stated that their council has an in-house point of contact to whom suspicions of corruption could be made, more 1 in 4 (a total of 28%) either did not feel comfortable speaking to their in-house point of contact (17.9%) or did not know (10.1%) (Figure 6.9).
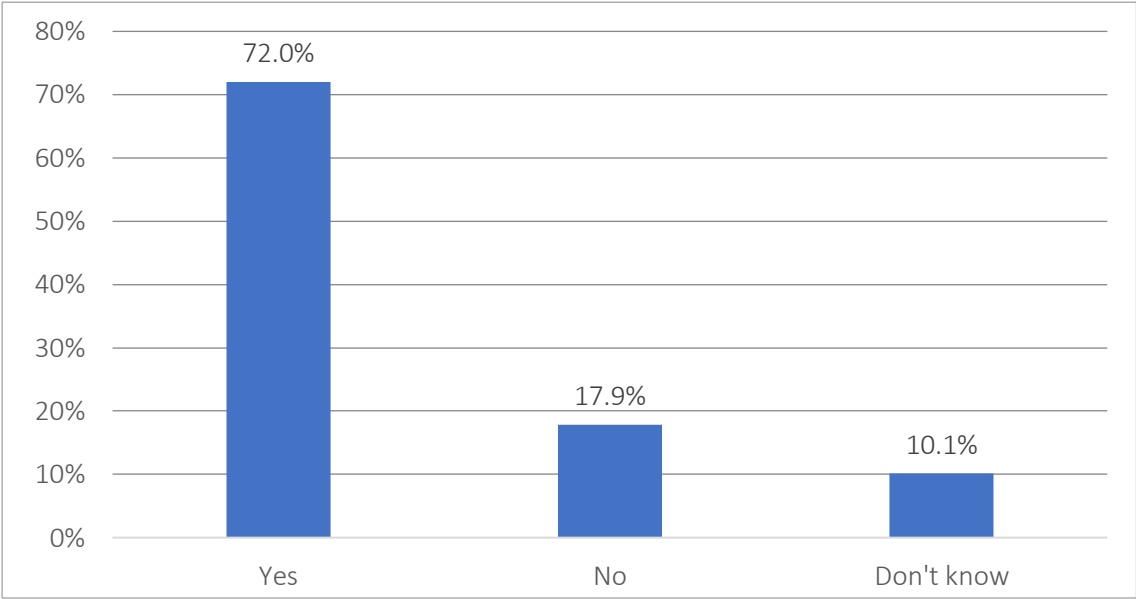
Figure 6.9.   Cross-tabulation between in-house point of contact and whether respondents would feel comfortable speaking to them about suspected corruption (n =168)

When these findings are applied to the sample base of councils, it can be seen that generally, the majority of respondents who claimed they had an in-house point of contact said they would feel comfortable speaking with that person if they had a suspicion of corruption (Table 6.4).

Table 6.4.   **Comfort about speaking to the in-house point of contact, by respective council (n=168)**

		If a respondent had a suspicion of corruption, whether they would feel comfortable speaking to their in-house point-of-contact about it			
		Yes	No	Don't know	Total
Responding council	Council 1	12	1	0	13
	Council 2	9	0	1	10
	Council 3	3	1	1	5
	Council 4	4	0	0	4
	Council 5	10	7	2	19
	Council 6	10	0	0	10
	Council 7	19	4	5	28
	Council 8	39	12	6	57
	Council 9	2	0	0	2
	Council 10	13	5	2	20
Total		**121**	**30**	**17**	**168**

At Council 5, just over half all respondents (10 out of 19) said they felt comfortable speaking to their in-house point of contact if they had a suspicion of corruption, which means that almost half *did not* feel that way. At Councils 7, 8 and 9, about two-thirds of respondents felt confident in speaking to their in-house point of contact, which again means that about a third did not feel confident or did not know.

As such, the mere presence of an in-house point of contact does not necessarily mean that employees will feel confident raising their concerns directly with that person. If employees have an in-house point of contact, such as an internal ombudsman, but are reluctant to speak with that person, there remains a cultural unwillingness to speak up and the purported acts of corruption remain unattended to. To explore this, six comments made by respondents were coded under the themed 'in-house Point of

Contact', with three of these originating from respondents at Council 5. The following comments offer a degree of insight into the role of the in-house point of contact, the person who occupies that role, and the reporting framework in place:

> 'The [internal ombudsman] is an ethical person, but the preventative control framework is weak and awareness is low.' (ID-196, Council 5)

> 'I am concerned about their [the in-house point of contact's] loyalties, will they maintain my anonymity? Would weigh up the impact on me if they didn't before reporting something. I don't want to lose my job.' (ID-86, Council 7)

> 'Because [name of Council redacted] has many senior officers who have demonstrated a high level of ethics and integrity and they are also the in-house contact persons.' (ID-18, Council 8)

A respondent who did not state that they would feel comfortable speaking to their in-house point of contact gave this response:

> 'Our corruption officer is brilliant. I just don't trust that our system would cope with this – so many layers to the fallout that comes after whistleblowing.' (ID-126, Council 10)

The above comments indicate that, despite having an in-house point of contact, there is a degree of scepticism or a lack of confidence in the reporting mechanisms, compounded by the stigmas associated with reporting. Fear of reprisal looms, despite an acknowledgement of a whistleblowing framework and the presence of an in-house point of contact who ostensibly operates within a (quasi) guardianship mandate.

Of the three comments that emanated from respondents at Council 5, two cast personal aspersions on the in-house point of contact at that council. These comments were made following their response to the survey, wherein they stated that they would *not* feel comfortable speaking to that person:

> 'That person has worked with council for some 30 years and has been suspected of hushing things up before.' (ID-5, Council 5)

> 'Management use [internal] ombudsman to wrongly target innocent staff, to scare them. I have been subject to this bullying.' (ID-11, Council 5)

The above comments, with reference to the in-house point of contact at Council 5, stand out among the others, and highlight a number of interpersonal dynamics which impact upon reporting in spite of the formal guardianship role that the person occupies. The comments denote that, even with an in-house point of contact – in this case, an internal ombudsman – respondents from Council 5 feel they would have little recourse through that person.

The second comment makes specific reference to 'bullying', which was mentioned earlier, and is considered by some scholars to be a form of corrupt conduct in and of itself (Hutchinson et al., 2009; Vickers, 2013). The nexus between bullying and corruption does not feature heavily in the anti-corruption literature, suggesting that the two are treated distinctly, as opposed to conjointly. Of the few references that correlate bullying with corruption, Patterson (2013, p. 16) contends that 'both thrive on fear and silence', but observes that the two are regulated, governed and treated differently: 'Bullying is relegated to being an HR grievance issue [and] while we have developed a mature view towards corruption, we lag way behind on bullying' (Patterson, 2013, p. 8).

The Queensland CCC's identification of 'improper use of influence and power by senior members' at Ipswich Council (CCC Qld, 2018, p. 7) alluded to similar features within the aetiology of workplace bullying *and* corruption. However, the term 'bullying' did not feature in the 75-page final report, *Culture and corruption risks in local government* (CCC Qld, 2018), despite the media's observance that bullying and corruption had been 'festering for years' (The New Daily, 2018). This somewhat signifies that any regulatory approach towards corruption is quite insular. Generalised efforts to address corruption neglect to consider the similar power differentials found in bullying and omit to correlate the coalesced determinants of each. This may provide one explanation of why issues were 'unchallenged and unreported' at Ipswich Council (CCC Qld, 2018, p. 7). In this regard, it is worth considering the above two comments from respondents in Council 5, in conjunction with the finding that at Council 5, 60% of the respondent base have suspected or witnessed corruption but have declined to report it (see Table 6.1). These findings signify a culture of corruption and possibly bullying at Council 5, despite the presence of an in-house point of contact who may operate as a formal guardian. This highlights the futility of such a role in a system that is inherently corrupt (Klitgaard, 2000, p. 5).

The following section provides some richer, thicker descriptive discussion regarding the current methodologies for assessing and addressing corruption in local government, with the guardianship mandate in mind.

6.4   Assessing and responding to corruption – councils' Achilles heel

Each of the below interviewee comments, although slightly different, align with a particular theme: that a range of approaches are taken by councils when responding to reports about corruption, with a general view that, overall, the approaches are ineffective. Key structural factors appear to be a commonality between the comments.

One interviewee stated:

> 'Each council is basically different. Some councils in New South Wales have an internal ombudsman role that's given the task to detect and then investigate these issues … for other councils those responsibilities are assigned to the legal office, to the governance officer, to the principal officer. So, it varies. Sometimes [it's] the human resources section, so there is confusion at times … Often the people who are dedicated to running the investigations, whether they be in HR or an internal ombudsman or governance role, they're not provided with specific training in relation to how to undertake an investigation or to write reports, how to collect evidence, how to record interviews, how to run interviews. And so often … the officers are ill-equipped. They're not equipped to then provide a strong case that will actually lead to disciplinary action being taken against the officers who have breached code of conduct.' (Interviewee 1)

The CCC WA acknowledged a number of issues associated with managers, rather than trained investigators, investigating misconduct, and the inconsistencies that were being applied because of differing managerial views (CCC WA, 2013, p. 19). One interviewee gave their perspective on the reality of this issue within NSW local government:

> 'I think there's a direct conflict of interest in itself because often it might be given to the manager who's managing that person in the first place. Firstly, it could tip them off as to what the issue is. It makes it an awkward working relationship with them in the long run. They're more likely to believe the responses being provided because they work with them – like they've got a rapport with the person … It won't be adequate to deal with the problem. (Interviewee 7)

'Managers have to do their own investigations simply through a lack of resources … I think a lot of local government managers are coming up from being engineers, they're accountants, they're town planners. They're not criminal investigators. They're not people who are trained in doing investigations into human resource matters. Doing things to an extent needed that if it was challenged in court would stand up.' (Interviewee 7)

These comments acutely reflected on the many issues that different approaches present:

'Where does it [the report] go? The local manager. Local manager buries it. It's not in your interests to raise those sort of issues. If it's serious enough you might go and see the HR manager or the HR rep. Half the time they wouldn't know what to do anyway … HR reps are not there to do fraud work, they're there to do personnel work. So, if it's a disciplinary issue, sure it belongs to them. They're not there to investigate, they're not there to manage investigations, they're not there to manage fraud and corruption risks, they're just there to act on them at the end of the day if there's any disciplinary issues that come up.' (Interviewee 5)

'I think the investigative ability of councils to deal with these issues internally that aren't necessarily at the ICAC level … I think that is sadly lacking … I still think there's a deficiency in terms … if it's not something they would refer to ICAC. Bear in mind, the terms of reference to ICAC are that really if it's something that meets the criteria of the ICAC definition of corruption there is obligation to record it. There is not an obligation on ICAC to investigate it but there's an obligation for us to record it. So, yes, we would record it and ICAC may come back and say, "Thank you for that. We've noted that but we're now going to refer it back to you for your investigation." I think that's the Achilles heel of councils, is their ability to deal … with the minor stuff. … Something that's perhaps a larger scale and that doesn't quite meet the criteria that would initiate ICAC allocating to some of their investigators, I think … that's where the weakness lies, the weakness in terms of getting statements, getting the person in and interviewing them in a manner that would satisfy a court of law, in terms of natural justice, principles of evidence, the elements of the offence and all that sort of stuff. I think that's where the serious deficiency lies.' (Interviewee 8)

The above comments refers to key structural and cultural flaws in terms of how corruption is addressed in local government, signifying a shortcoming in the local integrity framework of local government and an absence of 'capable guardianship', this being a key component in the prevention of crime, according to Clark and Eck's (2003)

crime triangle. This was idiomatically referenced by one interviewee as local government's 'Achilles heel', a concept which posits that a single weakness will, despite strength in other areas, lead to its downfall. Even when matters are referred to ICAC – if such matters attain referral status *and* are referred – there is a strong likelihood that the matter will be closed (see Figure 2.1). If matters are then referred back to the public authority, this situation results in a perpetual loop, without any sufficient means of redress or a clear picture of the corruption landscape. To date, given the situated reality of everyday corruption, and the inherent fearfulness about reporting, discussed in Chapter 5, much corruption is not being adequately addressed, if at all.

A handful of councils in NSW have an internal ombudsman, a position akin to formal guardianship. Following a public inquiry into Auburn City Council in 2017, the inquiry commissioner stated in the final report that 'consideration should be given to ensuring that all councils have a person in such a position' (Beasley, 2017, p. 232). However, the above interviewee comments indicate that this role needs to be more than a mere delegation. The courage, independence and capability of the role's occupant would arguably impact on its real or perceived degree of efficacy, which would be contingent on the structural rigour of the role. Where the role currently exists, it could be interpreted as quasi-independent, as it resides within the council structure and is therefore not wholly independent (Ombudsman NSW, 2013). However, as noted by the interviewee below, each council's internal ombudsman operates differently and not in accordance with any professional standing or standardised approach:

> 'I think they all [councils] make their own decisions about it really. I mean I think [name of Council redacted] took that pretty seriously but when I got to [name of a different Council redacted] what I walk in on was an investigation. They didn't actually have a format to write up an investigation report. They didn't have a process for doing an investigation ... They didn't have all the recording devices and things; they didn't even own them.' [Interviewer: So even with an ombudsman, they didn't have an investigative framework?] Oh he'd kind of work out who he'd chat to but there was no kind of process, they didn't record anything, so it was all just handwritten notes which went through. They really didn't want to be looking at much anyway. So again, that's a council operating under the same legislation that you're operating under here but just no framework at all. And then coupling that with the fact it was not at all proactive, like you

could see why there wasn't much emphasis on solving corruption.'
(Interviewee 10)

This interviewee compared two councils that had an Internal Ombudsman, noting that they differed extensively. A contradiction between structure and cultural appetite is evident. Two pertinent remarks distinguish one council's' lack of appetite for addressing corruption: 'They really didn't want to be looking at much anyway' and 'it was not at all proactive, like you could see why there wasn't much emphasis on solving corruption'. As identified earlier, while some respondents spoke favourably of the person who occupied the role of internal ombudsman at their council, they were still reticent about speaking to that person for a number of reasons. At one council (Council 5), two respondents made scornful remarks about the employee who occupied the role of the internal ombudsman; hence these bear a degree of correlation with the above interviewee's comments, that the mere appointment of a person to that role does not mean that there will necessarily be an 'emphasis on solving corruption'. As elucidated further below, even the appointment of an internal ombudsman can be perfunctory.

6.4.1   The formal guardian – internal ombudsman

From a structural perspective, the role of an internal ombudsman can viably supplement ICAC's investigative function (Pedroza, 2011, p. 11), yet one interviewee made this comment:

> 'I think to a certain extent all organisations have some level of internal conflict. How do you get round that? There's two ways of getting round it. One is you have external agencies doing the work. Now I do think … it is to do with being able to respond to corruption. Within the local government sector, whilst I think the utopian model of an internal ombudsman is effective, sadly the utopian model doesn't really exist anymore. And that ceased to exist because of vested interests … unless they have guaranteed independence, and as we've seen at [name of Council redacted], even when that's written into council policies, senior people can just go ahead and change the policies without even referring it to the council because vested interests are at play. So unless it's something that's legislated I think it's always going to have certain problems.' (Interviewee 2)

These observations indicate how the internal ombudsman function has evolved, recognising that it is not robustly independent or sufficiently autonomous. In the interviewee's experience, 'vested interests' influenced the internal ombudsman role: a gatekeeping feature within councils that inhibit the addressing of corrupt conduct, but in itself, a potential 'abuse of power' by key decision-makers and influencers. Vested interests, as a means of curtailing the independence or efficacy of the internal ombudsman function, would not necessarily be construed as 'corrupt', as those with such interests feasibly do not consider their actions to be wrong as they do not see that the rules apply to them (Becker, 2003, pp. 70-71). This interviewee believes that the structural conditions within the council facilitate this.

Pedroza (2011, p. 11), referring to two successive ICAC investigations into two councils which both commenced as a result of reports made to ICAC by each council's internal ombudsman (ICAC NSW, 2009a, p. 9; 2009b, p. 6), contends that the internal ombudsman function does not conflict with the role of ICAC. However, while each report resulted in investigative attention by ICAC, each investigation uncovered that the corrupt actors had a similar *modus operandi*: namely, that an external party sought to improperly influence a council official at Ku-ring-gai Council and at Warringah Council. Reporting of corruption of this type and at this level – by an external party and involving a lower-level staff member – 'demonstrates' that councils *are* serious about corruption, but again, in a tokenistic manner. *Appetite* is limited to matters that might be *palatable*.

With further reference to Kurczewki's (2004, p. 163) concept, such a focus detracts from the more clandestine or complex forms of corruption among the higher echelons within councils. To further this point, visible action by the council demonstrates a tokenistic degree of corruption control, not genuine appetite; in this case, a presentational tactic to manage external, and internal, impression and perception, but driven by self-serving interests (Hooghiemstra, 2000, p. 60). This was evidenced by interviewees earlier in this chapter (Section 6.1), with Interviewee 6 remarking that 'councils generally tend to focus on the much more binary on paper provable things … if I can prove it or it's in that traditional mould … it's easier for people to accept that that's corrupt conduct …'; and Interviewee 2 remarking, 'it would be very easy to pick off low-hanging fruit, to use the metaphor. And therefore, you're seen to be doing the right thing'. The metaphor referred to in the latter comment is elaborated on below.

'The minute you start climbing up the tree to start picking off some more juicy stuff, that's when the problems can start … you start endangering people who they wish to protect. Not necessarily because they want to condone whatever might be going on, but because they've got some other reason for wanting that person in that position or whatever, and therefore if that's threatened, you'll then start to threaten the status quo. And so the end result then tends to be that either you get your wings clipped or you get disbanded completely. And I've been in both scenarios.' (Interviewee 2)

According to the above interviewee, the tenability of the internal ombudsman was in question when staff within the higher echelons were investigated, resulting in a curtailment of independence and then disbandment. This highlights how influential the internal power differentials can be in the enablement or disruption of corruption. Moreover, the notion that internal personnel become endangered emphasises the rich complexities associated with corruption, as well as its subsequent management and potential implications for the council's stability: the '*status quo*'.

This calls into question the practicability and achievability of an internal ombudsman, being a formal guardian, when the role is subject to the will and influence of the council itself. There is a risk, or even a reality, that the role is merely symbolic: a ceremonial effort to appease the community; to convince constituents that the council is serious about integrity, transparency, accountability, and all manner of concepts which would negate any perception that council officers might be acting in an untoward manner. While there was a push for more internal ombudsmen some years ago (Grennan, 2012), and a view that all councils should have a person in such a role (Beasley, 2017, p. 232), the decision to appoint one is at the discretion of each council's GM; hence, inherent power relations can become influential, as explored below.

6.4.2   The tone at the top

The GM is the chief executive of the council and its operational lead, and any operational decisions are subject to their determination. A free-text response that stemmed from a survey respondent sets the scene for the discussion that follows in this section:

'Nothing will change while there are rogue councillors who manage GMs' performance contracts.' (ID-136, Council 1)

Should GMs lack the courage to question the dominance of the elected representatives, this fear would permeate into the organisational culture if the directions of the elected officials were corrupt or unethical. Much of the anti-corruption literature argues that the tone comes from the top (ACFE, n.d.; Deloitte, 2015; PwC, 2010), but as the elected officials can appoint and summarily dismiss the GM (OLG NSW, 2011, p. 18), this makes it difficult for any GM to call out such behaviour. When this issue was explored during the interview fieldwork, some interviews made comments that unravel this issue in terms of its power differentials. For example:

> 'The other major issue is that the elected members hold quite a bit of power when it comes to … managing the general managers or the CEOs. They hold quite a bit of power in relation to the CEO's contract and their performance reviews … While they are … required to set the policy and the direction of the organisation from the policy point of view, they often get involved with the operational decision-making of the administrative side of council. And that is where the risks are in my opinion.' (Interviewee 1)

> 'Councillors are supposed to actually only talk to the directors or the general manager, and generally they do … But they have for a variety of reasons, and they always have their reasons, they will always have their abilities or whatever, they're able to push through to get … this comes back to my issue about the GM's contract. The GM can't give frank and fearless advice to the people that employ him. Just like if I walked into the GM's office and said "Hey, I think you're doing a crap job of this. What I really think you should do …" Like, would I do that? No. Would I frame it politely? Yes. If he said, "No, go away", would I? Of course I would … I think that opens up a huge, huge opportunity for corrupt behaviour.' (Interviewee 4)

> 'The general manager as the CEO of the council has responsibility for corruption risk. So when a councillor behaves in a corrupt manner, it's not in that general manager's interests to attack any of the councillors, because they're the ones that are going to vote on the general manager's payrolls, on renewal of contracts. It's not in the general manager's interests to get offside with any councillor.' (Interviewee 5)

Some interviewees reflected on questionable experiences:

> 'I believe it could be definitely a risk. If a councillor rings up, "My mate has just got this parking fine, your contract's up next week, can you help us out dealing with the parking fine?" … I think there is a risk to the organisation

when the head of the organisation, who is the reporting officer for so many things, has got such an intertwined link with the employers or the elected officials, who all have different invested interests and problems.' (Interviewee 7)

'One of the councils I investigated, they used to call the general manager the – what was his name – the 12th councillor or 13th councillor or something. He was manipulating, he was playing politics, he was in there drinking with them after council meetings, doing the mayor's bidding. Reporting on other councillors, what they were doing to the different factions within council. You make yourself some enemies that way too, but as long as you've got the majority of councillors onside that's the controlling clique.' (Interviewee 5)

'I worked in a council where the councillors would say to the general manager, "Do what we want or we'll sack you" … As plain as that. We saw it here in January last year; it was in the papers. The council were going to get together and sack the GM 'cause he'd made a decision they didn't like.' (Interviewee 4)

As noted above, the pressure on the GM to conform or comply with the councillors' requests, indicates a cultural negotiation based on 'pressure power and coercion' (Magnuson, 2005, p. 383). The inherent tensions associated with this form of negotiation are highlighted by the following two comments:

'I've worked for general managers who staunchly held councillors where they needed to be and I've worked for a general manager where it was not uncommon for me to walk into my office and find a councillor sitting there going "So this is what you're going to do for me today".' (Interviewee 4)

'I have to give the general manager credit where credit is due. It's also the personal integrity and our general manager's a man of principles. That relationship between the general manager and the councillors and the operational side of the council rises or falls very much on the nature of the particular person who is appointed general manager.' (Interviewee 8)

The quantum of references to GM appointments indicates a widely held view that their role and appointment is pivotal in terms of councils' approach to corruption control. The interpersonal dynamics and relationships between councillors, mayor and GM involve formal and informal powers that influence behaviour (Purcell, 2016, p. 111). Any *tone* set from the *top* then permeates through the organisation and denotes to the broader employee base what type of behaviours may or may not be acceptable. For the

council as a whole, these power differentials arguably disperse and diffuse any constituents of accountability.

For the GM, political influence is fundamental in the successful attainment of an executive position at this level (Mills, 2000 [1956], p. 136). As such, there arguably needs to be a *convergence of interest* between the GM and the body of elected officials (mayor and councillors). As noted by Mills (2000 [1956], p. 136) 'the man who rises to the top is the broadened man whose "specialty" coincides with the aims of the corporations'. Of interest for this thesis, however, is the fact that the different and diverse structural constraints and power differentials do not feature within the anti-corruption literature on local government; therefore, this potential 'enabler' of corruption is either not a matter of consideration or considered to be immaterial. This interviewee elaborates further:

> 'There are far less checks and balances and the one ultimate check and balance that they have is beholden to them, so how can there not be [corruption]? If you were going to write a recipe for corruption at that level, that's exactly how you'd do it ... You'd put a bunch of elected reps in and you'd put a person in there whose job it was to keep them on the straight and narrow [the GM] and then you'd say by the way, they get to tell you whether or not you have a job. How can it not be open for corruption?' (Interviewee 4)

If, as Mungiu-Pippidi (2017, p. 9) asserts, 'public corruption exists due to a certain power configuration accepted in a society and to practices deriving from it', this suggests that the structural framework of local government facilitates a power differential at the highest level. From an architectural perspective, this is compounded by the fragmented network of 128 councils that exist, each of which is governed by an elected body, and run by an appointed GM, being the council's operational figurehead. If the relationship between the GM and the mayor/councillors breaks down, or the interests no longer converge, practices of corruption become a likely outcome, but quite possibly in subtle and nuanced ways. This was recently seen during an ICAC investigation involving the City of Ryde Council in 2014, which identified that the mayor engaged in corrupt conduct by way of a number of actions that undermined the GM's credibility and reputation (ICAC NSW, 2014d). At Hurstville Council in 2015, the council suspended the GM soon after, but not necessarily in direct relation to, the GM's release

of a report involving a property owned by the mayor. Soon after standing the GM down, the mayor was suspended as a councillor for misconduct by way of his actions (OLG NSW, 2016). These findings support the interviewees' observations above, regarding the inherent tensions that are in place between the organisational lead of any council and the head of the governing body: the GM and the mayor.

If there is a lack of will at the highest levels, combined with a lack of incentive for corrupt agents to reject corruption, a culture of corruption may manifest (Rothstein, 2017a, p. 14). In this regard, it is notable that many interviewees identified the tenuous nature of the GM's appointment as a contributing factor. The above-quoted comments postulate that GMs may ingratiate themselves with the elected officials or capitulate in the interest of self-preservation and survival, facilitating a heteronomous culture. Over time, an ethos of disinterest and apathy evolves, as alluded to by these interviewees:

> 'The council that I worked for that had the most obvious levels of corruption and where it was fairly blatant, there was a general manager who didn't have his hands on the wheel, and people knew it.' (Interviewee 4)

> 'A lack of knowledge even from a lot of the executives who are around that so it doesn't necessarily flow on.' (Interviewee 7)

One interviewee identified some of the key reasons that corruption does not come to light at this level, including that it is not in the general interest to report suspected corruption:

> 'Everybody at Auburn [Council] knew what was going on beforehand. Why did it take them until it hit the front page of the papers with that councillor's wedding that they moved on it?[25] Any number of other councils are the same around the place. [Interviewer: What's your view on why it took so long?] Interviewee: They didn't know. Why didn't they know? Because the councils were corrupt. That's why it takes somebody to go, "hey this is not right, I'm going to report it." Well who's going to do that? General manager? GM answers to council. The mayor? The mayor's relying on that councillor to vote for the mayor to put the mayor in place. Who's going to do it? Unless you've got a member of the public who says, "look I smell a rat here" and makes that report, it just flies under the radar.' (Interviewee 5)

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[25] The interviewee is referring to the actions of Salim Mahajer, Deputy Mayor, Auburn City Council (Beasley, 2017, p 210).

This view underpins the notion of wilful blindness at the highest level, built into the very design of local government, and infused within the workplace culture. A structural amorality is deemed to exist, that is feasibly, and easily, entrenched because of the power differentials that are created by the architectural framework: a GM who acts as the operational head of the council but is appointed by the elected body. It is not in any person's interest at that level to address suspected corruption, and the potential for corruption is easily enhanced by the vested, and converged, interests of individuals at this level.

And so, as the above interviewee argues, corruption 'just flies under the radar'. Unless a person or a collective speaks up, corrupt practices continue without abatement. These views indicate that the prospect of reporting is unlikely despite the prominence of whistleblowing programs and anti-corruption measures. Attendance to any reported matter is not be guaranteed: if reported to ICAC, its investigative remit is restricted, and even then, very scarce in resource; if reported internally, it may not be acted upon because of vested interests.

6.5   Summary

This chapter explored the various structural, cultural and practical constraints that contribute to the un/visibility of and in/attendance to corruption within local government. The reactive nature of local government, the absence of a 'capable' in-house local guardian, and the appointment of GMs across the fragmented network of councils in NSW, have caused or contributed to different organisational approaches.

On the occasion that councils are seen to actively address instances of corrupt conduct, their approaches are considered tokenistic and focused on examples that portray an outward impression of efficacy. Beyond this, the existence of corruption is deeply ingrained, and is not only failing to be problematised for a number of cultural and environment reasons, but is unlikely to be effectively managed, especially given the many complex – and potentially unyielding – factors that mediate its production. In-house cliques, or long-established interpersonal relationships between influential personnel, foster avoidance rationalisations, with vested interests that, themselves, could be construed as corrupt in nature.

The notion of scale and seriousness was attributed to the type of matters pursued by ICAC within Chapter 5, whereas in this chapter, impressions of scale and severity were factors that affected the reporting of corruption. Employees have a preference to report any concerns to in-house personnel, rather than external bodies such as ICAC. This highlighted the value of an in-house capable guardian, but one with sufficient stature and independence, and a scope and expertise that can unrestrictedly respond to concerns about suspected corruption. Such a role is notably absent within the majority of councils, with matters receiving various and inconsistent responses and reactions.

Coupled with other factors, such as a potential lack of evidence available to any potential reporter, there is a reality that employees who do suspect corruption will continually fail to voice their concerns. This chapter highlights that this is augmented by councils' general unwillingness to address corruption, or even a wilful ignorance or denial that it exists. Those in charge of councils' governing (councillors) or administrative mandate (GM) have little incentive to explore the risk or manage the reality of corruption, despite regulatory obligations imposed upon them. For this thesis, there are implications for how corruption is understood and conceptualised across the diverse base of councils in NSW, thus allowing the practice of corruption to metastasise as it is ineffectually managed.

Chapter 7 is the concluding chapter of this thesis and will commence with a recap of the various issues previously explored and their significance in light of the body of literature on corruption. It then reflects on the implications of this thesis, and presents general conclusions and potential ways forward.

CHAPTER 7:   DISCUSSION AND CONCLUSION

7.1   Discussion

Corruption is a complex phenomenon: a practice and a discourse that is prominent in everyday life but also highly variable and elusive. It is clearly a phenomenon that is fluid and contested, and subject to multiple levels of interpretation. This thesis has indicated that variances exist with regard to the perception and reality of corruption, by explaining and elucidating the complexities of corruption, and how they manifest within the administrative domain of local government. Understanding the nature and influence of such variances is important for scholars, policymakers and practitioners, as a means of advancing understandings of corruption in its various manifestations.

The research comprised a mixed methods study, capturing insights using processes of triangulation, to enhance the validity of the study through integration of different research approaches. The design of semi-structured interviews held with individuals who might be considered as having a 'guardianship role', was borne out of insights derived from council employees in the attitudinal survey. These insights explored the situated nature and practice of corruption on the ground as part of their working life, but also the perceived reality of corruption, as framed by regulators and popular news media. These derived insights should not be generalised across the entire local government sector, but seen as a contribution to the body of knowledge within an area that seems to be relatively unexplored.

The literature review was conceptually informed by several inter-related theories: first, the normalcy of criminal or deviant acts and behaviours, and how they potentially evolve through organisational cultures and workplace practices (Dormaels, 2015, p. 596; Sutherland & Cressey, 2004, pp. 67-69); second, the rationalisation of such behaviours, by the individual and those around them, to the extent that they appear normal, even legitimate (Sykes & Matza, 1957, pp. 667-669; Wells, 2004, pp. 11-12); third, the extent to which any council environment creates, facilitates or nurtures a wilful ignorance of corrupt practices and behaviours, for complex organisational and cultural reasons (Cohen, 2001, p. 5; Heffernan, 2011, p. 104); and finally, the social normalcy or conformity of corruption within local government, where visible, low-scale

forms of corruption develop and become naturalised because they are unaddressed (Kelling & Wilson, 1982).

The array of factors which may or may not contribute to the prevalence of corruption would be more likely to be present if councils operate in the absence of effective guardianship, according to routine activity theory (Clarke & Eck, 2003, p. 27; Felson, 1995, p. 53; Hollis-Peel et al., 2011, pp. 53-54). In the absence of formal guardianship at the council level, there is a tendency in councils to avoid dealing with the risk or reality of corruption. Those within the council rationalise why it is acceptable to ignore, rather than act upon, suspicions of corruption (Shepherd & Button, 2018, p. 18), deferring to reasons such as fear of bad publicity, as a popular example (ACFE, 2018, p. 50).

In consideration of these theories, it was deemed necessary to explore why acts and behaviours that might or have been construed as corrupt take place, and also what social or organisational factors contribute to tolerance of the corrupt acts and behaviours and to their pervasiveness. This thesis is orientated, to some extent, around the social policy of corruption. Within various stages of this thesis, it is clear that corruption has a somewhat convoluted and malleable meaning, that is best understood through the adjoining of practice, policy *and* theory. That is to say, it is socially situated and shaped, and does not have a universal form. Hence, despite inherent difficulties with conducting ethnographic research on corruption, the findings within this thesis highlight the significance of such research as a means of advancing the body of knowledge on corruption. Rather than seeking definitional consensus, or focusing solely on the environment of regulation and compliance, it seems fruitful to recognise how perceptions of corruption are influenced by various factors. They are interpreted in nuanced ways, depending on the perspective and position of the observer, as well as the environment and the organisation within which they are seen, or unseen.

This thesis commenced by quoting Heywood's (2017, p. 28) insightful, and thought-provoking, notion that 'most anti-corruption efforts are bound to fail unless we can find more effective ways of unpacking the problem we are seeking to address'. This statement seems quite relevant to this scholar-practitioner.[26] The epistemology of

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[26] This term is discussed further in the Preface, in the context of explaining how the author's experience and interest informed the topic under study.

corruption informs awareness, education and policy, and ultimately, social practices; hence, the way in which discourse is mobilised and imparted becomes fundamental for the current and next generation of scholars and policymakers.

In this regard, it is important to reflect on how anti-corruptionism, as a discourse and practice, a social movement and legal framework, has evolved during the past three decades (Sampson, 2010, p. 262). This evolution has rapidly influenced citizens' perspectives, considering that corruption is not a new concept but one that has existed for a very long time (Graycar & Prenzler, 2013, p. 3). For the ageing workforce of local government (Hastings et al., 2015, p. 9), the social reality and messiness of corruption is not necessarily as straightforward as anti-corruption approaches and efforts might suggest (Torsello & Venard, 2016, p. 37). This thesis has identified that the emergence of anti-corruptionism has created impressions of efficacy and success, but within the local government sector of NSW, there are implications and contradictions stemming from this. As discussed further below, anti-corruption endeavours have undoubtedly hit the target, but they remain short of the mark: the anti-corruption rhetoric remains focused on the surface of corruption, not the murky complexities which contribute to its entrenched cultural normalcy as an everyday facet of local government administration. If a reductionist view of corruption is taken, its incidence and many manifestations within local government will likely continue, producing all manner of social effects in terms of its impact on the quality of public service and notions of public trust.

7.1.1 Hitting the target but short of the mark

When reflecting on the implications of this research, the ability to address the risk and reality of corruption within local councils is arguably dependent on how the issue is understood. There is a purported understanding of corruption by those who work within local government, constructed largely through the regulatory ambit of ICAC's investigative endeavours and the associated media reporting. Within the scholarly study of the phenomenon itself, corruption is considered differently depending on the discipline and scholar, but there is not always an understanding and appreciation of the various tensions which exist and their practical implications. For scholars, regulators, and practitioners, it seems pivotal that there should be more harmonisation of these different schemas if they wish to advance the body of knowledge on this convoluted

subject of study. This is the baseline through which this thesis is concluded and recommendations made.

The contribution of this thesis is that it reveals some of the complexities associated with the exposure of corruption within local government, a sector that affects the day-to-day lives of all citizens in NSW (Masters & Graycar, 2016, p. 46), and one that features as the most complained about to ICAC (ICAC NSW, 2016, p. 17). These came through in the exploratory study that was undertaken, which was deemed necessary as discussed in Section 1.1. Rather than potentially constraining the focus of this thesis to a unifying central question or framework, the study explored several factors - grounded in the primary research - that contribute to the ingrained nature of much corruption, with degrees of crossover between causes, institutional factors and structure. By examining the component parts of corruption, and its mediated social understandings from an empirical standpoint, this research indicates that the notion of corruption cannot be regarded as a single or universal phenomenon; it cannot, therefore, be addressed or 'treated' with a single response, and this is why one underlying question did not seem appropriate or desirable for this thesis. How scholars, regulators and practitioners find common ground in their approach to the management of corruption seems central to any future research and policy response. This is important, and adds value to the body of literature, noting that many complexities contribute to its ingrained occupational presence, informed by different interpretations, practices and degrees of distinctiveness (Heidenheimer, 2009, p. 153; Johnson, 2004, p. 145). As one informs the other, it seems pivotal that these are acknowledged in the consideration of future research and practice. Corruption as a concept has existed for as long as humankind, with ancient traditions, entrenched cultures and long-established practices each contributing to its situated reality, but there are a number of unyielding factors that are hostile to change. Ensuring that the different vectors of academia, regulation and policy are well cognisant of these factors will be vital if the study of corruption is to evolve.

The structure of the thesis is summarised in the next section, with key correlations between the research findings and the four sub-questions:

1. How do local government employees understand the nature and prevalence of corruption in local government?

2. What perceptions and experiences do employees have of corruption and what explanations do they provide for its existence and management within local government?

3. How does the organisational arrangement and culture of councils either facilitate or hinder the incidence of corruption?

4. How do councils recognise and respond to the risk and reality of corruption?

7.1.2   Structure of the thesis: an overview of the main findings

The first sub-question foregrounds the relevance of symbolic interactionism (Blumer, 2007, pp. 68-69) to corruption studies, noting, in particular, that corruption is understood differently by different people and social groups. When any definition is extended – in this case, a definition of corruption – the definer is merely inviting others to use that same definition (Mills, 2000 [1959], p. 34). As identified within the review of the literature, this is important to acknowledge, as while corruption is subject to a variety of definitions and understandings, these definitional and regulatory standpoints can be moderated and obfuscated within different organisational and cultural vectors.

The findings within Chapter 4 identified that respondents' understandings about corruption are largely informed by third-party sources, with the media and ICAC featuring as prominent educators. Also, anti-corruption/governance measures, such as 'policies and procedures', have been construed as adequate remedies for corruption at the coalface of local government. This chapter explored the implications of success of these measures, noting a vast divergence between the exceptional forms of corruption, which might be investigated by ICAC, and the comparatively everyday, mundane forms of corruption, which may not be designated and experienced as corrupt at all.

The potential corruption which is seemingly unattended to, despite these perceptions, was considered by one respondent to be the aspect that is deficient within the current anti-corruption focus. This was framed as: 'an aggregate of seemingly minor things [facilitated by] the nepotism that may result in an informal network of people who subtly control the place, the leadership culture that may subtly punish compliance with norms/power'. When unravelling this quote, in the context of the other research findings, two aspects are particularly significant: (1) the identification of everyday or

mundane infractions which are vastly dissimilar to the notion of newsworthy or high threshold corruption, prosecuted by ICAC and reported on by the media; and (2) the description of inherent structural practices, cliques, and cultures, which potentially foster a normalcy of corruption through reification, and endure in spite of anti-corruptionism.

A noteworthy observation of key issues that emerged from this chapter was the prevalence of a *threshold*. The understanding and interpretation of corruption at the frontline is vastly contingent on its perceived degrees of scale and severity. This conditional threshold on the continuum predicates that everyday practices of corruption need to become prominent in some way before they attain 'ICAC-able' status. While this idea bears similarity to notions which have been explored, or alluded to, by Osrecki (2015, p. 343) and Olsen (2014, p. 186), it is not to suggest that those committing the infractions have necessarily fallen within the 'corruption trap' (Rose-Ackerman, 1999, p. 3), as those in or around the corrupt scenario may not be aware that their actions can be constituted by outsiders as corrupt.

This aspect was further elucidated in Chapter 5, which explored the institutionalisation of corruption within local government and is pertinent in answering the second sub-question. It was shown at the outset of Chapter 5 that practices of corruption have been suspected or witnessed by a significant proportion of local government employees. However, the designation of some practices as 'corrupt' was more likely than others, because of their perceived degree of harm and *visibility*, and the scale and situatedness of the act(s) in question. Notably, the perceived harm of some practices of corrupt conduct appears to affect the way that they are treated and then managed. As a category of conduct, particularism featured as one that is most common in local government, but that 'doesn't get talked about a lot as corruption', as one interviewee said. Various aspects of the research study highlighted the issues and factors associated with the perpetration, tolerance and acceptance of this practice. Because practices that fall with the ambit of particularism do not have an immediate exchange (Heidenheimer, 2009, p. 141) or immediate economic benefit (Masters & Graycar, 2015, p. 53), they can be indeterminable.

Notwithstanding, practices associated with particularism, including favouritism and nepotism (Hudson et al., 2017, p. 2), were familiar to a vast majority of local government officials, indicating a degree of institutionalisation, coupled with a perception of impunity. Meanings of corruption are often linked with punishment and not the act in question (Kurer, 2015, p. 36), and so the lack of perceived harm (see Figure 5.3) suggests that it would not attract any form of punitive action or sanction, and thus it persists as a 'grey' practice. The 'closed recruitment culture', referred to by one interviewee, presents the consideration that many employees within local government have professedly attained their status and position through different forms of favouritism. Conceivably, this in-group form of favouritism may be linked to the reification of other modes of corruption, as feelings of power, superiority and dominance within the social hierarchy contribute to a sense of entitlement and desire to maintain and reproduce the existing social order (Rosenblatt, 2012, p. 247). In relation to institutionalisation of corruption, one interpretation of this is the social normalcy of particularism, with 2 in 5 respondents claiming to have suspected it (see Figure 5.1).

This chapter concurrently identified that concerns about some practices remained unreported because of organisational barriers and cultural stigmas associated with reporting. On the occasions that concerns about suspected corrupt conduct have been made, a number of respondents claimed that there was either no, or unsatisfactory, ensuing action taken by their managers. Ultimately, therefore, while many local government employees have either suspected or experienced everyday practices of corruption, when concerns were expressed, these have often not resulted in effective or decisive management.

Chapter 6 explored councils' appetite for corruption, noting that there is a degree of antipathy towards corruption within local government. In this sense, the third and fourth sub-questions are addressed jointly below as there is interrelation between the two.

A key theme that emerged from the research was the institutionalisation of much corruption. Chapter 6 highlighted that the organisational architecture and culture are key facilitators in this respect, to the extent that one interviewee said, 'How can it not be open for corruption?' Prominent anti-corruption literature argues that effective anti-

corruption measures must be driven from the top (ACFE, n.d.; Deloitte, 2015; PwC, 2010). This is problematic within local government, with the appointment of the GM being one of the most topical and contested aspects identified by many interviewees. Interviewees' accounts highlighted how the existing organisational architecture facilitates potential corruption, through various power differentials that exist between the elected body and the GM. As the council's operational lead, the GM is appointed by a body of elected representatives, who invariably have they own agendas and mandates, and recognise that the appointment of the GM is pivotal to delivering on their aspirations. As such, the GM's appointment is not necessarily based on merit, but on political relations (Mills, 2000 [1956], p. 136).

Interviewees' perspectives enriched this dimension of the study and provided a contrasting perspective that differentiated the 'us' (employees) and 'them' (councillors) dualism which came through in some aspects of the attitudinal survey. At one council in particular (Council 8 – see Section 4.1.4), antagonistic prejudices were exhibited by many respondents towards the councillors (Bauman, 1990, pp. 46-47), with a perception that the out-group (councillors) were subject to a different set of rules to the in-group (colleagues and co-workers within the appointed realm). In contrast to the interviewees' accounts, comments by survey respondents did not generally contemplate the appointment of the GM as a particular influencer in the culture of corruption or anti-corruption. The lack of reference to the GM's appointment and their ability to influence corruption and its mis/management may be indicative of in-group loyalty. Thus, corruption within the occupational domain may seem rather abstract in comparison with that exhibited, or perceived to exist, within the elected domain (Ashforth & Anand, 2003, p. 21). Everyday practices within the occupational domain might seem virtuous by comparison (Bandura, 1999, p. 206), thus reinforcing a culture of normalcy and ambivalence; that is, the ensuing justification of everyday mundane practices (Ashforth & Anand, 2003, p. 34).

Interviewees' broad observations about the administrative frameworks in place and their inherent imperfections enriched the data gleaned from the survey. Concepts such as *wilful blindness* and *denial* have aided in the ignoring or justification of certain practices over others, creating a situation where the identification, reporting and management of corruption is layered within different meanings and ambiguities. As

corruption is understood and appreciated situationally, and thus differently, there is not always any cause for concern among those immersed in the everyday lifeworld of local government. This is, to a degree, attributed to the internal culture that is nurtured by the GM, as the administrative figurehead within each council. The GM's appointment and tenure are contingent on their relationship with the elected representatives and the research findings highlighted some intricate conflicts of interest around functioning expectations.

As further identified within Chapter 6, on the occasions that corruption is identified and attended to, it is weighted towards the visible, lower-level infractions, which often materialise if it is within a council's self-preserving interest to address them. Power differentials at the top tiers of each council ensure that the culture focuses on the 'low-hanging fruit', not personnel in higher positions, supporting contentions made by Kurczewski (2004, p. 163) and reported previously. As asserted by one interviewee, 'vested interests' influence the degree of action, or inaction, and this indicates a milieu that incubates and tolerates some forms of corruption over others.

A tokenistic approach toward corruption governance seems predominantly to be in existence, with superficial efforts 'performing' an appearance of action (Osrecki, 2015, p. 349). Genuine appetite or desire to address corruption is not apparent, with a number of assertions that local government is characteristically 'reactive', rather than presumably 'proactive', in their recognition of, and response to, corruption. Councils that do operate with a formal guardian, such as an internal ombudsman, are rare. Moreover, the role of this investigator/regulator is interpreted as being tenuous and somewhat tokenistic in itself. The ability of local government to address corruption was described by one interviewee as the 'Achilles heel', implying that this is the greatest vulnerability, with any symptoms or expressions of corruption being disproportionately responded to, if at all.

7.2   Reflecting on the key implications of this research

Significant contradictions are highlighted by this thesis. At one level, corruption is evident and observable: made visible by the media and the prominence of ICAC's regulatory endeavours. At that level, it is very public. As noted by Rothstein (2017a,

p. 4), 'awareness among the general public about the detrimental effects of corruption seems to have increased dramatically'. However, the more mundane, lower threshold practices on the ground might be somewhat disassociated. These public mechanisms of knowledge have ingrained thinking about what corruption means and have ominously sedimented a view that it is being adequately pursued and prosecuted. This further signifies that corruption is a responsibility for external regulators, with ICAC being the key authority on definitions of, and responses to, corruption in the jurisdiction of NSW local government. However, from a review of the literature, the implications of these endeavours over the past three decades of regulation do not appear to be well thought through. The implications from a social policy perspective are discussed below.

ICAC's classification of some acts and practices as 'corrupt' provides the sector of local government, and the public sector in general, with a taxonomy or a framework to work within. By virtue of this, it conceptualises what is and is not tantamount to corruption. While this regulatory categorisation may be fruitful, it also has the potential to imply that there is a *cure* for the widely termed notion, the *cancer* of corruption (Bhargava, 2006; World Bank Group, 2016); moreover, it neglects to unravel, then articulate, the underlying causes and symptoms of corruption (Mills, 2000 [1956], p. 344). This finding develops observations in the literature, such as those by Anechiarico (2009b, p. 84), by highlighting that reliance on regulation/law enforcement modelling is fraught with risk, as it makes corruption reductive. It feasibly omits to comprehend the inherent social, historical, cultural and organisational complexities associated with the current discourse on corruption and the situated practices on the ground.

When the nature of such practices was explored, this thesis revealed that certain practices of corruption have been suspected and witnessed in significant quantities. Hence, what is important for this thesis, is that it indicates that local government employees *have* had experiences with conduct of a potentially corrupt nature, but that these are not captured by any overarching mechanism. A typology emerged which registered the prominence of four key corruption practices, namely (1) conflict of interest, (2) particularism, (3) misuse of information or material, and (4) abuse of discretion. However, these practices might be less prone to the label of corruption as they are more abstruse in nature than unlawful forms of corruption such as bribery, where personal material gain and dereliction of duty through illicit ends is the clear

implication (Gorta & Forell, 1995, pp. 316-317; Philp, 1997, p. 441; Zimring & Johnson, 2005, p. 797). While more discernible forms of corruption, such as bribery (Zimring & Johnson, 2005, p. 802), fall within the purview of 'lived corruption' within poor countries (Graycar & Monaghan, 2015, p. 592), this research identified that less discernible, or greyer, forms of corruption – such as the four within this typology – have been practised in 'full view', but with little or no intervention. These practices may be diminishingly, and interchangeably, referred to as transgressions, infractions, integrity violations, rather than as corrupt conduct. Despite being experienced and witnessed by a vast proportion of the respondent base, the practices remain 'hidden in plain sight'. They appear to be framed more as transactional costs rather than abuses of power or harm generators and perpetrators. For any council as an entity, and for the local government sector as a whole, one of the consequent risks is that ongoing decisions and policies become set and practised, and therefore embedded within both the structure and culture of the organisation.

7.2.1   Beneath the tip of the iceberg

The popular metaphor 'the tip of the iceberg' refers to only a small part being visible when the great bulk is hidden below the surface. Many publications and studies have applied this metaphor to corruption (Huberts et al., 2006; Masters & Graycar, 2016, p. 45; Olsen, 2014, p. 180): no one knows how much corruption is occurring beyond what is immediately visible, until they delve deeper, especially through empirical and observational research. This suggests that there is a general acknowledgement that any measurement of, or perspective on, corruption is limited. Unlike with an iceberg, however, the deeper one starts to look, the more difficult corruption is to see, as workplace cultures have obfuscated the nature of corruption or reified corruption through verbal or symbolic constructs (Berger & Pullberg, 1965, p. 61). Visibility of local government corruption in NSW is limited to ICAC reports, being one of the few – if only - points of reference for the public, practitioners and policymakers, when seeking out real life examples. Within the local government sector there seems to be little recognition of these limitations or understanding of the fluid nature and dynamics of this convoluted phenomenon.

To place these observations into context, out of circa 3,000 complaints made to ICAC each year, in the region of 120 reports are made by councils to ICAC each year, with 41 or less (under 2%) of the total sum resulting in preliminary investigation and 10 progressing to full investigation (see Figure 2.1). If the extrapolation referred to within Section 5.2.1 is taken a step further – to gauge the extent of potentially witnessed practices by the 54,000 employees who worked within the NSW local government at the time of the study (Australian Bureau of Statistics, 2017a) – the extrapolation would amount to nearly 66,000 witnessed acts of corruption. ACAs in the Australian states of South Australia (ICAC SA, 2018) and Victoria (IBAC VIC, 2017a) have employed similar methods of research in recent years and have also derived similar insights in relation to the observance of corrupt practices; however, the notion that much corruption exists within local government, but is unattended to, seems lacking in any policy response. As discussed below, this thesis highlights that, when one does start to delve deeper, the reason that much corruption is hidden from view is because it is constituted within the everydayness of public administration.

7.2.2   Exploring the abyss of corruption

When seeking to explore the range and types of corruption that may exist within the organisational lifeworld of local government, there are practices which seem to be more evident than others, as characterised by many employees' suspicions and observances. Many employees remain disinclined to register and report concerns, hence there is a risk, and a likelihood, that such practices potentially remain hermetically preserved: that is, they endure without visibility, assessment or intervention. For the researcher, understanding the genesis of practices which have become deeply entrenched within the workplace cultures of council administration or hard-wired into their organisational structures, remains difficult when relying on the perspectives of those who work within such areas: a degree of bias, perspective and agenda is likely to moderate any research findings. Such limitations are important to acknowledge in this research study. Thus its findings should not be construed as definitive in nature, but rather as presenting insights and issues that have significance for the furthering of knowledge in this area.

7.2.3   The corruption disconnect

Although the approach adopted by this research study is limited in its purview, its originality is centred around the broad disconnect between experienced, everyday practices and the sensationalistic 'sexy' forms of corruption which attain newsworthy, or 'ICAC-able' status. When seeking to explain the various influences that contribute to the multifarious and complex nature of corruption, the 'corruption disconnect' presented itself as a significant factor, particularly a divergence between *everyday* and *exceptional* forms of corruption. There is limited literature which supports this grounded theory; hence, this perspective might be considered interesting and important as it contributes to the anti-corruption literature by highlighting divergences between corruption perception, reality, reaction and response. Bridging these disconnects seems crucial in the development of conceptual understandings and therefore policy interventions. Each is listed and discussed below with a correlation to the research findings that relate.

a)   Perceived level and reality of corruption within local government

Generally, the broad perception that the level of corruption in local government is low, and has reduced in the last 5 years, is in contrast to most other studies of corruption which suggest it is on the rise. A number of indirect or detached factors (media, ICAC, controls and training procedures) might have contributed to the formulation of these perceptions. In a similar vein, survey respondents typically believed that any level of corruption within their council was moderate, and nearly two-thirds of respondents believed that their council handled the risk of corruption well. If one considers that corruption is figuratively aligned with medically-infused terminology (Bhargava, 2006, p. 341; Byrne, 2017; Clammer, 2012, p. 124; World Bank Group, 2016), then these perceptions indicate that there is a sense of 'wellness' with the current anti-corruption focus in NSW.

Similarly, perceived *reality* naturally followed perceived *level*. The perceived reality of corruption is slanted towards the nature of corruption that dominates public opinion: exceptional, 'sexy' and newsworthy corruption. In this sense, ICAC's established position at the forefront of the anti-corruption agenda dominates understandings and

barometers of incidence, with their pursuits sensationalised by the media. This reveals that corruption in NSW is socially constructed as a grand phenomenon that is perpetrated by high-profile figureheads, in spectacularly illicit ways. One of the implications of this popular representation is that mundane practices of corruption which do not attain such a status are overlooked, allowing them to become interwoven within the cultural and organisational fabric.

b) Reality of corruption within local government

An argument explored within the literature review was that corruption is infrequently observed first-hand by citizens (Van de Walle, 2008, p. 233). This study has identified that this is not necessarily the case in the context of local government employees. Many respondents claim to have suspected or witnessed practices of corruption. On the basis that any claimed suspicion or observation might not be 'corruption' per se, the question did not explore the indefinable concept of corruption, but invited respondents to identify with specific practices which might fall within the broader conception of corruption; thereby, its amorphous nature was unpacked and methodically examined.

Respondents' experiences of and exposure to certain practices reveal insights into the multifaceted dimensions of corruption within local government and how they exist. Notwithstanding the moderately small sample of respondents who participated in the study, the sum of witnessed practices (n=156) was just over a third higher than the number of reports made to ICAC each year (n=120). This means that witnesses or complainants are failing to report corruption suspicions to the council, or if they are, they are then not being referred to ICAC. One sixth of the respondent base (Figure 6.4) have reported suspected corruption, mostly to an internal source (Table 6.1), but many remain dissatisfied with the outcome (Figure 6.5). Taken together, these findings suggest that council employees are either doing or saying nothing, or that council's management is attending, or not, to their suspicions. This seems paradoxical in certain respects, given the profound impact that ICAC had on respondents' understanding about corruption.

c) Reaction to corruption within local government

When distinguishing between *injunctive* (what people should do or think they should do) and *descriptive* (what people actually do) social norms (Cialdini et al., 1990, p. 1015), it is notable, from the former perspective, that many respondents (70.9%) stated that they would report corruption if they were in possession of 'actual evidence' (Figure 6.7). As referred to within Section 5.4.1, outside of the four predominating social factors, the unavailability of 'actual evidence' featured as the fifth main reason why respondents would choose not to report corruption. This suggested that, if they *were* in possession of actual evidence, they *would* report.

However, when examined from a *descriptive* perspective, even when respondents have witnessed acts which they have simultaneously construed as corrupt, many have chosen *not* to report them. For local government employees, the rapid evolution of anti-corruptionism has comprised a suite of products that attempt to create order and ensure compliance (Bauman, 1990, p. 182). Policies and codes that endeavour to condition employees' conduct and behaviour are typical within councils, and are given much importance (Brown et al., 2016, p. 1; NSW Audit Office, 2017, p. 6; 2018, p. 14). They have been construed as effective modes of governance and regulation, by many employees within local government (Section 4.1.2). In spite of this, many employees remain disinclined to use them, mainly because of social and cultural stigmas (such as concerns about being branded a trouble maker or believing they would not be taken seriously: Figure 5.6). The formality of such instruments, which aim to be 'norm-enforcing', would be futile in a situation that has nurtured a normality of fear or conformity with practices that many outside the organisation might perceive as problematic (Mungiu-Pippidi, 2017, p. 10).

This significance of these insights is that there is a social and cultural barrier to the exposure of, and reaction to, corruption which cannot be addressed by the mere restatement of formal mechanisms alone. As an example, a Code of Conduct is deemed to be one of the most prominent anti-corruption controls (ACFE, 2018, p. 27), with nearly all employees being aware of its existence (Public Service Commission, 2015, p. 30). Nearly all respondents have received Code of Conduct training (Figure 5.12) and there was a predominant view that Code of Conduct training sufficiently conveyed the

importance of having a workplace culture that rejects the idea of corruption as being acceptable (Figure 5.11). From an *injunctive* perspective, only 40% of attendees felt more inclined to report corruption having attended this training, with more than half feeling no extra incentive or motivation (Figure 5.13). When this is considered from a *descriptive* perspective, however, three out of every four employees who felt the training did convey the importance of having a corruption-free workplace have also suspected or witnessed corruption yet have declined to report it (Table 5.2).

These findings shed light on the vast disparity between injunctive and descriptive behaviour, which are conceptually, substantively and situationally distinct.

d) Response to corruption in local government

Councils were noted as being reactive in general, rather than proactive. Despite a perception that sound anti-corruption controls are in place across local government, they have not transitioned into genuine appetite to address corruption. Efforts are focused on the 'low hanging fruit', as described by one interviewee, or the 'binary on paper provable things', as phrased by another interviewee. As a result, the roots of corruption remain firmly embedded in the ground.

The salience of this for future research and practice is that the current framework of regulation and oversight is limited in its reach, both in terms of prosecuting instances of corruption that endure in spite of different anti-corruption controls, and also in terms of manipulating different modes of understanding within the councils themselves. The existing literature on corruption and anti-corruption is limited in its consideration of these issues; hence, this thesis makes an original contribution to the body of literature. In particular, mundane or low-threshold corruption, which remains deeply embedded within council culture, is unlikely to be addressed unless a framework is implemented that addresses the divergences of understanding and how these impact the governance and regulation of corruption.

7.2.4   Intervention: the value of guardianship

In the occupational realm of local government, there is a limited degree of formal guardianship within each of the councils in NSW. This is problematic by virtue of each

council's geopolitical, cultural and organisational independence and operational or legislative autonomy. A formal guardianship mandate seems beneficial to councils in terms of bridging the divide between perception, reality, reaction and response. The modest number of reports made to ICAC indicates that corrupt tendencies remain unreported, are attended to in a different way, or are simply diffused within everyday operations. Hence, from an ownership perspective, the point of diagnosis rests with the council itself. This seems counter-intuitive, given each council's self-governing nature, but *identification* of corruption, and subsequent *intervention*, by way of a robust investigative/governing response, needs to be in real time.

The notion of guardianship was a theoretical concept underpinning this thesis. According to routine activity theory, the absence of *effective guardianship* contributes to the likelihood of crime and deviance, when it converges with the presence of the other two components, a *motivated offender* and a *suitable target* (Clarke & Eck, 2003, p. 27). In particular, there may be features of guardianship within local government but the presence of a formal, in-house guardian, is notably lacking from the majority of councils in NSW. Many respondents to the survey had different ideas about what this guardian role is and what it looks like, as many believed that they did have a comparative role in-house. One explanation for this anomaly could be correlated with respondents' views about the compliance-based efforts, which place statutory responsibilities on councils to report on complaints, public interest disclosures (whistleblowing instances) and corrupt conduct.[27]

A consequence of the absent guardian figure is that the characteristics of corruption have no clear, and constant or reaffirming, point of identification. They are, therefore, more prone to ambiguity and ambivalence, but also comparative disorganisation from an educative and regulatory perspective. The impression of a formal guardian is currently restricted to one who might observe and deter corruption because of their physical or symbolic presence (Felson, 1995, p. 53; Felson & Eckert, 2018, p. 28; Hollis-Peel et al., 2011, p. 54). However, this concept could viably be extended to one that not only observes and deters, but has a tutelage component that *educates* and *prevents*. Providing education on corruption, but beyond that, sound and sincere workplace

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[27] As required, respectively, by the OLG, NSW Ombudsman and ICAC.

practice, appears to be the cornerstone of any future research and action projects in this space. This would benefit the sector if it is configured and implemented as a formal program that unpacks the complexities of corruption and its relationship within the administration and mechanics of local government. Similar to the three-pronged approached advocated by ICAC (Gorta, 2006, p. 206) and ICAC Hong Kong (Law, 2008, p. 82), any *reaction* to corruption – by way of investigation, sanctions and redress – needs to be supported by effective *education* and *prevention* strategies. A local guardianship mandate, that is holistically standardised and streamlined across the existing 128 councils in NSW, might viably focus on localised, and thus contextually-sensitive, education and prevention. A focus on education and prevention would feasibly influence the existing discourse on corruption; moving it away from the notion that corruption is an economic and instrumental problem that can be constrained by policy and system (Krastev, 1998, p. 56), to instead frame it more as a social and cultural relation, that can be progressively redesigned and reprogrammed via multiple disruptive strategies. The research findings with this thesis serve as a basis for advancing this proposition.

7.2.5   Limitations to this study and avenues for future research

There would undoubtedly be a multitude of competing views and opinions on the matters explored within this thesis, given their socially situated and mediated character. Although this presents as a major limitation of doing such research, this exploratory study represents not a broader viewpoint, but an insight into the cultural and social tensions that influence the incidence and tolerance of, and responses to, corruption within local government in the state of NSW, Australia. These perspectives highlight why certain forms of corruption may remain hidden from view, and indicates that there are avenues of research to build on which are beyond the scope of this thesis.

 Chapter 5 in particular demonstrated that within the broad realm of corruption, practices of corruption are imbued with a system of scalability, which is neither tangible nor identifiable. For straightforwardness, if Heidenheimer's (2009, p. 152) colour-coded classification is utilised, there are various shades of *grey*, which highlight the mundane and situated messiness of the problem, between the *white* corruption (tolerant and unexceptional) and the *black* corruption (grand, exceptional). It is, therefore, important

to acknowledge the salience of individuals' perspectives on the threshold of corruption; to appreciate how mundane or unexceptional corruption can be when it manifests, and that it can work up from there to become exceptional unless intervention is forthcoming. There is significance, for the scholar and the practitioner, in better understanding how, and in what form, much corruption sits within the grey space of practice and how particular frameworks may or may not address this broad spectrum. Within Chapter 6, degrees of scalability were further contextualised within the discussion on impediments to reporting corruption. Further empirical examination of this scalability could contribute to the anti-corruption literature, assist further understanding of the reality of corruption, and thus offer further opportunities to tackle some of the key risk factors.

Similarly, further research would be beneficial around issues associated with favouritism in the appointment of personnel. As identified within Chapter 5, particularism is considered to be one of the least harmful forms of corruption, but is feasibly enshrined within the 'closed recruitment culture' that is deemed to exist. As particularism is a concept that is theoretically underdeveloped (Rotondi & Stanca, 2015, p. 220), the causality between particularism and corruption is one that has been studiously neglected, most likely because of a lack of conceptual clarity. This suggestion supports observations by Rothstein and Torsello (2014, p. 264), who contend that 'ethnographic knowledge has an intrinsic, strong, and often hidden potential to disentangle the social and cultural complexity of corruption, in particular concerning the universalism–particularism puzzle'. Further exploration would tease out the informal and social complexities which make corruption's everyday situatedness more resistant to the label of corruption.

7.3 Conclusions and potential ways forward

The outward view tends to support a number of positives about the current anti-corruption agenda in the local government sector of NSW: ICAC's investigative pursuits are thought to serve as a deterrent, as publicised by the media; compliance-based initiatives are deemed to viably reduce corruption; the risk of corruption is thought to be handled well; and reporting of corruption is encouraged. Consequently, there is a perceived aura of *incorruptness* within local government as a result of these factors. Beyond this impression, however, a methodical unpacking of corruption has highlighted

a profusion of everyday corruption that functions quite normally within the administration.

One key theme that manifests in the thesis is the appreciation of corruption as a socially situated and constructed phenomenon; or as similarly described, something that is in the 'eye of the beholder' (Anechiarico & Jacobs, 1996, p. 3; Holmes, 2015, p. 2; Olsen, 2014, p. 187). As developed by this exploratory study, the notion of corruption is beholden to any number of moral, legal, cultural, and situational ambivalences. It is far from being clear what corruption means and thus how to define it. Instead of revisiting the debate on definition, it would be prudent to focus efforts on disentangling its richly opaque composition. This can be done by empirically examining its potential for permeation within the broader operational and administrative domain, as well as the ways it is described and expressed in the languages of those working within its midst.

Moving beyond this thesis, research and policy efforts need to explore the grey dimensions of corruption: its degree of indistinctness and malleability; and the extent to which confusions around in/appropriate workplace conduct – as well as bureaucratic formalities, hierarchies and the organisational self-governance and isolation of councils – contribute to its embeddedness. The current understanding of corruption on the ground stems from the anti-corruption discourse. Indirect information has informed perception, and perception has informed its situated realism, or lack thereof. It follows that, if corruption is in the 'eye of the beholder', any tutelage on corruption needs to ensure that those who might observe and react are guided to appreciate and understand a broader 'view'.

For the scholar-practitioner, it would be useful to see this focus built into a number of trajectories. The notion of corruption in local government is of interest from a regulatory and academic perspective as well as a policy-orientated/practitioner perspective. As such, an examination of the complexities of corruption and everyday life should be considered and harmonised across several vectors: the *regulatory* vector; the *policy* vector; and the *academic research* and *education* vectors. These silos need to be better interconnected and interwoven, so that emerging knowledge, ideas and practices can be considered in conjunction, with each one intrinsically informing the others. These vectors should be interdependent, as corruption should not be segregated as a

theoretical exploration or a practitioner or policy-based endeavour. If any vector operates in isolation, then the body of knowledge on this intangible and convoluted phenomenon is limited in its advancement. These are discussed further below.

7.3.1   Regulation vector – ICAC

As a sovereign authority on corruption in NSW, ICAC's presence serves as an established platform on the topic of corruption and anti-corruption. Building on the implications of this research, one option might be to examine which councils in NSW have or have not submitted statutory reports to ICAC. The results would inform a typology that would highlight risk areas, identify councils that may not have reported any suspected corruption during this time, and detect particular patterns of corruption, especially any cultural practices that are greyer in character and constitution. Subsequently, this typology would establish a baseline for thematic analysis.

7.3.2   Policy vectors

A policy which supports the supplementation of the NSW oversight platform with a local integrity model would arguably benefit the local government sector in its pursuit and understanding of corruption. This could feasibly incorporate the notion of a formal guardian, such as an internal ombudsman, but at a minimum, it seems timely that each council attests to its degree of effort to manage the risk and reality of corruption so that the sector is more transparent and accountable. This will also provide the opportunity to identify, and compare and contrast, the nuanced and experimental ways councils are preventing, detecting and responding to corruption in their organisation.

7.3.3   Academic vectors – research and education

Within the academic vector, it seems apposite that research and education should be centred on understanding more about the ancient tradition known as corruption and how it transcends from a theoretical concept to an occupational and social construct. This research has explored this process to a limited degree, within one state and one tier of Australian government. It has highlighted that a reductionist view of corruption should not be maintained in any occupational setting, and that conceptually, it is much more complicated than its popular framing. Currently, much research on corruption is confined to a particular discipline, and thus a disciplinary mode of thought and

problematisation. By way of example, the anthropological literature on corruption is exceptionally limited (Rothstein & Torsello, 2014, p. 264). Through a more enriched understanding of how everyday practices and social interactions converge, its contribution to other disciplines that have an interest in corruption and its various components – such as sociology, criminology and organisational psychology – would seem complementary and better inform social policy responses.

7.4 Final words

At the time of concluding this thesis, proposed reform within Australia is focused on developing an Integrity Commission for the Commonwealth (Attorney General's Office, 2018). When this is ratified, Australia will have a federal commission, as well as a form of ACA, within each of its six states and two mainland territories. This is proportionally greater than any other country in the world.

Before another regulatory agency is established, it needs to be recognised, as this research highlights, that addressing corruption is not solely an aspect of regulation. Approaching it as such will feasibly generate further unintended consequences, as well as a confinement of knowledge on this subject. Without wishing to detract from the value of this endeavour, the creation of another commission might seem apposite for the jurisdictional coverage that it will have, but this should not be at the expense of understanding – primarily through engaged and applied research – more about the complexities of corruption. Corruption, as has been shown, is an intangible, unquantifiable and complex phenomenon. It is well discussed, but vastly subject to interpretation, context and understanding. This thesis has contributed to the body of knowledge on these areas, and offers a basis for change in the way that corruption is imagined, and hence addressed, organisationally, but also socially and culturally more broadly. The potential to expand the scope of understanding about corruption is extensive and intriguing. The implications of this study might well serve as a contribution to the body of knowledge that is drawn upon when seeking to devise frameworks and solutions, such as the proposed Commonwealth Integrity Commission.

Before continuing on the same anti-corruption journey,
we need to retrace our steps, and make sure we're on the right path.

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APPENDICES

Appendix 1 – Summary of publicly reported ICAC investigations involving local government over 15 years (2000–2014)

	Year	Council that investigation relates to	Region of NSW	Operation name	Date report made public	Elected officials involved	Corruption findings
1	2014	Ryde	Outer Sydney	Cavill	30/06/2014	Yes	**Yes**
	2013						
2	2012	14 councils, esp. Bathurst & Yass	Numerous	Jarek	29/10/2012	No	**Yes**
3		Auburn City Council	Outer Sydney	Barrow	14/06/2012	Yes	**Yes**
4	2011	Willoughby City Council	Inner Sydney	Churchill	22/06/2011	No	**Yes**
5		Strathfield Council	Inner Sydney	Danby	12/05/2011	No	**Yes**
6		Burwood Council	Inner Sydney	Magnus	20/04/2011	No	**Yes**
7	2010	Canada Bay City Council	Inner Sydney	Challenger	15/12/2010	No	**Yes**
8		Woollahra Municipal Council	Inner Sydney	Avoca	12/08/2010	No	**Yes**
9		Strathfield Municipal Council	Inner Sydney	Centurion	13/05/2010	No	**Yes**
10	2009	Warringah Council	Outer Sydney	Bauer	30/06/2009	No	**Yes**
11		Ku-ring-gai Council	Outer Sydney	Capella	26/02/2009	No	**Yes**
12	2008	Wollongong City Council	Illawarra Region	Atlas (Part 1)	04/03/2008	Yes & appointed officials	**Yes**
				Atlas (Part 2)	28/05/2008		
				Atlas (Part 3)	08/10/2008		
13	2007	Wollongong City Council	Illawarra Region	Berna	01/12/2007	No	**Yes**
14		Bankstown & Strathfield Council	Outer Sydney	Torrens	15/11/2007	No	**Yes**

	Year	Council that investigation relates to	Region of NSW	Operation name	Date report made public	Elected officials involved	Corruption findings
15		Parramatta City Council	Outer Sydney	Pelion	22/08/2007	No	**Yes**
16		Burwood Council	Inner Sydney	Odin	07/08/2006	Yes	**No**
17	2005	Liverpool City Council / NSW Parliament	Outer Sydney	Sirius	11/08/2005	No	**No**
18		Strathfield Municipal Council	Inner Sydney	Cordoba	23/06/2005	Yes & appointed officials	**Yes**
	2004						
19	2003	NSW Public Sector, including Randwick City Council		Bosco	03/12/2003	No	**Yes**
20		Liverpool City Council	Outer Sydney	(no name)	27/02/2003	No	**No**
21	2002	Rockdale City Council	Inner Sydney	Trophy	09/07/2002	Yes	**Yes**
22	2001	Liverpool City Council	Outer Sydney	(no name)	31/07/2001	No	**No**
23	2000	South Sydney Council	Inner Sydney	(no name)	01/10/2000	No	**Yes**

Source: Author's analysis of the ICAC reports.

Appendix 2 – Classification factors in choice of sampled councils

- Number of full time equivalent (FTE) staff. (Councils with very low numbers of staff were chosen as well as councils with very high numbers of staff. As a means of comparison only, at the time of assessment, Urana Shire Council had just 31 FTE staff, while City of Sydney Council had 1,741 FTE staff.)

- Infrastructure management which may range from 'weak' to 'very strong'.

- Council type classification (Metropolitan; Metropolitan Fringe; Regional Town/City; Rural; Large Rural).[1]

- Geographical coverage. (As a means of comparison only, at the time of assessment, Hunters Hill Council had the smallest council area in NSW, measuring 5.7 square kilometres, while Central Darling Council had the largest, covering 53,494 square kilometres).

- Population served by each council. (As a means of comparison only, at the time of assessment, Urana Shire Council had the smallest population with 1,269 residents and Blacktown City Council had the largest at 299,700 residents, 236 times as many).

- Standing on the Index of Relative Socio-economic Advantage and Disadvantage, 'which compares the relative social and economic conditions of cities, towns and suburbs across Australia' (Australian Bureau of Statistics, 2008), and in particular, on the SEIFA (Socio Economic Indexes for Areas), with the aim of including councils at contrasting ends of the spectrum.

- Representation that included a range of councils that differed based on their Financial Sustainability Rating (FSR) and Outlook[2]. As stated within TCorp's (2013) publication, *Financial Sustainability of the New South Wales Local Government* Sector:

  'The FSR provides TCorp's assessment of each Council's current long-term rating. The FSR methodology is used to individually assess Councils and categorise them into seven rating bands ranging from Very Strong to Distressed. TCorp considers that a Council needs to be assessed at a Moderate or higher level to be acceptable

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[1] As set out by the OLG, listed under Appendix 3 of *Comparative Information on NSW Local Government* (DLG NSW, 2013, pp. 350–351).

[2] A list of ratings and definitions can be found in TCorp's publication, *Financial Sustainability of the New South Wales Local Government Sector* (TCorp, 2013, pp. 69–70).

in terms of their sustainability. A Moderate level FSR is on average equivalent to marginally exceeding the benchmarks utilised in TCorp's assessment process. TCorp's assessment of the likely movement in a Council's FSR over the short term, being the next three years, is the Outlook. Councils were assigned an Outlook rating of Positive, Neutral or Negative. A Positive Outlook indicates that a Council's FSR is likely to improve in the short term, whilst a Neutral Outlook indicates that the FSR is likely to remain unchanged. A Negative Outlook indicates that a Council's FSR is more likely to deteriorate, and is a sign of a general weakening in performance and sustainability. A Council with an FSR of Moderate and an Outlook of Negative, is assessed as being in a deteriorating position or at risk of being downgraded from Moderate to Weak.' (TCorp, 2013, p. 6)

- Councils with a known internal ombudsman or former internal ombudsman.[3]

- Some councils that have been the subject of a recent ICAC investigation.[4]

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[3] The source was the researcher's personal knowledge of councils that have a current or former internal ombudsman, each of whom was a member of the Local Government Internal Ombudsman Network (LGION) at this time.
[4] Data taken from ICAC's website page, 'Past investigations' (ICAC NSW, 2014e).

Appendix 3 – Letter sent to general managers at 35 councils in NSW

Allan Yates, PhD Candidate,

Research School of Sociology,

College of Arts and Social Sciences,

C/- Australian National University

Tel: [redacted]

Email: ***u5444260@anu.edu.au***

Mr / Ms *(surname)*

General Manager

(name of) Council

(PO Box number)

(City/town)

NSW *(postcode)*

Friday, 16 January 2015

Request for participation in PhD study exploring how corruption is perceived and addressed in local government

Dear (name of General Manager),

I am a PhD candidate in Sociology, affiliated with the College of Arts and Social Sciences at the Australian National University (ANU). I am writing to you to seek your consent and support to facilitate the dissemination of an online survey to all appointed officials within your council as part of my doctoral research project. The survey is seeking to explore the perceptions of council employees on how corruption is being addressed in local government.

I am proposing to issue an online questionnaire to all appointed officials in a sample of up to 30 councils in the state of New South Wales. As such, I respectfully request your

participation and endorsement of this initiative, by being the main recipient for the online survey link and by distributing it to all employees at your council.

The survey is *entirely voluntary*, and will not identify any participant, but will elicit a great deal of information about perceptions of corruption in local government at different levels of service and what is currently being done to address corruption in terms of training programs and regulatory frameworks.

Your support, in terms of encouraging your council employees to participate in this research, would be greatly appreciated in what will be an entirely independent social study of perceptions of corruption in local government and strategies of redress. This survey is an integral part of my doctoral thesis which, when completed, will assist in providing all councils with complimentary information and knowledge on best practice in creating a corruption resistant local government.

This is my preliminary request, and at this stage, I ask you to kindly let me know whether you would be willing or unwilling to participate in this research. As such, I would be grateful if you could complete the attached remittance slip and return a scanned, electronic copy to me at my ANU email address, which is listed at the top of this letter, by **COB Friday, 6 February 2015**.

On agreeing to participate in this research, you will subsequently receive an email that contains a hyperlink to the online questionnaire, which I ask that you then forward to *all* employees by way of your preferred choice of internal electronic communication (e.g., email, intercom, or intranet message). If you would be willing to include a foreword, or covering message of your own, to endorse my request and to recommend participation, this would be greatly appreciated. The covering message in my email will introduce the survey and direct the participant to the online questionnaire. It will include my contact details, as well as those of my doctoral supervisor's and the Human Ethics Manager at the ANU, should any participant have any queries or concerns. The survey will be open for six weeks to suit staff schedules and availability.

If you are agreeable to this request, I will send a copy of your completed remittance slip to the Human Research Ethics Committee (HREC) at the ANU, along with my ethics

approval request. I anticipate that approval may take 4–6 weeks, so I hope to be able to email you the link to my online survey by the end of March 2015 at the latest.

I have attached a Participant Information Sheet for your information. Although fairly formal and verbose, it does nevertheless ensure that this research adheres to the very rigorous ethical standards set by the ANU, Australia's leading research university. The Participant Information Sheet and the Ethics Approval will be attached to my email introducing participants to the survey, and will be available to them should they wish to know more about how data will be held, for what purpose the data is being sought and processes of ensuring confidentiality.

If you would like to discuss any aspect of my research proposal, or if you would simply like further information before deciding whether or not to participate, I would be more than happy to discuss this further over the telephone, or to attend your office at a time and date that is convenient to you. Otherwise, thank you very much for taking the time to read through my preliminary request and I look forward to hearing from you.

Yours sincerely,

Allan Yates

Encs.   1) Participant Information Sheet (3 pages)

   2) Remittance slip, for return by **COB Friday, 6 February 2015**

Australian
National
University

Participant Information Sheet

PhD research project: How corruption is perceived and addressed in local government

Researcher:

My name is Allan Yates and I am a PhD candidate in the Research School of Sociology at the Australian National University (ANU).

For the purposes of integrity, I wish to disclose that I am also a full-time employee of a council in New South Wales, where am I employed in the capacity of Acting Internal Ombudsman. The council in which I currently work is purposefully excluded from the sample of councils chosen for this research to avoid any potential bias blighting the study. I further emphasise that my research is being conducted solely for the purpose of my studies as a PhD candidate, and as such, it is an independent, analytical exploration of how corruption is perceived and addressed in local government in the state of New South Wales.

Project Title: How corruption is perceived and addressed in local government

General Outline of the Project:

Description and Methodology

This thesis will seek to explore how corruption is perceived and addressed within local government in the state of New South Wales (NSW). In a state comprising 152 general purpose councils, this thesis will seek to ascertain the degree to which local government is susceptible to corruption, why this may be so, and whether there are appropriate mechanisms in place to address corruption. It aims to provide a deeper understanding

of the social issues that help or hinder the effective establishment of anti-corruption initiatives in local government.

Using a multi-method approach to data collection, the first stage of the research design involves issuing questionnaires to all appointed officials within and across a diverse array of councils in NSW. Subsequent stages of research include an analysis of all publically reported investigations carried out by the NSW Independent Commission Against Corruption (ICAC), and semi-structured interviews with a range of key stakeholders who have been involved in, or who have a vested interest in, addressing corruption within local government.

It is envisaged that the first stage of research, for which I am seeking your input, is a crucial element of this study. The perceptions and experiences of local government officials will provide first hand, but confidential, empirical data on whether there are risks and opportunities for corruption to occur within local government and whether there is a genuine willingness on the part of the council, and appropriate mechanisms in place, to address it effectively.

Participants

A sample of councils have been chosen in NSW, based on a number of factors, including, but not limited to, their size, population demography, geographical location and financial sustainability. At each of these sampled councils, the General Manager is being asked to send, on my behalf, an online, self-complete survey, to all appointed officials within her or his respective council. The survey itself is entirely voluntary and it will not identify any respondent. Moreover, those partaking in the study are free to disregard any question they feel is inappropriate or irrelevant. There is no bias in the distribution of the questionnaire: it will capture the perceptions and experiences of appointed officials, regardless of their contractual role, their length of service or level of seniority.

Use of Data and Feedback

No specific feedback will be provided to participants in the on-line survey. Aggregated results will be in the public domain in the form of the final manuscript, and possibly also in any resulting academic publications, conference papers or presentations. Any publication or presentation of the results will not identify any individual who has participated in this research.

Participant Involvement:

Voluntary Participation and Withdrawal

The online survey will inform all participants that the questionnaire is entirely **voluntary**. Participants may, without any sanction, decline to take part or withdraw from the research at any time without providing an explanation, and/or refuse to answer a question. If they do withdraw, the data completed up until that point will be captured by the questionnaire but there will be no indication that a particular participant has withdrawn. As previously stated, the questionnaire is completely confidential and no participant will be identifiable to the researcher or to the employer.

What will participants have to do?

The participants will be asked to complete an online self-complete questionnaire.

Location and Duration

Participants are given six weeks to complete the survey, in their own time and at their own pace. There will be an option provided to 'save' responses and to finalise the survey at a convenient time. In its entirety, the survey should take between 10 and 15 minutes to complete.

Incentives

There will be *no* incentives, financial or otherwise, offered to participants undertaking the questionnaire. Participants will only be provided with details outlining the benefits of their involvement in this survey prior to taking part, and how their contribution will inform the broader research thesis, which will improve the effectiveness of anti-corruption measures across local government in the state of NSW.

Risks

There is no risk attendant on this research. Participants are not obliged to inform their line manager or any other person that they have taken part in the survey and all employees are encouraged to complete the questionnaire. As only aggregated data will be used in the final manuscript, no identifying features will be present that would pose a risk to any person completing the questionnaire.

Implications of Participation

Every care has been taken to ensure that participants will *not* be identifiable and prospective participants will be informed that if they decline participation there will be no personal effects. Participants will be invited to give honest, accurate responses and will be reassured that there will be no adverse or legal effects in so doing.

The lead researcher's contact details, and the contact details of his doctoral supervisor and ANU's Human Research Ethics Committee (HREC), will be on the questionnaire should any participant wish to voice their concerns about a perceived risk in participation or anything else to do with the survey.

Confidentiality

As the chief investigator of this research study, only I will have direct access to the material provided by the participants. As only aggregated data will be presented when the responses are received, there will be no way of identifying any of the participants. Participating councils and their staff will not be identifiable in the final thesis or in any associated reports, conference papers, presentations or academic publications.

Data Storage

The data will be held by me, as the lead researcher, on a password protected data storage unit in accordance with ANU's 'Responsible Practice of Research Policy' for a minimum of five years from publication of the final thesis.

Queries or concerns:

Contact Details for More Information:

Participants will be given the lead researcher's contact telephone number and ANU email address should they wish to raise any concerns or queries about the study. This contact will be available at the time the survey is launched and for the full six weeks that the survey is live. Participants will also be supplied with the contact details of the lead researcher's supervisor and the HREC if they have any ethical concerns.

Ethics Committee Clearance:

If you agree to engage the employees of your Council in this research, an Ethics Research form will be submitted to the HREC, prior to the commencement of the survey. Subject to approval by the HREC, their details will be included on the survey, along with the corresponding Protocol number.

The following statement will appear on the Participant Information Sheet issued to participants:

If you have any concerns or complaints about how this research has been conducted, please contact:

Ethics Manager

The ANU Human Research Ethics Committee

The Australian National University

Telephone: +61 2 6125 3427

Email: ***Human.Ethics.Officer@anu.edu.au***

Appendix 5 – Council remittance slip

Remittance Slip

PhD research project: How corruption is perceived and addressed in local government

Please send the completed remittance slip to Allan Yates at *u5444260@anu.edu.au* by Friday 6 February 2015.

I confirm that I have received a formal written request from Mr Allan Yates, PhD candidate at the Australian National University (ANU), requesting my participation in circulating to all staff within my Council an online, self-complete questionnaire, in relation to his PhD research project.

Please see below and complete as appropriate.

I **DO** agree to participate in this research, by being the point of contact for

Mr Yates's request for his survey and forwarding it to all employees within my Council with a covering message and a link to the online survey.

Signed: ………………………………………………………………………………………………………

Name: ………………………………………………………………………………………………………

Role: ………………………………………………………………………………………………………

Council: ………………………………………………………………………………………………………

If you would prefer the covering email message and link to be sent to another person or delegate with Council for action, please nominate their details below, otherwise leave blank.

Name: …………………………………………………………………………………………………

Role: …………………………………………………………………………………………………

Their contact details: Tel: …………………………… / Email: ……………………………………………

I **DO NOT** agree to participate in this research.

Signed: …………………………………………………………………………………………………

Name: …………………………………………………………………………………………………

Role: …………………………………………………………………………………………………

Council: …………………………………………………………………………………………………

Optional: If you would like to elaborate on your decision, please feel free to indicate your reason(s) below:

…….....

…….....

…….....

Appendix 6 – Survey participant information sheet (sent to participating councils with survey hyperlink)

Participant Information Sheet

Researcher:

My name is Allan Yates and I am a PhD candidate in the Research School of Sociology at the Australian National University (ANU).

For the purposes of integrity, I wish to disclose that I am also a full-time employee of a council in New South Wales, where am I employed in the capacity of Acting Internal Ombudsman. The council in which I currently work is purposefully excluded from the sample of councils chosen for this research to avoid any potential bias blighting the study. I further emphasise that my research is being conducted solely for the purpose of my studies as a PhD candidate, and as such, it is an independent, analytical exploration of how corruption is perceived and addressed in local government in the state of New South Wales.

Project Title:

How corruption is perceived and addressed in local government

General Outline of the Project:

- *Description and Methodology:*

This thesis will seek to explore how corruption is perceived and addressed within local government in the state of New South Wales (NSW). In a state comprising 152 general purpose councils, this thesis will seek to ascertain the degree to which local government is susceptible to corruption, why this may be so, and whether there are appropriate mechanisms in place to address corruption. It aims to provide a deeper understanding

of the social issues that help or hinder the effective establishment of anti-corruption initiatives in local government.

Using a multi-method approach to data collection, the first stage of the research design involves issuing questionnaires to all appointed officials within and across a diverse array of councils in NSW. Subsequent stages of research include an analysis of all publicly reported investigations carried out by the NSW Independent Commission Against Corruption (ICAC), and semi-structured interviews with a range of key stakeholders who have been involved in, or who have a vested interest in, addressing corruption within local government.

It is envisaged that the first stage of research, for which I am seeking your participation, is a crucial element of this study. The perceptions and experiences of local government officials will provide first hand, but confidential, empirical data on whether there are risks and opportunities for corruption to occur within local government and whether there are appropriate mechanisms in place to address it effectively.

- *Participants:*

A sample of councils have been chosen in NSW, based on a number of factors, including, but not limited to, size, population demography, geographical location and financial sustainability. Your General Manager has been informed of the purpose of this study and has agreed to engage Council in this research project by sending or publishing, on my behalf, an online, self-complete survey, to appointed officials within Council.

The survey itself is *entirely voluntary* and will not identify any respondent. Moreover, you, as a participant, are free to disregard any question that you feel is inappropriate or irrelevant. There is no bias in the distribution of the questionnaire: it will capture the perceptions and experiences of appointed officials, regardless of their contractual role, their length of service or level of seniority.

- *Use of Data and Feedback:*

No specific feedback will be provided to participants in the on-line survey. Aggregated results will be in the public domain in the form of the final manuscript, and possibly also in any resulting academic publications, conference papers or presentations. Any publication or presentation of the results will not identify any individual who has participated in this research.

Participant Involvement:

- *Voluntary Participation & Withdrawal:*

The online survey informs you that the questionnaire is entirely **voluntary**. You may, without any sanction, decline to take part or withdraw from the research at any time without providing an explanation, and/or refuse to answer a question. If you do withdraw, the data completed up until that point will be captured by the questionnaire but there will be no indication that you have withdrawn. As previously stated, the questionnaire will not identify you to the researcher or your employer.

- *What does participation in the research request of you?*

You will be invited to complete an online self-complete questionnaire.

- *Location and Duration:*

The survey will be open for six weeks for you to complete in your own time and at your own pace. In its entirety, the survey should take between 10 and 15 minutes to complete.

- *Implications of Participation:*

Every care has been taken to ensure that you will *not* be identifiable and all participants are equally informed that if they decline participation there will be no personal effects. You are invited to give honest, accurate responses and please be reassured that there will be no adverse or legal effects in so doing.

As the lead researcher, my contact details, and those of my doctoral supervisor and the ANU's Human Research Ethics Committee (HREC), are on the questionnaire should you wish to voice your concerns about a perceived risk in participation, any psychological harm that may have been experienced, or anything else to do with the survey.

Confidentiality:

As the chief investigator of this research study, only I, as the lead researcher will have direct access to the material provided by you and other participants. As only aggregated data will be presented when responses are received, there will be no way of identifying you or any other participants. Participating councils and their staff will not be

identifiable in the final thesis or in any associated reports, conference papers, presentations or academic publications.

Data Storage:

The data will be held by me, as the lead researcher, on a password protected data storage unit in accordance with the ANU Code of Research Conduct, for a minimum of five years following any publications arising from the research.

Queries and Concerns:

- *Contact Details for More Information:*

If you would like to discuss any aspect of the questionnaire, or if you have any concerns or queries about the study, please contact the lead researcher, Mr Allan Yates: ***u5444260@anu.edu.au*** (0406 322866), or the research coordinator, Dr Gavin Smith: ***gavin.smith@anu.edu.au*** (02 6125 0323).

Ethics Committee Clearance:

The ethical aspects of this research have been approved by the ANU Human Research Ethics Committee (Protocol number: 2014/641). If you have any concerns or complaints about how this research has been conducted, please contact:

Ethics Manager

The ANU Human Research Ethics Committee

The Australian National University

Telephone: 02 6125 3427

Email: ***Human.Ethics.Officer@anu.edu.au***

Appendix 7 – Questionnaire categories

Section ONE: Questions 1 to 13

- Corruption in local government: the types of corruption that may be prevalent within local government and whether there are opportunities and risks for such conduct to occur in the respondent's line/place of work.

Section TWO: Questions 14 to 29

- Reporting corruption: the effectiveness of reporting arrangements, how corruption may be identified and to where such reports may be directed.

Section THREE: Questions 25 to 30

- Awareness of corruption and mechanisms to manage: awareness of corruption through Code of Conduct training, other ethics-related training and the effectiveness of alternative initiatives.

Section FOUR: Questions 31 to 38

- Demographic composition of participants: this included the participant's gender, age, salary range, and years of employment in local government.

Section FIVE: Questions 39 to 41

- Organisational characteristics: the nature of the business each participant works in, the type of activities they may execute in their role, and the workplace or locality that they primarily work within.

Appendix 8 – Online questionnaire

Australian National University

HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

Hello, and thank you for taking the time to complete this survey.

3%
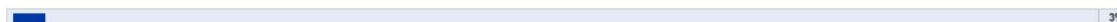
This is a survey that seeks to explore how corruption is perceived and addressed in local government in the state of New South Wales.

This survey elicits your attitudinal perceptions and personal experiences of corruption and corruption management within your workplace. It seeks to discover: what corruption is and what it means to you; how and why corruption transpires; whether certain corrupt acts may be more prevalent or pose a greater risk than others; the degree to which certain acts may be tolerated; whether sufficient initiatives (e.g. training protocols or incentivizing reporting) are in place to address corruption; and, whether enough is being done to promote the reporting and investigation of suspected corruption. As such, this research refers to the prospect of corruption at the operational level and not at the elected level which may implicate or involve Councillors and/or Mayor.

Regardless of your contract type, age, length of service, level of seniority or role within Council, your perspective is extremely important and your participation in this survey is immensely valued.

Please note that there are no right or wrong answers. The answers you do provide will be treated in strict confidence by the researcher, in accordance with privacy legislation and the ANU's 'Code of Research Conduct'. Accordingly, any information that you provide in this survey will **only** be used for research purposes and to inform public policy on corruption management.

Completed surveys will **not** be accessible by anybody else in your Council, or elsewhere in local government or the New South Wales public sector, and **no individual respondent will be identifiable.** The Human Research Ethics Committee at the ANU has approved this research and your Council has agreed to engage in this study by giving you the opportunity to undertake this survey.

In completing this survey, I invite you to be as honest and frank as possible in your response, and if you wish to elaborate on any answer, to give further explanation, or to add any comments, the survey will allow you to do this at various stages. You are not, however, obliged to embellish on any of your responses, this is entirely optional.

My sincere thanks in advance for participating in this important research.

Next

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University

HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

CORRUPTION IN LOCAL GOVERNMENT

6%
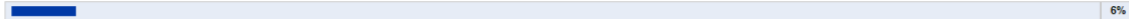
The following questions are about corruption in local government, the types of corruption that may be prevalent within local government, and whether there are opportunities and risks for such conduct to occur within your Council.

1. In your opinion, to what extent has the level of corruption <u>in local government in New South Wales</u> changed in the past 5 years. Has it ...?

(Please select one answer)

◯ Increased a lot
◯ Increased a little
◯ Stayed the same
◯ Decreased a little
◯ Decreased a lot
◯ Don't know
◯ Prefer not to say

If you would like to give any reason why you think this is, please state here:

[   ]

2. Do you feel that local government is <u>more susceptible</u> to corruption than other parts of the public sector?

(Please select one answer)

◯ Yes
◯ No
◯ Don't know
◯ Unable to say
◯ Prefer not to say

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Australian
National
University

HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

9%
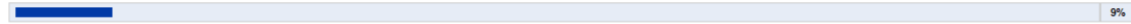
3. <u>Why</u> do you think that local government is more susceptible to corruption than other parts of the public sector?

○ Don't know

○ Prefer not to say

○ I think this because ....

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

12%

4. Listed below is a range of activities that may or may not occur in local government. To what extent do you consider each to be a corruption risk within <u>your Council</u>?

(Please rate each on a scale between 'major risk' and 'not a risk')

	Major risk	High risk	Medium risk	Low risk	Not a risk	Don't know / not applicable	Prefer not to say
Appointing personnel (e.g. favouritism to friends and family members, false resumes, false references/qualifications)	○	○	○	○	○	○	○
Buying goods or services	○	○	○	○	○	○	○
Delivering programs or services to the public	○	○	○	○	○	○	○
Regulatory / control activities (e.g. conducting inspections, licensing, regulation or issuing of permits)	○	○	○	○	○	○	○
Disposal and sale of organisational assets	○	○	○	○	○	○	○
Using discretionary powers (e.g. discretionary use of spot fines, emergency payments)	○	○	○	○	○	○	○
Ensuring compliance with procedures, policies and regulation, (e.g. circumvention or shortcutting of policies and/or procedures)	○	○	○	○	○	○	○
Partnerships with the private sector (e.g. joint ventures, public-private partnerships)	○	○	○	○	○	○	○
Sponsorship arrangements	○	○	○	○	○	○	○
Grant administration	○	○	○	○	○	○	○
Finance, accounting or payroll (e.g. false/inflated invoices, payroll abuse / timesheets/expenses/higher duties claims)	○	○	○	○	○	○	○
Development applications, approvals and compliance	○	○	○	○	○	○	○
Land rezoning	○	○	○	○	○	○	○
Using internal knowledge for personal or private gain (e.g. using knowledge gained within official capacity for private gain or to pursue external/outside interests)	○	○	○	○	○	○	○
Theft or misuse of Council resources (e.g. supplies, mobile phones, email, vehicles. Also, intellectual property)	○	○	○	○	○	○	○

Other (please specify)

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

16%

5. Please indicate whether you agree or disagree that your Council handles the risk of corruption well?

(Please select one answer)

○ Agree

○ Neither agree nor disagree

○ Disagree

○ Don't know

○ Prefer not to say

6. How would you rate the effectiveness of your Council's integrity framework?

Integrity framework: *'Demonstration of a systematic and comprehensive approach which advocates that a culture of integrity is promoted, adopted and adhered to, by all stakeholders within the organisation. Strong leadership ensures that ethics are maintained, that wrongdoing will not be tolerated, and that key values and principles are not just referred to but are demonstrably embedded in all working practices as the cornerstone of effective governance'.*

Very effective
Effective
Somewhat effective
Not that effective
Not effective at all
Don't know
Not aware of such a framework
Prefer not to say

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

19%

The questions below are about your observations on the following types of behaviour.

7. In your opinion, is there an opportunity for any of the following to occur in your Council?

(Please tick all that apply)

☐ Bribery

☐ Abuse of discretion

☐ Misuse of information or material (including equipment or resources owned by Council)

☐ Conflict of interest

☐ Preference given to hiring friends or family for Council jobs

☐ Perverting the course of justice

☐ Hiring one's own company, or the company belonging to close associates or relatives to provide public services

☐ Fraud

☐ Forgery and/or falsification of records or data

☐ Don't know

☐ Prefer not to say

☐ Other misconduct that you think may constitute corruption. (Please specify)

[_____]

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22%

8. Have you ever suspected any of the following to occur in your Council?

(Please tick all that apply)

☐ Bribery

☐ Abuse of discretion

☐ Misuse of information or material (including equipment or resources owned by Council)

☐ Conflict of interest

☐ Preference given to hiring friends or family for Council jobs

☐ Perverting the course of justice

☐ Hiring one's own company, or the company belonging to close associates or relatives to provide public services

☐ Fraud

☐ Forgery and/or falsification of records or data

☐ Don't know

☐ Prefer not to say

☐ Other misconduct that you think may constitute corruption. (Please specify)

[   ]

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

25%

9. Have you ever directly witnessed any of the following occurring in your Council?

(Please tick all that apply)

- [ ] Bribery
- [ ] Abuse of discretion
- [ ] Misuse of information or material (including equipment or resources owned by Council)
- [ ] Conflict of interest
- [ ] Preference to hiring friends or family for Council jobs
- [ ] Perverting the course of justice
- [ ] Hiring one's own company, or the company belonging to close associates or relatives to provide public services
- [ ] Fraud
- [ ] Forgery and/or falsification of records or data
- [ ] Don't know
- [ ] Prefer not to say

Other misconduct that you think may constitute corruption. (Please specify)

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

28%

10. What do you see as a possible emerging corruption risk(s) for <u>your Council</u> over the next 3 to 5 years?

(Please tick all that apply)

- [ ] Abuse of power / discretion
- [ ] Risks associated with outsourcing / awarding of contracts / grants
- [ ] Nepotism / Unfair recruitment / promotion processes
- [ ] Lack of resources / downsizing
- [ ] Inadequate levels of regulation / supervision / accountability
- [ ] Conflict of interest
- [ ] Disregard / violation / deterioration of policies and guidelines
- [ ] Don't know
- [ ] Prefer not to say
- [ ] Other (please specify)

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

31%

11. In your opinion, what would be the most potentially damaging act(s) of corruption that your Council could harbour?

(Please tick all that apply)

☐ Bribery

☐ Abuse of discretion

☐ Misuse of funds

☐ Conflict of interest/personal interest

☐ Perverting the course of justice

☐ Nepotism / Unfair recruitment / promotion processes

☐ Misuse of information or material

☐ Don't know

☐ Prefer not to say

☐ Other (please specify)

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

34%

The two questions below are about your perceptions on the current level of corruption.

12. To what extent do you feel that corruption exists within <u>your Council</u>? Do you think there is ...?

○ A lot

○ Some

○ Little

○ None

○ Don't know

○ Prefer not to say

If you would like to give any reason for why you think this, please state here:

[   ]

13. Compared to other councils in New South Wales, do you think the level of corruption in your Council is ...?

○ Much lower

○ Lower

○ About the same

○ Higher

○ Much higher

○ Don't know

○ Prefer not to say

If you would like to give any reason for why you think this is, please state here:

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

REPORTING CORRUPTION

38%

Thank you for answering the previous questions in relation to corruption in local government.

The following questions are about the effectiveness of reporting arrangements, how corruption may be identified and to where such reports may be directed.

14. Have you ever personally reported behaviour or activity which you suspected to be corrupt in your capacity as a public official?

(Please select one answer)

◯ Yes
◯ No
◯ Prefer not to say

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41%
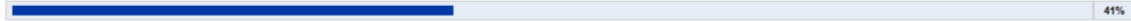
15. Was your report made …?

(Please select one answer)

○ Internally

○ Externally

○ Prefer not to say

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University

44%

16. In your view, was your report dealt with effectively?

(Please select one answer)

- ◯ Yes
- ◯ No
- ◯ Don't know
- ◯ I wasn't given sufficient information or feedback to be able to answer this question
- ◯ Prefer not to say

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

47%

17. Have you ever thought about reporting corrupt behaviour or activity in your Council, but decided not to?

(Please select one answer)

○ Yes
○ No
○ Prefer not to say

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

50%

18. If you decided _not to_, what was your reason for this?

(Please tick all that apply)

- [ ] I didn't know who to report it to
- [ ] I was discouraged from doing so
- [ ] I didn't feel that I had enough evidence to support my suspicion
- [ ] I thought it best to say nothing
- [ ] I didn't think anyone would take me seriously
- [ ] I was worried about being branded a trouble maker
- [ ] I didn't feel that it was my responsibility to speak up
- [ ] None of the above, I just decided not to
- [ ] Prefer not to say
- [ ] Other (please specify)

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

53%

19. Does <u>your Council</u> have an in-house point-of-contact to whom suspicions of corruption can be made to, such as an Internal Ombudsman or a Conduct Coordinator?

(Please select one answer)

◯ Yes
◯ No
◯ Don't know
◯ Prefer not to say

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

56%

20. If you had a suspicion of corruption, would you feel comfortable speaking to your in house point-of-contact in person about it?

(Please select one answer)

○ Yes
○ No
○ Don't know
○ Prefer not to say

If you would like to give any reason for why you think this or add anything further, please state here:

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

59%

21. If you suspected or witnessed corrupt activity within <u>your Council</u>, to whom would you report this?

(Please tick all that apply)

- ○ My manager
- ○ Human Resources
- ○ General Manager / Chief Executive Officer
- ○ Governance Manager
- ○ Public Officer
- ○ Internal Ombudsman / Professional Conduct Coordinator
- ○ An external agency, such as the Independent Commission Against Corruption (ICAC)
- ○ No one, I would stay silent
- ○ Don't know
- ○ Prefer not to say
- ○ Other (please specify)

[   ]

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62%

22. If you thought corruption was present within your Council, on what basis would you report this? Would it be ...

(Please select one answer)

○ On a suspicion of corruption

○ With actual evidence of corruption

○ Don't know

○ Prefer not to say

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

66%

23. If you were to report corruption to a person within your Council, are you confident that you would be protected from associated reprisal action?

(Please select one answer)

○ Yes
○ No
○ Don't know
○ Prefer not to say

If you would like to give a reason why you think this or add anything further, please state here:

[   ]

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

69%

24. Do you think that <u>your Council</u> does enough to encourage employees to speak up against corruption?

(Please select one answer)

○ Yes
○ No
○ Don't know
○ Prefer not to say

If you would like to give a reason why you think this or add anything further, please state here:

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

AWARENESS OF CORRUPTION AND MECHANISMS TO MANAGE IT

72%

The following questions are intended to explore the effectiveness of efforts in raising the awareness of corruption.

25. Have you received Code of Conduct training since being employed by your Council?

○ Yes

○ No

○ Prefer not to say

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75%

26. How recently did you attend Code of Conduct training?

○ Within the last 12 months

○ Between 1 and 5 years ago

○ Over 5 years ago

○ Prefer not to say

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78%

27. Do you think that the Code of Conduct training you received <u>sufficiently</u> conveyed the importance of having a workplace culture that rejects the idea of corruption as being acceptable?

◯ Yes

◯ No

◯ Prefer not to say

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

81%

28. Having completed Code of Conduct training, do you feel more or less inclined to report suspected corruption as a _direct result_ of your attendance on this training?

○ More

○ Less

○ No different

○ Prefer not to say

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University

84%

29. Have you received any other form of ethics training by your Council that may have covered issues such as integrity, fraud, corruption or misconduct?

○ Yes

○ No

○ Prefer not to say

If yes, please state what training you received (optional):

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

88%

30. In your opinion, what five initiatives could be implemented or improved upon to enhance or develop the anti-corruption culture within your Council?

(Please tick the top five initiatives that you think would have the most impact)

More or better training on how to identify, prevent and report corruption	○
Better reporting arrangements so that suspicions of corruption could be made confidentially with reassurance that protection is in place against possible reprisal action	○
More or improved policies and procedures to advise employees on what may constitute corruption, how to recognise it, and what to do about it	○
More or improved communication from the General Manager and/or other senior managers within Council on how corruption will not be tolerated	○
Raising of awareness through staff bulletins, internal communication, intranet, or similar	○
Publication of related examples of proven corruption	○
Tougher penalties for anyone who engages in corrupt conduct	○
Appropriate action taken against employees who condone or ignore known corrupt conduct	○
Recognition that corruption is a business risk to Council and managed as such	○
Visibility of an internal person who can independently investigate suspected corruption, such as an Internal Ombudsman, Conduct Coordinator, or a similar person	○
Don't know	○
Prefer not to say	○

Other (please specify)

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

DEMOGRAPHICS

91%

The next few questions are to help analyse the demographic composition of participants in this questionnaire. Please be reminded that responses will only be made available to the researcher and will not identify any participant.

31. Are you:

◯ Male
◯ Female
◯ Prefer not to say

32. Please state which age group you are in

◯ Under 40 years
◯ 40-54 years
◯ 55 years and over
◯ Prefer not to say

33. Please state which salary range your gross annual income falls into:

◯ Under $90,000
◯ Between $90,000 and $180,000
◯ Over $180,000
◯ Prefer not to say

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

DEMOGRAPHICS

91%

The next few questions are to help analyse the demographic composition of participants in this questionnaire. Please be reminded that responses will only be made available to the researcher and will not identify any participant.

34. Do you have managerial and/or supervisory responsibilities?

○ Yes

○ No

○ Sometimes

○ Prefer not to say

35. Please state what your highest educational attainment is or closely resembles

○ HSC (or equivalent)

○ TAFE diploma (or equivalent)

○ Undergraduate degree or a similar qualification

○ Postgraduate qualification

○ Prefer not to say

○ Other (please specify)

Australian National University

HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

94%

36. How many years have you been employed by your Council?

○ Under 2 years
○ 2-15 years
○ Over 15 years
○ Prefer not to say

37. How many years have you been employed in <u>local government</u> (including any current employment within your Council)?

○ Under 2 years
○ 2-15 years
○ Over 15 years
○ Prefer not to say

38. How many <u>different</u> Councils have you worked for in total?

○ 1
○ More than 1
○ Prefer not to say

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HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

ORGANISATIONAL CHARACTERISTICS

97%

Given the diverse range of services that councils deliver in the state of NSW, and how each may operate differently according to geographical variations and contrasting operating principles, the following questions are intended to broadly understand the nature of the business you work within and the type of activities you may execute in your role.

Please answer each of the following three questions as best you can, however, if there is no obvious choice from the list below, please specify your business area in your own words in the free text box which is the last option of each question.

39. How would you best describe the core business of the department that you work in?

(Please select one option)

○ Executive

○ Environment (e.g. Regulation, Enforcement, Compliance, Development Assessment/Certification, Strategy and Planning, Roads Traffic and Waste, Parks Reserves Sportsfields and Foreshores)

○ Infrastructure and Works (if not listed above or if your business area is better defined here)

○ Community (e.g. Customer Services, Libraries, Community Services, Theatres, Aquatic Centres)

○ Corporate services (e.g. HR, Payroll, Finance, Legal, Audit, Risk, IMT, etc.)

○ Prefer not to say

○ Other (please specify)

[   ]

40. How would you best describe or define the activities in your role?

(Please tick all that apply)

☐ Operations (including frontline delivery of services)

☐ Primarily with external stakeholders (e.g. Procurement / Contract management)

☐ With internal and external stakeholders (e.g. Finance, Development Assessment/Certification)

☐ Primarily with internal stakeholders / staff (e.g. IMT, HR)

☐ Policy, Governance, Risk, Audit, Ombudsman or Legal (or similar)

☐ Prefer not to say

☐ Other (please specify)

[   ]

HOW CORRUPTION IS PERCEIVED AND ADDRESSED IN LOCAL GOVERNMENT

ORGANISATIONAL CHARACTERISTICS

97%

Given the diverse range of services that councils deliver in the state of NSW, and how each may operate differently according to geographical variations and contrasting operating principles, the following questions are intended to broadly understand the nature of the business you work within and the type of activities you may execute in your role.

Please answer each of the following three questions as best you can. however. if there is no obvious choice from the list below. please specify your business area in your own words in the free text box which is the last option of each question.

41. How would you best describe the workplace or locality that you work within primarily as part of your job role?

(Please tick all that apply)

☐ Main building (e.g. Payroll / Customer Service)

☐ Service location (e.g. Aquatic Centres / Libraries / Children's Centres / Recreational Centres / Beaches)

☐ Inside

☐ Outside

☐ Different locations (e.g. Maintenance of parks and Sportsfields)

☐ Mobile for most of the day (e.g. Garbage collection / Rangers)

☐ Sometimes outside (e.g. Development Assessments / Environmental Health Inspections)

☐ Prefer not to say

☐ Other (please specify)

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OPTIONAL COMMENT

100%

42. If there is anything that you would like to add, by way of a free narrative, that hasn't been covered by any of the questions in this survey, please feel free to do so here in your own words:

Prev   Done

Appendix 9 – Composition of participating councils

Council reference number	FSR	Outlook[a]	Council type classification[b]	Infrastructure management	Number of FTE staff	Size of population serviced by council	Geographical size of LGA (sq.km)[c]	SEIFA[d] Ranking	Internal ombudsman[e]	Involved in an ICAC investigation
Council 1	Moderate	Neutral	Metropolitan	Moderate	Over 1000	Over 200k	51 to 500	Below average		
Council 2	Weak	Positive	Metropolitan	Moderate	Under 200	Under 50k	Under 50	High	Yes	Yes
Council 3	Moderate	Neutral	Metropolitan Fringe	Strong	200 to 500	50k to 100k	51 to 500	High		
Council 4	Moderate	Neutral	Metropolitan	Weak	Under 200	Under 50k	Under 50	High		
Council 5	Moderate	Neutral	Metropolitan	Strong	200 to 500	50k to 100k	Under 50	Above average	Yes	
Council 6	Moderate	Neutral	Regional Town/City	Moderate	200 to 500	50k to 100k	501 to 2000	Average		
Council 7	Moderate	Neutral	Metropolitan	Weak	200 to 500	100k to 200k	Under 50	Above average		Yes
Council 8	Sound	Negative	Metropolitan	Moderate	500 to 1000	100k to 200k	Under 50	High		Yes
Council 9	Strong	Negative	Rural	Very Strong	Under 200	Under 50k	Over 2000	Below average		
Council 10	Moderate	Neutral	Regional Town/City	Moderate	500 to 1000	Over 200k	501 to 2000	Above average	Yes	Yes

[a] FSR and Outlook groupings assigned by Treasury Corporation (TCorp) (2013, pp. 17-18).
[b] Council type classification (DLG NSW, 2013, pp. 350-351).
[c] Number of FTE staff, Size of population serviced by Council and Geographical size of LGA ascertained from *Comparative Information on NSW Local Government* (DLG NSW, 2014).
[d] Low = 1–30; Below average = 31–60; Average = 61–90; Above average = 91–120; High = 121–152. SEIFA 'uses a broad definition of relative socio-economic disadvantage in terms people's access to material and social resources, and their ability to participate in society' (DLG NSW, 2013, p. 344).
[e] Appointment of Internal Ombudsman at the time the survey was issued.

Appendix 10 – Demographic composition of questionnaire respondents

Gender representation

Gender representation was quite evenly matched, with half of all respondents being male (50%) and just under half (44%) being female; 6% of respondents preferred not to say (Figure A10.1). The gender representation was closely aligned with the gender balance in the local government workforce as a whole, of which 46% are women and 54% are men (DLG NSW, 2011, p. 7; Hastings et al., 2015, p. v).
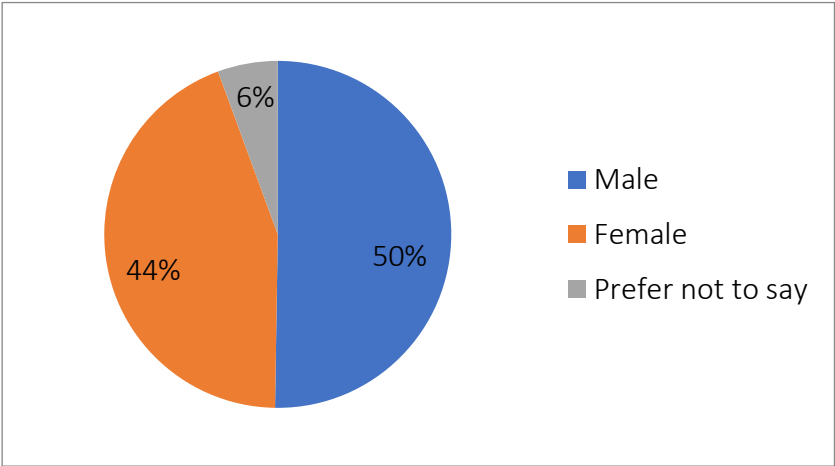
Figure A10.1. Gender representation of respondents (n=197)

Age representation

Nearly half (46%) of all respondents were aged between 40 and 54 years (Figure A10.2). Of those respondents who stated which age category they fell into, a quarter (25%) were under 40 years of age and just under a quarter (22%) over 55 years of age. While this split is not directly comparable with the categorisation tables published by the OLG, this is a good representation across the age range, considering that half of the government workforce in NSW is aged between 35 and 54 years (DLG NSW, 2011, p. 13). The representation of respondents who are aged over 55 years is reflective of local government in general, which tends to have a workforce that is ageing and older in comparison to other government and industry sectors' (Hastings et al., 2015, p. v).
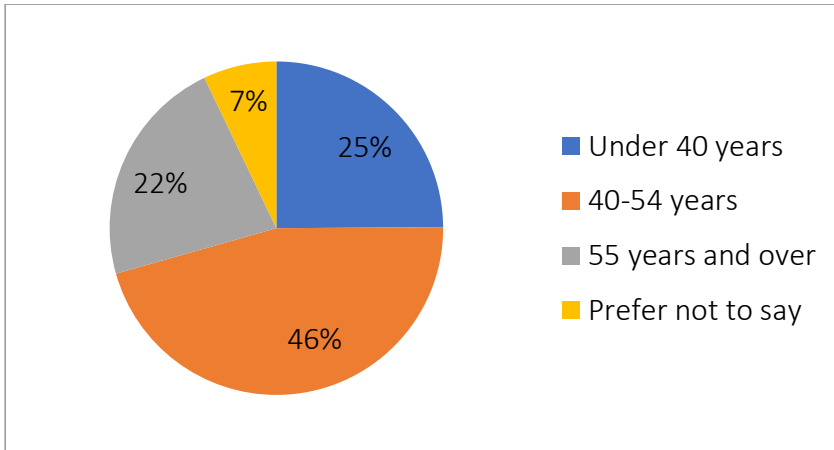
Figure A10.2. Age range of respondents (n=197)

Income representation

Almost half (49%) of the respondent base earned less than $90,000 per annum (Figure A10.3).
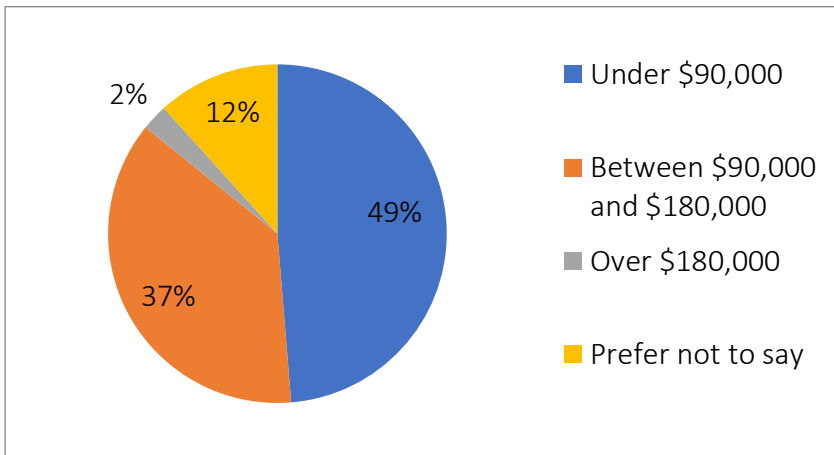
Figure A10.3. Salary range of respondents (n=197)

Core business of departments in which respondents worked

There was a balanced representation of respondents from various business departments, with Community featuring as the core service that the majority of respondents worked within (Figure A10.4).
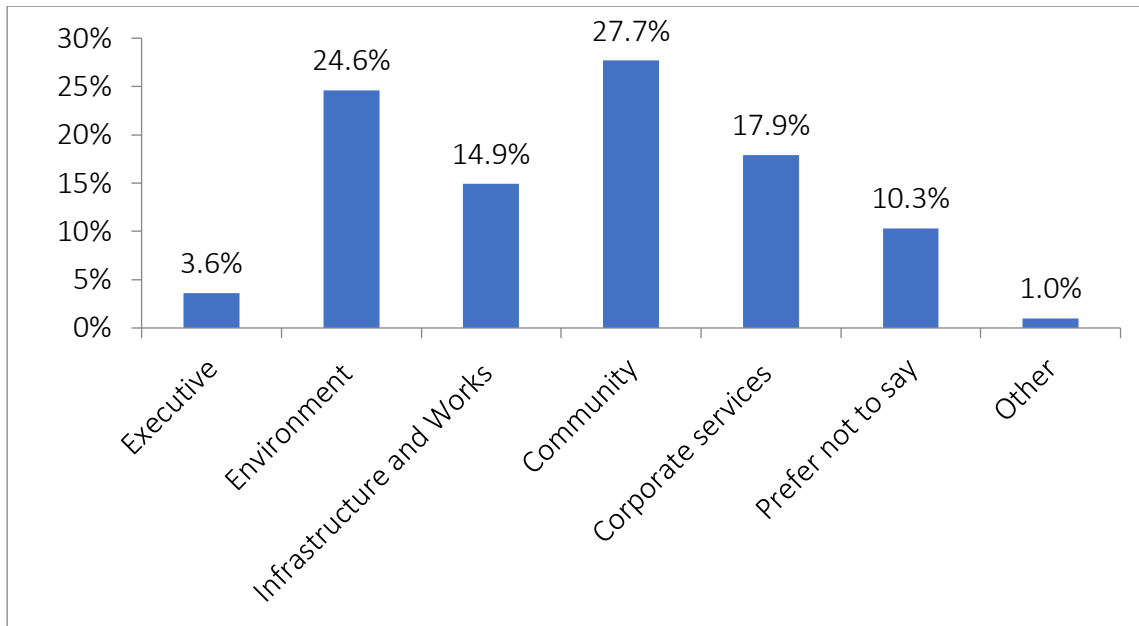
Figure A10.4. Core business of respondent's' departments (n=195)

A typology devised by the Australian Centre of Excellence for Local Government (ACELG), within the University of Technology, Sydney, consigns local government occupations to four streams similar to the ones that respondents have identified in Figure A10.4, with the exception of Executive (Hastings et al., 2015, p. 8).[1] While caution should be exercised against making any direct comparison, the ACELG classification recognises that there is an extensively diverse gender differentiation between occupation streams which is worthy of acknowledgement as a demographic trait within local government; by way of example, females account for less than 10% of employees within Engineering[2] but are more likely to work within Corporate Services (65%) or within Community (78%)[3] (Hastings et al., 2015, pp. 8-9). Jobs within Corporate Services might be closely aligned with governance/administration functions, hence would arguably have a degree of broader understanding about the frameworks that apply within local government. Within Community, these may include community centre coordinators or managers, community development or engagement coordinators/managers/officers; that is, frontline council officials who have an inherently public interaction and integration role. Notwithstanding the nature of this

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[1] The ACELG has divided local government occupations into the following four streams: (1) Planning and environment; (2) Engineering/infrastructure; (3) Human/community services; and (4) Corporate services/governance.
[2] Referred to as *Engineering/infrastructure* in the ACELG Report.
[3] Respectively referred to as *Corporate services/governance* and *Human/community service* in the ACELG Report.

gender difference, Figure A10.1 indicates that the gender pool is analogous with the local government workforce as a whole generally.

As shown in Figure A10.5, the vast majority of respondents have worked for local government for more than 2 years, with nearly half (a total of 89) working in local government for more than 15 years. More than a third of respondents (a total of 82) claimed to have worked at one council while half (a total of 97) claimed to have worked at more than one council. The remainder of respondents preferred not to say how many councils they had worked for or for how long.
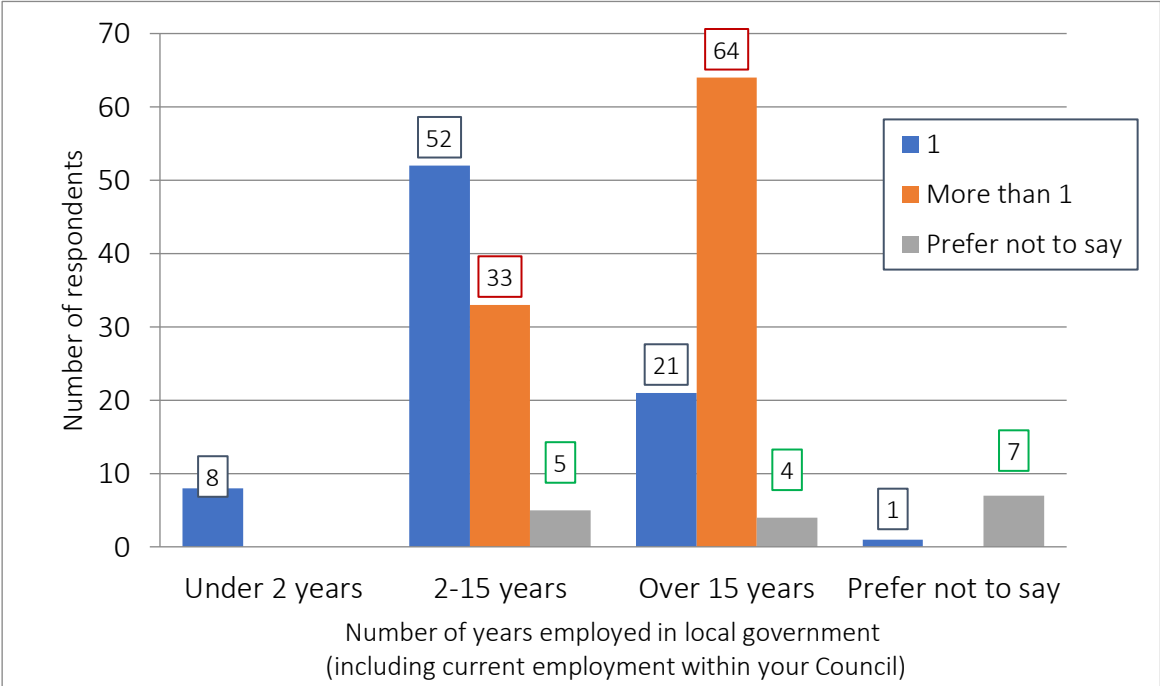
Figure A10.5. Cross-tabulation between respondents' length of service and number of different councils worked for (n=195)

Appendix 11 – Covering letter sent to potential interviewees

Australian National University

Allan Yates, PhD Candidate,
Research School of Sociology,
College of Arts and Social Sciences,
C/- Australian National University
Tel: [redacted]
Email: *allan.yates@anu.edu.au*

Mr/Ms (Name)
(Address)
(PO Box number)
(Town / City)
(State / postcode)

22 December 2015

Request to be interviewed in relation to a PhD study exploring how corruption is perceived and addressed in local government

Dear [recipient],

I am a PhD candidate in Sociology, affiliated with the College of Arts and Social Sciences at the Australian National University (ANU). I am writing to you to request your participation in a semi-structured interview as part of my doctoral research project.

This is the second stage of this research project, which is seeking to explore how corruption is perceived and addressed in local government. Participants that have been involved in, or who have a vested interest in, addressing the prospect of corruption within local government have been selected for participation in this aspect of my study. This aspect of the study will provide thick, rich descriptive insights to complement quantitative data acquired so far.

The interview is *entirely voluntary*, and will elicit a deeper understanding about social issues that help or hinder the effective establishment of anti-corruption initiatives in local government.

Your participation would be greatly appreciated in what will be an entirely independent social study of perceptions of corruption in local government and strategies of redress. This survey is an integral part of my doctoral thesis which, when completed, will assist in providing all councils with complimentary information and knowledge on best practice in creating a corruption resistant local government.

At this stage, I ask you to kindly let me know whether you would be willing or unwilling to participate in this research. As such, I would be grateful if you could complete the attached consent form and return a scanned, electronic copy to me at my ANU email address, which is listed at the top of this letter, by **COB Friday, xxx 2015**.

On agreeing to participate in this research, please be advised that you will be given opportunities to ask questions about the project before, during and after the interview. You are also welcome to decline or withdraw from the interview at any time, without providing an explanation, and/or choose not to answer a question.

If you are agreeable to this request, I will contact you by telephone to arrange an interview at a mutually convenient time and place. The interview itself will take up to one hour and the total time requested of you will not exceed two hours.

I have attached a Participant Information Sheet for your information. Although fairly formal and verbose, it does nevertheless ensure that this research adheres to the very rigorous ethical standards set by the ANU, Australia's leading research university. The Participant Information Sheet is available to you should you wish to know more about how data will be held, for what purpose the data is being sought and processes of ensuring confidentiality. This further includes my contact details, as well as those of my doctoral supervisor's and the Human Research Ethics Manager at the ANU, should you have any queries or concerns.

If you would like to discuss any aspect of my research proposal, or if you would simply like further information before deciding whether or not to participate, please do not hesitate to let me know. Otherwise, thank you very much for taking the time to read my request and I look forward to hearing from you.

Yours sincerely,

Allan Yates

Encs.   1) Participant Information Sheet (3 pages)

2) Consent form, for return by **COB Friday, xxx 2015**

Appendix 12 – Interview participant information sheet (sent to potential interviews)

Australian National University

Participant Information Sheet

Researcher:

My name is Allan Yates and I am a PhD candidate in the Research School of Sociology at the Australian National University (ANU).

For the purposes of integrity, I wish to disclose that I am also a full-time employee of a council in New South Wales, where am I employed in the capacity of Acting Internal Ombudsman. This research is being conducted solely for the purpose of my studies as a PhD candidate, and as such, it is an independent, analytical exploration of how corruption is perceived and addressed in local government in the state of New South Wales.

Project Title: How corruption is perceived and addressed in local government

General Outline of the Project:

- *Description and Methodology:*

This thesis will seek to explore how corruption is perceived and addressed within local government in the state of New South Wales (NSW). In a state comprising 152 general purpose councils, this thesis will seek to ascertain the degree to which local government is susceptible to corruption, why this may be so, and whether there are appropriate mechanisms in place to address corruption. It aims to provide a deeper understanding of the social issues that help or hinder the effective establishment of anti-corruption initiatives in local government.

Using a multi-method approach to data collection, this stage of the research project is qualitative and comprises semi-structured interviews with a range of key stakeholders who have been involved in, or who have a vested interest in, addressing corruption within local government.

It is envisaged that this stage of research, for which I am seeking your input, is a crucial element of this study and will add a richer, thicker description to data acquired so far.

- *Participants:*

The participant pool comprises a range of individuals who have been involved in, or have a vested interest in, addressing the prospect of corruption in local government. These participants will have different associations and views of the subject matter, based on their respective vocations, standpoints and level of exposure, so it is anticipated that a broad spectrum of opinions will be acquired. Through snowball sampling, participants may be identified throughout the initial stages of this aspect of research and invited to participate.

Use of Data and Feedback

A summary of the results will be made available to each participant. Results will be available in the public domain in the form of the final manuscript, and possibly also in any resulting academic publications. In any academic publications or in the final manuscript, individuals will not be identified.

Participant Involvement:

Voluntary Participation and Withdrawal

Participation in this research is entirely voluntary. You may, without any sanction, decline to take part or withdraw from the research at any time without providing an explanation, and/or refuse to answer a question. If you withdraw during the interview process, you further have the option of withdrawing your account if you wish.

What does participation in the research request of you?

You will be invited to participate in an electronically recorded semi-structured interview. The recorded interview will subsequently be transcribed and you will be provided with a full verbatim transcript of your interview. Both the transcript and the audio recording will only be used for the purpose of this research and will be held on a password protected data storage facility by the lead researcher.

Location and Duration

The interview will be conducted with you at a time and place that is mutually agreeable. The interview itself will take no more than one hour and the total time requested of you in this research is no more than two hours.

Benefits

This research will improve understanding of social factors that help or hinder the effective establishment of anti-corruption initiatives, and as such, will have the potential to inform and enhance policy development in this area.

Implications of participation

If you decline participation, there will be no adverse personal effects. Your perspective is greatly valued, and as such, you are invited to give honest, accurate responses in your interview and you are reassured that there will be no adverse or legal effects in so doing.

As the lead researcher, my contact details, and those of my doctoral supervisor and the ANU's Human Research Ethics Committee (HREC), are at the bottom of this Participant Information Sheet, should you wish to voice your concerns about a perceived risk in participation, any psychological harm that may have been experienced, or anything else to do with the interview.

Confidentiality:

As the chief investigator of this research study, only I, as the lead researcher, will have direct access to the material provided by you and other participants. You will not be personally identifiable in the final manuscript or any resulting publications. Responses given will be coded and categorised and referred to under a pseudonym in the publication of results.

Data Storage:

The data will be held by me, as the lead researcher, on a password protected data storage unit in accordance with the ANU Code of Research Conduct, for a minimum of five years following any publications arising from the research.

Queries and Concerns:

Contact Details for More Information

If you would like to discuss any aspect of the interview, or if you have any concerns or queries about the study, please contact:

Lead researcher, Mr Allan Yates: ***allan.yates@anu.edu.au***

Research coordinator, Dr Gavin Smith: ***gavin.smith@anu.edu.au***

Ethics Committee Clearance:

The ethical aspects of this research have been approved by the ANU Human Research Ethics Committee (Protocol number: 2015/654). If you have any concerns or complaints about how this research has been conducted, please contact:

Ethics Manager
The ANU Human Research Ethics Committee
The Australian National University
Telephone: +61 2 6125 3427
Email: *Human.Ethics.Officer@anu.edu.au*

Appendix 13 – Interview consent form

Australian National University

Consent form

PhD research project: How corruption is perceived and addressed in local government

I consent to participate in an electronically recorded interview by Mr Allan Yates, PhD candidate at the Australian National University (ANU), in relation to his PhD research project.

I have been provided with a Participant Information Sheet and understand that I may decline to participate without adverse personal effect. I further understand, that I may choose not to answer any question during the interview process, should I wish, or terminate the interview.

I understand that I will be provided with a transcript of the interview. I understand that I will not be personally identifiable in the any results emerging from this interview process, but may be referred to under a pseudonym in any publication that may arise from this research.

I **DO / DO NOT*** agree to participate in an electronically recorded interview for the purpose of this PhD research project (***Please circle as appropriate**)

Signed: ………

Name: ………

Role: ……

Contact details:

Tel: …………………………………………………… / Email: ……………………………………………………

Optional: If you would like to elaborate on your decision, please feel free to indicate your reason(s) below:

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Appendix 14 – Elaboration of reasons for using mixed methods

In coding the justifications for combining quantitative and qualitative research, two different schemes were employed. First, the influential scheme devised in the context of evaluation research by Greene and colleagues (1989) was used.

This scheme isolates five justifications for combining quantitative and qualitative research:

1. **Triangulation** seeks convergence, corroboration, correspondence or results from different methods. In coding triangulation, the emphasis was placed on seeking corroboration between quantitative and qualitative data (Greene et al., 1989, p. 259).

2. **Complementarity** 'seeks elaboration, enhancement, illustration, clarification of the results from one method with the results from another' (Greene et al., 1989, p. 259).

3. **Development** 'seeks to use the results from one method to help develop or inform the other method, where development is broadly construed to include sampling and implementation, as well as measurement decisions' (Greene et al., 1989, p. 259).

4. **Initiation** 'seeks the discovery of paradox and contradiction, new perspectives of frameworks, the recasting of questions or results from one method with questions or results from the other method' (Greene et al., 1989, p. 259).

5. **Expansion** 'seeks to extend the breadth and range of enquiry by using different methods for different inquiry components' (Greene et al., 1989, p. 259).

This scheme has been quite influential and was employed by Niglas (2010) in her examination of education research articles. In their analysis of evaluation research articles, Greene and colleagues (1989) coded each article in terms of a primary and a secondary rationale. An advantage of the Greene et al. scheme is its parsimony, in that it boils down the possible reasons for conducting multi-strategy research to just five reasons, although the authors' analysis revealed that initiation was uncommon. A disadvantage is that it allows only two rationales to be coded (primary and secondary).

Accordingly, a more detailed but considerably less parsimonious scheme was devised. It was based on an extensive review of the kinds of reasons that are frequently given in both methodological writings and research articles for combining quantitative and qualitative research. The scheme provided for the following rationales:

a. *Triangulation or greater validity* – refers to the traditional view that quantitative and qualitative research might be combined to triangulate findings in order that they may be mutually corroborated. If the term was used as a synonym for integrating quantitative and qualitative research, it was not coded as triangulation (Bryman, 2006, p. 105).

b. *Offset* – refers to the suggestion that the research methods associated with both quantitative and qualitative research have their own strengths and weaknesses so that combining them allows the researcher to offset their weaknesses to draw on the strengths of all.

c. *Completeness* – refers to the notion that the researcher can bring together a more comprehensive account of the area of enquiry in which they are interested if both quantitative and qualitative research are employed.

d. *Process* – quantitative research provides an account of structures in social life but qualitative research provides sense of process.

e. *Different research questions* – this is the argument that quantitative and qualitative research can each answer different research questions but this item was coded only if authors explicitly stated that they were doing this.

f. *Explanation* – one is used to help explain findings generated by the other.

g. *Unexpected results* – refers to the suggestion that quantitative and qualitative research can be fruitfully combined when one generates surprising results that can be understood by employing the other.

h. *Instrument development* – refers to contexts in which qualitative research is employed to develop questionnaire and scale items – for example, so that better wording or more comprehensive closed answers can be generated.

i.   *Sampling* – refers to situations in which one approach is used to facilitate the sampling of respondents or cases.

j.   *Credibility* – refers to suggestions that employing both approaches enhances the integrity of findings.

k.   *Context* – refers to cases in which the combination is rationalised in terms of qualitative research providing contextual understanding coupled with either generalisable, externally valid findings or broad relationships among variables uncovered through a survey.

l.   *Illustration* – refers to the use of qualitative data to illustrate quantitative findings, often referred to as putting 'meat on the bones' of 'dry' quantitative findings.

m.   *Utility or improving the usefulness of findings* – refers to a suggestion, which is more likely to be prominent among articles with an applied focus, that combining the two approaches will be more useful to practitioners and others.

n.   *Confirm and discover* – this entails using qualitative data to generate hypotheses and using quantitative research to test them within a single project.

o.   *Diversity of views* – this includes two slightly different rationales – namely, combining researchers' and participants' perspectives through quantitative and qualitative research respectively, and uncovering relationships between variables through quantitative research while also revealing meanings among research participants through qualitative research.

p.   *Enhancement or building upon quantitative/qualitative findings* – this entails a reference to making more of or augmenting either quantitative or qualitative findings by gathering data using a qualitative or quantitative research approach.

q.   *Other/unclear*.

r.   *Not stated*.

Appendix 15 – Interviewees' occupational roles and biographies

1. A former senior police officer, former ICAC Chief Investigator and former internal ombudsman of a metropolitan council.

2. A former internal ombudsman of a regional city council, employed as a consultant with experience in investigations across a number of private sector and public sector organisations.

3. A current internal ombudsman within a metropolitan council with experience in local government.

4. A former ICAC officer based within the Corruption Prevention Division, currently employed in a metropolitan council.

5. A manager within Governance Services of a metropolitan fringe council, with extensive experience in local government and formerly impacted by a major ICAC investigation at another council.

6. A Group Manager of Community Services in a metropolitan council.

7. A manager within Compliance and Enforcement at a metropolitan council.

8. A former human resources manager of a metropolitan council, with previous experience in human resources departments within local and state government.

9. A former senior police officer, currently employed as a manager of Regulatory Services in a regional town council.

10. A councillor of a metropolitan council.

11. A senior staff member with a NSW oversight body, not ICAC.

Appendix 16 – Comparison of councils in NSW (2014/2015)[4]

Council	Classifi-cation	Council Area (km2)	Population			Population (Age Range)			Language other than English Pop'n (%)	SEIFA Rating	2010 Average taxable income (taxable and non-taxable individuals) ($)	Largest Industry Employer
			Number	Male (%)	Female (%)	%<30	%>30 <60	%>60				
Albury City Council	Regional Town/City	306	51,082	49	51	40.4	37.5	22.1	5.3	87	46,736	Health care/social assistance
Armidale Dumaresq Council	Regional Town/City	4,231	25,327	48	52	45.9	33.7	20.5	6.5	103	42,594	Education and training
Ashfield Council	Metropolitan	8	44,498	49	51	37.8	43.4	18.8	44.4	122	55,015	Health care/social assistance
Auburn City Council	Metropolitan	33	85,446	52	48	45.4	42.1	12.6	71.0	62	41,553	Manufacturing
Ballina Shire Council	Regional Town/City	485	41,644	48	52	31.4	38.5	30.1	3.3	99	40,734	Health care/social assistance
Balranald Shire Council	Rural	21,693	2,400	53	47	33.5	43.4	23.2	7.6	33	40,429	Agriculture, forestry & fishing
Bankstown City Council	Metropolitan	77	200,357	50	50	42.7	38.7	18.6	54.7	67	44,140	Manufacturing
Bathurst Regional Council	Regional Town/City	3,816	41,682	50	50	43.2	36.7	20.1	3.3	104	47,492	Education and training

[4] Data sourced from a comparative report produced by the OLG (2020)

Council	Classifi-cation	Council Area (km2)	Population			Population (Age Range)			Language other than English Pop'n (%)	SEIFA Rating	2010 Average taxable income (taxable and non-taxable individuals) ($)	Largest Industry Employer
			Number	Male (%)	Female (%)	%<30	%>30 <60	%>60				
Bega Valley Shire Council	Regional Town/City	6,279	33,468	49	51	29.8	37.7	32.4	2.9	71	38,010	Health care/social assistance
Bellingen Shire Council	Large Rural	1,600	13,032	49	51	33.0	38.3	28.7	3.1	55	34,585	Health care/social assistance
Berrigan Shire Council	Large Rural	2,066	8,413	50	50	30.6	34.7	34.7	2.2	48	36,564	Agriculture, forestry & fishing
Blacktown City Council	Metropolitan	240	332,424	50	50	44.8	40.9	14.3	36.9	93	47,498	Manufacturing
Bland Shire Council	Large Rural	8,558	5,994	51	49	36.7	36.8	26.6	1.2	77	48,794	Agriculture, forestry & fishing
Blayney Shire Council	Large Rural	1,525	7,409	51	49	39.5	37.6	22.9	1.7	92	47,223	Agriculture, forestry & fishing
Blue Mountains City Council	Metropolitan Fringe	1,431	79,688	49	51	34.9	40.1	25.0	5.1	125	49,902	Education and training
Bogan Shire Council	Rural	14,601	3,076	50	50	39.6	37.1	23.3	2.0	40	50,534	Agriculture, forestry & fishing
Bombala Council	Rural	3,947	2,422	50	50	32.0	38.7	29.3	2.0	45	42,048	Agriculture, forestry & fishing
Boorowa Council	Rural	2,578	2,602	52	48	34.8	35.6	29.6	1.4	74	40,281	Agriculture, forestry & fishing

Council	Classifi-cation	Council Area (km2)	Population			Population (Age Range)			Language other than English Pop'n (%)	SEIFA Rating	2010 Average taxable income (taxable and non-taxable individuals) ($)	Largest Industry Employer
			Number	Male (%)	Female (%)	%<30	%>30 <60	%>60				
The Council of the City of Botany Bay	Metropolitan	22	44,742	50	50	39.2	42.0	18.8	44.1	105	53,177	Health care/social assistance
Bourke Shire Council	Rural	41,605	2,973	53	47	42.6	40.2	17.3	1.5	37	46,682	Agriculture, forestry & fishing
Brewarrina Shire Council	Rural	19,165	1,931	50	50	48.7	37.2	14.1	1.9	1	46,349	Agriculture, forestry & fishing
Broken Hill City Council	Regional Town/City	170	19,048	49	51	35.6	36.8	27.5	2.3	8	45,843	Health care/social assistance
Burwood Council	Metropolitan	7	36,053	49	51	43.0	38.3	18.7	59.2	121	49,606	Health care/social assistance
Byron Shire Council	Regional Town/City	566	32,119	50	50	33.0	44.6	22.5	6.3	98	37,689	Health care/social assistance
Cabonne Council	Large Rural	6,024	13,776	51	49	36.7	37.5	25.8	1.8	111	44,080	Agriculture, forestry & Fishing
Camden Council	Metropolitan Fringe	201	67,084	50	50	44.4	40.5	15.1	10.2	133	53,729	Manufacturing
Campbelltown City Council	Metropolitan Fringe	312	156,572	49	51	43.8	39.7	16.5	25.2	58	46,163	Manufacturing
City of Canada Bay Council	Metropolitan	20	87,480	49	51	37.5	43.4	19.2	35.8	138	67,877	Professional
Canterbury City Council	Metropolitan	34	150,626	50	50	40.2	41.1	18.7	63.9	51	43,407	Retail Trade

Council	Classifi-cation	Council Area (km2)	Population			Population (Age Range)			Language other than English Pop'n (%)	SEIFA Rating	2010 Average taxable income (taxable and non-taxable individuals) ($)	Largest Industry Employer
			Number	Male (%)	Female (%)	%<30	%>30 <60	%>60				
Carrathool Shire Council	Rural	18,933	2,795	53	47	36.5	42.4	21.1	3.8	76	46,180	Agriculture, forestry & fishing
Central Darling Shire Council	Rural	53,494	2,065	54	46	37.0	43.4	19.6	2.9	2	48,085	Agriculture, forestry & fishing
Cessnock City Council	Regional Town/City	1,965	54,979	50	50	40.7	38.6	20.7	1.7	28	48,333	Manufacturing
Clarence Valley Council	Regional Town/City	10,429	51,003	50	50	32.6	36.6	30.8	1.9	13	34,988	Health care/social assistance
Cobar Shire Council	Large Rural	45,571	5,111	54	46	43.5	39.4	17.1	3.2	60	54,502	Mining
Coffs Harbour City Council	Regional Town/City	1,174	72,382	49	51	36.0	38.0	26.0	5.7	70	39,207	Health care/social assistance
Conargo Shire Council	Rural	8,738	1,535	51	49	37.7	40.1	22.1	1.0	126	38,366	Agriculture, forestry & fishing
Coolamon Shire Council	Rural	2,431	4,308	49	51	35.4	34.9	29.7	1.2	80	46,780	Agriculture, forestry & fishing
Cooma-Monaro Shire Council	Large Rural	5,185	10,216	51	49	33.9	40.1	26.0	6.2	95	44,975	Retail Trade
Coonamble Shire Council	Rural	9,916	4,292	51	49	39.9	36.5	23.6	1.0	6	48,349	Agriculture, forestry & fishing
Cootamundra Shire Council	Large Rural	1,524	7,749	48	51.7	32.7	33.9	33.4	1.4	32	43,405	Retail Trade

Council	Classifi-cation	Council Area (km2)	Population			Population (Age Range)			Language other than English Pop'n (%)	SEIFA Rating	2010 Average taxable income (taxable and non-taxable individuals) ($)	Largest Industry Employer
			Number	Male (%)	Female (%)	%<30	%>30 <60	%>60				
Corowa Shire Council	Large Rural	2,329	11,455	50	50	32.6	34.0	33.3	1.7	57	41,558	Manufacturing
Cowra Shire Council	Large Rural	2,809	12,574	51	49	33.9	35.4	30.8	2.2	24	39,621	Agriculture, forestry & fishing
Deniliquin Council	Regional Town/City	143	7,437	49	51	35.0	35.9	29.1	2.4	31	39,332	Health care/social assistance
Dubbo City Council	Regional Town/City	3,426	41,573	49	51	42.6	37.4	20.0	3.0	83	46,001	Health care/social assistance
Dungog Shire Council	Large Rural	2,250	9,108	50	50	33.5	39.9	26.6	1.1	97	45,987	Agriculture, forestry & fishing
Eurobodalla Shire Council	Regional Town/City	3,428	37,643	49	51	28.2	34.5	37.3	3.7	53	36,934	Retail Trade
Fairfield City Council	Metropolitan	102	203,109	49	51	41.9	39.8	18.3	69.9	5	41,691	Manufacturing
Forbes Shire Council	Large Rural	4,718	9,759	50	50	39.3	34.6	26.1	1.5	44	40,917	Agriculture, forestry & fishing
Gilgandra Shire Council	Rural	4,832	4,440	48	52	33.8	36.4	29.8	1.6	16	41,769	Agriculture, forestry & fishing
Glen Innes Severn Council	Large Rural	5,480	8,966	50	50	33.1	36.4	30.5	1.6	20	33,263	Agriculture, forestry & fishing
Gloucester Shire Council	Large Rural	2,950	5,064	50	50	28.6	35.0	36.4	1.4	47	36,708	Agriculture, forestry & fishing

Council	Classifi-cation	Council Area (km2)	Population			Population (Age Range)			Language other than English Pop'n (%)	SEIFA Rating	2010 Average taxable income (taxable and non-taxable individuals) ($)	Largest Industry Employer
			Number	Male (%)	Female (%)	%<30	%>30 <60	%>60				
Gosford City Council	Metropolitan Fringe	941	171,992	49	51	35.7	38.2	26.2	5.3	115	47,580	Health care/social assistance
Goulburn Mulwaree Council	Regional Town/City	3,220	29,376	51	49	36.3	38.8	25.0	3.3	61	44,817	Health care/social assistance
Great Lakes Council	Regional Town/City	3,373	36,499	50	50	26.2	32.4	41.3	2.4	26	37,398	Retail Trade
Greater Hume Shire Council	Large Rural	5,749	10,258	50	50	36.7	36.9	26.4	1.7	96	43,097	Agriculture, forestry & fishing
Greater Taree City Council	Regional Town/City	3,729	48,941	49	51	32.4	35.5	32.1	2.2	12	37,105	Health care/social assistance
Griffith City Council	Regional Town/City	1,640	25,811	51	49	42.6	37.8	19.7	20.6	73	42,375	Manufacturing
Gundagai Shire Council	Rural	2,457	3,755	50	50	35.8	36.4	27.8	1.5	64	43,135	Agriculture, forestry & fishing
Gunnedah Shire Council	Large Rural	4,987	12,826	50	50	40.8	36.0	23.2	1.4	43	44,502	Agriculture, forestry & fishing
Guyra Shire Council	Rural	4,390	4,619	50	50	36.7	36.7	26.7	1.1	27	34,225	Agriculture, forestry & fishing
Gwydir Shire Council	Large Rural	9,262	5,080	51	49	30.7	37.1	32.2	1.0	38	33,581	Agriculture, forestry & fishing

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Council	Classifi-cation	Council Area (km2)	Population			Population (Age Range)			Language other than English Pop'n (%)	SEIFA Rating	2010 Average taxable income (taxable and non-taxable individuals) ($)	Largest Industry Employer
			Number	Male (%)	Female (%)	%<30	%>30 <60	%>60				
Harden Shire Council	Rural	1,868	3,751	51	49	33.2	34.7	32.1	2.3	35	41,100	Agriculture, forestry & fishing
Hawkesbury City Council	Metropolitan Fringe	2,775	65,527	50	50	41.9	39.9	18.2	5.3	118	48,482	Construction
Hay Shire Council	Rural	11,326	2,989	52	48	35.6	37.6	26.8	2.9	21	37,549	Agriculture, forestry & fishing
The Hills Shire Council	Metropolitan Fringe	401	187,703	50	50	39.7	41.2	19.1	28.5	149	60,635	Retail Trade
Holroyd City Council	Metropolitan	40	111,100	50	50	42.0	41.1	16.9	51.0	91	45,740	Manufacturing
The Council of the Shire of Hornsby	Metropolitan	462	168,614	49	51	38.2	41.4	20.5	28.4	143	61,702	Health care/social assistance
The Council of the Municipality of Hunters Hill	Metropolitan	6	14,689	51	49	39.1	37.2	23.7	18.2	146	120,789	Professional
Hurstville City Council	Metropolitan	23	85,886	49	51	39.0	40.2	20.8	48.9	119	49,446	Health care/social assistance
Inverell Shire Council	Large Rural	8,595	16,846	49	51	38.6	35.5	25.9	2.2	18	35,598	Retail Trade
Jerilderie Shire Council	Rural	3,373	1,519	55	45	32.1	40.2	27.8	2.5	101	40,528	Agriculture, forestry & fishing

Council	Classifi-cation	Council Area (km2)	Population			Population (Age Range)			Language other than English Pop'n (%)	SEIFA Rating	2010 Average taxable income (taxable and non-taxable individuals) ($)	Largest Industry Employer
			Number	Male (%)	Female (%)	%<30	%>30 <60	%>60				
Junee Shire Council	Large Rural	2,030	6,297	57	43	39.0	41.0	20.0	1.1	34	44,437	Agriculture, forestry & fishing
Kempsey Shire Council	Regional Town/City	3,376	29,643	50	50	34.4	36.6	29.0	1.9	4	35,177	Health care/social assistance
The Council of the Municipality of Kiama	Regional Town/City	258	21,314	49	51	32.8	37.8	29.5	3.7	129	49,453	Education and training
Kogarah City Council	Metropolitan	16	61,030	49	51	38.7	41.4	19.9	49.8	131	53,519	Health care/social assistance
Ku-ring-gai Council	Metropolitan	85	120,978	48	52	38.4	38.6	23.0	21.0	153	92,079	Professional
Kyogle Council	Large Rural	3,584	9,531	51	49	32.2	38.7	29.0	2.6	11	32,640	Agriculture, forestry & fishing
Lachlan Shire Council	Large Rural	14,965	6,775	50	50	37.9	36.9	25.3	1.5	39	47,246	Agriculture, forestry & fishing
Lake Macquarie City Council	Regional Town/City	648	202,676	49	51	36.4	38.1	25.5	3.8	106	49,139	Health care/social assistance
Lane Cove Municipal Council	Metropolitan	11	34,807	49	51	38.1	42.7	19.2	21.7	151	89,174	Professional
Leeton Shire Council	Large Rural	1,167	11,595	50	50	44.3	35.0	20.6	5.9	50	39,796	Manufacturing

Council	Classifi-cation	Council Area (km2)	Population			Population (Age Range)			Language other than English Pop'n (%)	SEIFA Rating	2010 Average taxable income (taxable and non-taxable individuals) ($)	Largest Industry Employer
			Number	Male (%)	Female (%)	%<30	%>30 <60	%>60				
Leichhardt Municipal Council	Metropolitan	11	58,136	48	52	33.5	50.1	16.4	15.1	142	85,918	Professional
Lismore City Council	Regional Town/City	1,288	44,629	50	50	37.3	40.1	22.6	4.3	66	38,784	Health care/social assistance
City of Lithgow Council	Regional Town/City	4,512	21,249	52	48	35.2	38.4	26.4	3.0	22	51,064	Mining
Liverpool City Council	Metropolitan Fringe	305	199,928	50	50	44.8	40.9	14.3	49.8	88	46,948	Manufacturing
Liverpool Plains Shire Council	Large Rural	5,082	7,819	51	49	34.6	37.2	28.3	1.4	19	39,802	Agriculture, forestry & fishing
Lockhart Shire Council	Rural	2,896	3,080	52	48	32.9	36.6	30.5	1.2	102	44,953	Agriculture, forestry & fishing
Maitland City Council	Regional Town/City	392	75,170	50	50	41.8	39.7	18.4	3.1	107	52,413	Manufacturing
Manly Council	Metropolitan	14	44,786	49	51	36.4	45.2	18.3	12.3	147	87,682	Professional
Marrickville Council	Metropolitan	17	83,356	49	51	36.1	48.5	15.4	30.7	127	58,240	Professional
Mid-Western Regional Council	Regional Town/City	8,753	24,017	51	49	37.1	38.2	24.7	2.7	72	45,261	Mining
Moree Plains Shire Council	Large Rural	17,906	14,092	51	49	42.8	38.5	18.7	2.5	23	48,990	Agriculture, forestry & fishing

Council	Classifi-cation	Council Area (km2)	Population			Population (Age Range)			Language other than English Pop'n (%)	SEIFA Rating	2010 Average taxable income (taxable and non-taxable individuals) ($)	Largest Industry Employer
			Number	Male (%)	Female (%)	%<30	%>30 <60	%>60				
Mosman Municipal Council	Metropolitan	9	30,276	47	53	35.0	42.1	22.9	12.7	152	142,773	Professional
Murray Shire Council	Large Rural	4,345	7,466	51	49	30.2	34.8	34.9	1.9	85	40,394	Agriculture, forestry & fishing
Murrumbidge e Shire Council	Rural	3,507	2,528	54	46	39.1	38.6	22.3	2.4	25	34,858	Agriculture, forestry & fishing
Muswellbroo k Shire Council	Large Rural	3,405	17,045	53	47	44.1	40.1	15.8	2.8	78	57,889	Mining
Nambucca Shire Council	Large Rural	1,491	19,655	49	51	30.6	34.8	34.7	2.3	9	34,014	Health care/social assistance
Narrabri Shire Council	Large Rural	13,014	13,764	51	49	38.8	38.5	22.7	1.5	54	43,389	Agriculture, forestry & fishing
Narrandera Shire Council	Large Rural	4,116	5,961	50	50	34.8	38.1	27.1	2.3	17	42,102	Agriculture, forestry & fishing
Narromine Shire Council	Large Rural	5,260	6,854	51	49	39.2	35.3	25.4	1.4	29	42,839	Agriculture, forestry & fishing
Newcastle City Council	Regional Town/City	187	160,021	50	50	40.1	39.0	20.9	8.3	110	52,957	Health care/social assistance
North Sydney Council	Metropolitan	11	71,025	48	52	32.6	49.0	18.4	19.6	148	95,653	Professional

Council	Classifi-cation	Council Area (km2)	Population			Population (Age Range)			Language other than English Pop'n (%)	SEIFA Rating	2010 Average taxable income (taxable and non-taxable individuals) ($)	Largest Industry Employer
			Number	Male (%)	Female (%)	%<30	%>30 <60	%>60				
Oberon Council	Large Rural	3,627	5,327	52	48	36.4	35.9	27.7	2.9	79	44,687	Manufacturing
Orange City Council	Regional Town/City	284	41,431	49	51	42.6	37.5	19.9	4.9	90	50,126	Health care/social assistance
Palerang Council	Large Rural	5,147	15,510	50	50	35.9	43.7	20.3	4.0	139	54,806	Public administration & safety
Parkes Shire Council	Large Rural	5,955	15,217	50	50	39.1	36.7	24.2	2.2	36	44,797	Retail Trade
Parramatta City Council	Metropolitan	61	189,932	51	49	42.5	41.5	16.1	50.2	112	47,905	Health care/social assistance
Penrith City Council	Metropolitan Fringe	405	194,134	50	50	43.4	40.4	16.2	14.6	109	49,046	Manufacturing
Pittwater Council	Metropolitan	90	63,338	49	51	34.9	40.3	24.9	7.5	145	70,747	Professional
Port Macquarie-Hastings Council	Regional Town/City	3,683	77,481	48	52	31.3	35.8	33.0	2.3	75	39,480	Health care/social assistance
Port Stephens Council	Regional Town/City	859	69,728	50	50	35.5	36.9	27.6	2.9	89	44,963	Retail Trade
Queanbeyan City Council	Regional Town/City	172	40,858	51	49	40.8	43.8	15.4	14.3	132	60,457	Public administration & safety
Randwick City Council	Metropolitan	36	143,776	50	50	41.2	41.3	17.5	30.1	134	65,968	Health care/social assistance

Council	Classifi-cation	Council Area (km2)	Population			Population (Age Range)			Language other than English Pop'n (%)	SEIFA Rating	2010 Average taxable income (taxable and non-taxable individuals) ($)	Largest Industry Employer
			Number	Male (%)	Female (%)	%<30	%>30 <60	%>60				
Richmond Valley Council	Regional Town/City	3,047	22,983	49	51	36.6	35.7	27.7	1.8	7	35,020	Manufacturing
Rockdale City Council	Metropolitan	28	108,072	50	50	37.9	42.1	20.0	54.4	114	48,486	Health care/social assistance
Ryde City Council	Metropolitan	41	114,598	49	51	39.3	41.5	19.2	42.0	136	56,458	Professional
Shellharbour City Council	Regional Town/City	147	68,762	49	51	40.3	39.0	20.8	10.8	81	47,559	Health care/social assistance
Shoalhaven City Council	Regional Town/City	4,567	99,016	50	50	32.6	35.7	31.7	3.4	63	40,194	Health care/social assistance
Singleton Council	Regional Town/City	4,893	23,884	52	48	42.6	41.6	15.8	2.7	116	63,310	Mining
Snowy River Shire Council	Large Rural	6,030	8,069	55	45	38.7	40.5	20.8	4.8	123	42,703	Accommodation/food
Strathfield Municipal Council	Metropolitan	14	39,481	51	49	43.7	40.3	16.0	60.8	128	51,424	Health care/social assistance
Sutherland Shire Council	Metropolitan	334	225,070	49	51	37.9	40.6	21.5	11.6	137	59,412	Health care/social assistance
Council of the City of Sydney	Metropolitan	27	198,331	53	47	40.2	47.9	11.9	29.9	130	61,853	Professional
Tamworth Regional Council	Regional Town/City	9,884	60,495	50	50	39.3	37.2	23.5	2.0	69	42,628	Health care/social assistance

Council	Classifi-cation	Council Area (km2)	Population			Population (Age Range)			Language other than English Pop'n (%)	SEIFA Rating	2010 Average taxable income (taxable and non-taxable individuals) ($)	Largest Industry Employer
			Number	Male (%)	Female (%)	%<30	%>30 <60	%>60				
Temora Shire Council	Large Rural	2,802	6,050	50	50	34.3	35.5	30.2	1.8	46	42,462	Agriculture, forestry & fishing
Tenterfield Shire Council	Large Rural	7,322	6,980	50	50	28.2	37.8	34.0	2.3	14	31,483	Agriculture, forestry & fishing
Tumbarumba Shire Council	Rural	4,393	3,578	53	47	33.1	39.4	27.5	3.0	59	41,839	Agriculture, forestry & fishing
Tumut Shire Council	Large Rural	4,567	11,375	51	49	36.2	37.1	26.7	3.2	41	45,409	Manufacturing
Tweed Shire Council	Regional Town/City	1,307	91,210	48	52	32.7	37.1	30.2	3.7	68	39,594	Health care/social assistance
Upper Hunter Shire Council	Large Rural	8,096	14,658	51	49	39.0	38.3	22.7	1.9	86	50,561	Agriculture, forestry & fishing
Upper Lachlan Shire Council	Large Rural	7,128	7,761	50	50	31.8	37.2	31.0	2.0	113	42,965	Agriculture, forestry & fishing
Uralla Shire Council	Large Rural	3,227	6,408	50	50	34.8	40.4	24.8	2.0	94	36,711	Agriculture, forestry & fishing
Urana Shire Council	Rural	3,356	1,147	53	47	26.7	36.5	36.8	1.4	30	47,007	Agriculture, forestry & fishing
Wagga Wagga City Council	Regional Town/City	4,826	62,799	49	51	44.2	36.8	18.9	4.6	108	47,678	Health care/social assistance

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Council	Classifi-cation	Council Area (km2)	Population			Population (Age Range)			Language other than English Pop'n (%)	SEIFA Rating	2010 Average taxable income (taxable and non-taxable individuals) ($)	Largest Industry Employer
			Number	Male (%)	Female (%)	%<30	%>30 <60	%>60				
The Council of the Shire of Wakool	Rural	7,521	3,990	51	49	31.4	38.7	29.9	3.0	82	34,212	Agriculture, forestry & fishing
Walcha Council	Rural	6,261	3,098	50	50	32.4	35.7	32.0	1.7	84	36,503	Agriculture, forestry & fishing
Walgett Shire Council	Large Rural	22,309	6,840	54	46	36.3	38.6	25.2	5.6	3	42,958	Agriculture, forestry & fishing
Warren Shire Council	Rural	10,754	2,921	50	50	36.8	38.7	24.5	1.5	49	45,495	Agriculture, forestry & fishing
Warringah Council	Metropolitan	149	155,289	49	51	37.0	42.6	20.3	16.1	140	65,007	Professional
Warrumbungle Shire Council	Large Rural	12,371	9,786	50	50	33.7	35.4	30.9	1.9	15	37,738	Agriculture, forestry & fishing
Waverley Council	Metropolitan	9	71,769	50	50	37.0	47.1	15.8	18.9	141	87,101	Professional
Weddin Shire Council	Rural	3,409	3,709	51	49	30.3	36.0	33.7	0.9	52	42,681	Agriculture, forestry & fishing
Wellington Council	Large Rural	4,110	9,054	53	47	37.1	37.1	25.8	1.9	10	40,531	Agriculture, forestry & fishing
Wentworth Shire Council	Large Rural	26,257	6,884	52	48	36.6	38.0	25.4	2.9	65	39,147	Agriculture, forestry & fishing
Willoughby City Council	Metropolitan	22	74,166	48	52	38.3	43.4	18.3	35.1	144	85,860	Professional

Council	Classifi-cation	Council Area (km2)	Population			Population (Age Range)			Language other than English Pop'n (%)	SEIFA Rating	2010 Average taxable income (taxable and non-taxable individuals) ($)	Largest Industry Employer
			Number	Male (%)	Female (%)	%<30	%>30 <60	%>60				
Wingecarribee Shire Council	Regional Town/City	2,688	47,584	48	52	33.6	35.3	31.1	4.5	120	49,475	Health care/social assistance
Wollondilly Shire Council	Metropolitan Fringe	2,556	47,084	50	50	41.0	41.0	18.0	5.2	124	50,960	Manufacturing
Wollongong City Council	Regional Town/City	684	206,794	50	50	39.2	38.4	22.4	16.7	100	50,450	Health care/social assistance
Woollahra Municipal Council	Metropolitan	12	58,619	47	53	35.4	42.0	22.6	13.4	150	128,843	Professional
Wyong Shire Council	Metropolitan Fringe	740	159,015	49	51	37.8	36.8	25.4	4.0	56	43,047	Retail Trade
Yass Valley Council	Large Rural	3,998	16,433	50	50	37.0	42.2	20.8	3.7	135	55,718	Public administration & safety
Young Shire Council	Large Rural	2,693	12,641	49	51	38.4	35.5	26.0	2.8	42	40,523	Agriculture, forestry & fishing

Appendix 17 – List of categories and sub-categories from NVivo analysis of interviews (Phase 2)

Below is a list of categories and sub-categories that emerged in NVivo as interview transcripts were thematically analysed. The list is presented in alphabetical order.

Name	Number of interview transcripts	References
Accountability	2	2
Code of Conduct / Ethics, Training	6	11
Community implications and impact on employees	1	3
• Impact of corruption / ICAC investigation	5	5
Corruption Trap (corruption breeds more corruption)	2	3
Discretion in Regulatory Functions	3	3
Ethics	2	4
Opportunity and motivations (concepts within Fraud Triangle)	1	1
Proposals for way forward	4	6
Links to sub-question 1: - • **How do employees understand corruption and how is this understanding mediated by social and demographic factors**	**2**	**2**
Definition of corruption	9	22
• ICAC definition	4	8
Reputational impact	6	9
Time impacts – now with local government years ago	4	4
Variations in understanding	8	21
• Community, social or cultural views	3	5
• Connotations of corruption	8	12
• Interpretation of corruption based on ethnicity and culture	4	10
• Justification for corruption	10	33
Links to sub-question 2: - • **What perceptions and experiences do employees have of corruption and what explanations do they provide for its existence and its management**	5	8
Corruption an everyday working practice / blurred lines	6	13
Corruption by managers	1	1
Factors that allow corruption to take place or manifest	1	6
• No punishment or deterrence	4	5
• Power and authority	2	2
• What curbs corruption	1	2
• Why corrupt acts still take place despite anti-corruption endeavours	6	11

Name	Number of interview transcripts	References
Increased awareness	5	8
Measurement	1	1
Media	5	7
• Sexy stuff gets headlines	2	4
Nepotism	3	4
Oversight and law enforcement bodies	7	31
Scale, severity and type	10	26
• Not all acts perceived to be corrupt	6	15
Tick box factor	5	9
Links to sub-question 3: - • **How does the organisational architecture and arrangement of councils either facilitate or hinder the incidence of corruption**	6	15
CEO / General Manager	9	28
Operational vs. Elected level corruption	10	34
• Councillors	9	36
The extent to which corrupt practices are a common features of local government work	9	34
• Awarding of contracts	1	3
• Closed recruitment / internal nepotism	4	8
• Comparisons with State Government	2	3
• Developments in recent years	3	6
• Low pay	1	1
• Number of councils	2	7
• Risk – live and work in the community	4	4
• Risk – long-time employees in local government	7	20
• Sub cultures / satellite locations	2	10
Unions	1	1
Links to sub-question 4: - • **How do councils recognise and respond to the risk and reality of corruption**	3	6
Audit – limitations	4	4
Biggest impediments to managing the risk or prevalence of corruption	5	10
Champion / Internal Ombudsman / In-house point-of-contact	7	30
Corruption as a risk	4	11
Corruption control / Systems / Control environment	9	28
Corruption is not a priority or focus	1	3
Cultural	6	16
• Behaviour, as opposed to rules	3	11
• Conflict of interest with a failure to recognise	2	5
• Ignorance of high level more subtle corruption	4	4
• Managers supervisors condoning or failing to act	7	18
• Tendency for council to deal with easier / low scale corruption	5	14

Name	Number of interview transcripts	References
• Tone at the top / Executive management	8	28
Deterring corrupt actors / publicising outcomes	6	7
Recognition of and response to corruption	3	19
Innovation	5	23
Principal officers' recognition and response to corruption	1	2
Tolerance, willingness and appetite to address corruption • Reactive nature of councils	9 1	37 1
Where reports might go and whether staff are equipped	5	12
Reporting corruption • Acts not brought to attention of ICAC • 'Dobbing in' and closed ranks o Within sub-cultures and groups • Identifying / detecting corruption – not happening	8 1 6 1 2	17 2 16 2 2
Key factors that deter reporting	3	3
Whistleblowing Protections / PID Act / Reprisal action	1	1
Whether council employees are willing to report corrupt behaviour • Turning a blind eye	4 4	10 8