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Measuring Corruption Indicators and Indices

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Abstract

The development of more sophisticated corruption measures has been stimulated by consistent and compelling demands for more effective action against corruption. However, the production of these indicators has rarely been addressed as a ‘technique of governance’ (Davis et al., 2012), or an instrument of ‘governance without government’ (Rosenau & Czempiel, 1992). The first section (1) reviews the major existing measures of corruption, by focusing on different categories of indices and indicators. The second part (2) pays particular attention to the major ontological and methodological criticisms, constraints and pitfalls, connected with these indicators. The third part (3) presents a comparative analysis of two of the most widely used indicators of corruption: the World Bank’s Control of Corruption indicator (CC) and Transparency International’s Corruption Perception Index (CPI). The fourth section (4) evaluates the policy implications embedded in the construction and employment of indicators, while the last part of the paper (5) concludes by summarizing the most important questions raised by this analysis.

Keywords

Corruption, indicators, governance, Transparency International, World Bank.

Introduction

Since 1975, the General Assembly of the United Nations (UN) has addressed the need to create international legislation against corruption in transnational commercial transactions; but beyond the production of reports, conventions and recommendations, few efforts have been made to harmonize legislative measures and anti-corruption policies. It is only during the 1990s that a substantial change has occurred: with the end of the Cold War, Western countries, international institutions and development agencies elaborated a new governance agenda in relation to the many states transitioning from socialist economies to capitalist ones. Within Western Europe, corruption scandals involving politicians and governing parties in Italy, France, Spain and Germany placed the issue on the agenda. International institutions promoted the restraining of state action and corruption, and the establishment of ‘a stable and transparent regulatory environment for private sector activity’ (International Monetary Fund, 1997).

Ambitious anti-corruption strategies have been accompanied by a proliferation of corruption measures, oriented towards monitoring states’ compliance with anti-corruption policies. In the mid-1990s, Transparency International (1995) and the World Bank (1996) provided some of the first measures of corruption. In 1997, the OECD has promoted one of the most comprehensive legislative instruments to criminalize transnational bribery (the Convention on Combating Bribery of Foreign Officials in International Business Transactions). Also within the European anti-corruption policy developed by the Council of Europe, the production of indicators was considered essential for the elaboration of further anti-corruption policies: in 1995, the European Ministers of Justice proposed the formation of a multidisciplinary group on corruption that, in 1995, planned to undertake both a study and a convention for fighting corruption. And in 1999 the Committee of Ministers authorized the establishment of the Group of States against Corruption (GRECO), a European monitoring mechanism oriented to evaluate the level of corruption in each member state.

Although consistent and compelling demands for more effective action against corruption has stimulated the formulation of more sophisticated measures of corruption, this activity has rarely been analyzed as a ‘technique of governance’ (Davis et al., 2012), or an instrument of ‘governance without government’ (Rosenau & Czempiel, 1992). Neither the historical evolution of these instruments has ever been systematically considered. In particular, a number of important questions have not received satisfactory answers: how do the indicators impact on decision- and policy-making? To what extent does the way in which we perceive corruption influence the manner in which the indicators are constructed? What normative and policy judgments are embedded in the construction of indicators?

This background paper begins with the basic observation that during the last three decades, indicators of corruption have exerted some degree of influence on actors’ behavior in the production and implementation of anti-corruption strategies. However the literature has approached corruption indicators from a unilateral perspective: in particular, the discourse about indicators has been narrowed to a technical problem about how to quantify a real or perceived degree of corruption. The aim of this paper is to provide a background but also integrated analysis about the discourse, the production and the use of indicators.

This paper proceeds as follows. The first section (1) reviews the major existing measures of corruption, by focusing on different categories of indices and indicators. The second part (2) pays particular attention to the major ontological and methodological criticisms, constraints and pitfalls, connected with these indicators. The third part (3) presents a comparative analysis of two of the most widely used indicators of corruption: the World Bank’s Control of Corruption indicator (CC) and Transparency International’s Corruption Perception Index (CPI). The fourth section (4) evaluates the

policy implication embedded in the construction and employment of indicators, while the last part of the paper (5) concludes by summarizing the most important insights from this analysis.

1. Literature review

During the last three decades there has been an explosion of interest in the construction and employment of governance indicators: as reported by Arndt and Oman ‘there are now some 140 user-accessible sets of governance indicators, comprising literally thousands of individual indicators’ (Arndt & Oman, 2006). While the production of corruption indicators has been subject to normative and methodological changes, scholars have rarely addressed the historical evolution of this production. Rather than taking for granted the constructive and historical dimension of producing indicators, this section considers how different types of corruption indicators have been created. In order to orient ourselves within this ‘jungle of governance indicators’ (ibidem), three orders of measures have been summarized in Table 1, which include: survey-based measures of corruption (I), indicators of corruption provided by indices of (global) governance (II), and indicators of corruption provided by indices of state capacity (III).

The first group, composed of survey-based measures of corruption (I), emerged in the mid-1990s when the first demands for effective anti-corruption policies encouraged the formulation of *ad hoc*, specific, measures of corruption, budget transparency and accountability indices or commercial surveys. These include: the *Corruption Perceptions Index* (CPI), the *Bribery Perception Index* (BPI) and *Bribe Payers Index*, published by Transparency International; the *Business Environment and Enterprise Performance Survey* (BEEPS) performed by the European Bank for Reconstruction and Development (EBRD) & the World Bank (Kaufmann, Kraay, & Mastruzzi, 2006); the *Corruption Experience Index* and the *Business International Index*, issued by Business International; the *Open Budget Survey* issued by the International Budget Partnership and *Voices of the People Survey* developed by Gallup International.

Table 1. Measures of corruption: indices and indicators (providers in alphabetical order)

	Provider	Measures
Corruption survey-based	European Bank for Reconstruction and Development (EBRD) & World Bank	Business Environment and Enterprise Performance Survey (BEEPS);
	Gallup International	Voice of the People Survey (VOPS);
	Global Business Media Limited	Business International Index; Corruption Experience Index
	International Budget Partnership	Open Budget Survey
	Transparency International	Corruption Perceptions Index
	Transparency International & Gallup International	Bribery perception index (BPI); Global Corruption Barometer (GCB)
(Global) Governance Indices (II)	European Commission	Eurobarometer
	EU ICS Research Consortium	International Crime Victimization Surveys (ICVS)
	European Values Study	European Values Study
	Freedom House	Nation in Transit (NIT)
	Global Integrity & Mo 'Ibrahim foundation	Africa Integrity Indicators; Index of African Governance; The Corruption Notebooks; Global Integrity Index
	HIS Global Insight	Global Insight
	Institute for Management Development (IMD)	The Global Competitiveness Report (GRC)
	Latinobarometro Corporation	Latinobarometer
	Michigan State University	Afrobarometer
	The Political Risk Service Group	The International Country Risk Guide (ICRG)
	UNECA	Africa Governance Indicator (AGI)
	World Bank	World Governance Indicators (WGI); WB Country Policy and Institutional Assessment
	World Economic Forum	Executive Opinion Survey; World Competitiveness Yearbook; Global Competitiveness Report (GRC).
	WVS Association	World Value Survey (WVS)
State Capacity Indices (III)	Brooking institute	Index of State Weakness in the Developing World
	Brooking institute, the Institute for State Effectiveness, the Institute for State Effectiveness, and the Australian National University	Sovereignty Index
	Canadian International Development Agency	Country Indicators for foreign policy project
	Centre for Global Policy, George Mason University	Political Instability Task Force
	Center for Systemic Peace and Center for Global Policy at George Mason University	State Fragility Index
	Columbia University	State Capacity Survey
	Fund for Peace, Foreign Policy	Failed States Index
	World Bank	LICUS

In parallel, in the mid-1990s a second group (II) was created, comprehending indicators calculated by indices of governance in which corruption usually constitutes one of the key dimensions for estimating broader levels of governance. This group includes: the *World Bank Governance Indicators Database* (WGI); the *International Country Risk Guide* (ICRG); the *Global Competitiveness Report* (GRC); the

Executive Opinion Survey; the *World Competitiveness Yearbook*; the *Global Competitiveness Report* (GRC), the *Nations in Transit* (NIT), the *World Value Survey* (WVS); the *International Crime Victimization Surveys* (ICVS); the *Global Integrity*; *Global Insight* and the *WB Country Policy and Institutional Assessment* (CPIA). This second group includes also regional measures of corruption such as the *Eurobarometer*, the *European Values Study*, the *Asiabarometer*, the *Latinobarometer*, the *Africa Governance Indicator* (AGI), the *African Integrity Indicator*, the *Afrobarometer* and the *Index of African Governance*.

A third group of corruption indicators has been provided by state-capacity indices (III) oriented to estimate the countries' performance in a set of spheres considered to be critical for safeguarding the integrity of government responsibilities. These indicators have proliferated since the 2000s, when the discourse about state capacity has gathered major attention inside the debate about governance. Indicators of corruption within state-capacity indexes include, at least: the *State Capacity Survey* developed by Columbia University; the *State Fragility Index* published by the Center for Systemic Peace and Center for Global Policy at George Mason University (Goldstone et al., 2010); the *Sovereignty Index* elaborated by the joint-venture between the Brookings Institution, the Institute for State Effectiveness, the Institute for State Effectiveness, and the Australian National University (Ghani, Lockhart, & Carnahan, 2005); the *Country Indicators for foreign policy project* delivered by the Canadian International Development Agency (Carment, Achkar, & Prest, 2006; The World Bank, 1997); the *Political Instability Task Force* launched by the Centre for Global Policy at George Mason University (Goldstone et al., 2010), the *Index of State Weakness in the Developing World* published by the Brookings institute (Rice and Patrick, 2008); the *Failed States Index* produced by the Fund for Peace and published by Foreign Policy (Haken et al., 2012) and the list of *LICUS* countries (Chase, 2002), generated by the World Bank.

The first generation of corruption indicators illustrated in Table 1 has been subject to several pitfalls that caused scholars and policy-makers to reconsider key methodological and theoretical aspects. As result, new approaches are emerging to formulate more specific and disaggregated indicators of corruption: the so-called second generation of good governance indicators, includes, for instance, new measures of corruption that, departing from a different conceptualization of corruption as a 'state of default equilibrium', are able to design instruments with a better diagnostic purpose (Mungiu-Pippidi, 2011). A new tendency has also arisen oriented to complement broader measures with specific and in-depth country-studies able of capturing corruption within a specific territorial context, and therefore of formulating specific and 'evidence-based' requests of intervention (Heidenheimer, Johnston, & LeVine, 2009). This new generation of studies, born within the third generation of quantitative studies comprehends: The Corruption Notebook issued by Global Integrity since 2007, The Global Corruption Report (GCR) launched by TI in 2001, national and transnational reported inaugurated by national and transnational institutions, such as the EU Anti-Corruption Report that will be published by the European Commission in 2014. This new set of studies may not be considered an integral part of indicators or indices of corruption since it is composed by case-studies and country-analyses. But it must be considered an important methodological reorientation within the use and abuse of governance indicators (Arndt & Oman, 2006).

Among the categories of corruption measures above illustrated, two methodological orientations have emerged (Sampford, 2006; Kaufmann, Kraay, & Mastruzzi, 2006). On the one side, there are indices of corruption based on subjective data, where experience based instruments are devoted to survey peoples' (Gallup International) or experts' (CPI and WGI) perception of corruption in the public or private sector (Lambsdorff, 2006). Transparency International inaugurated this approach in the mid 1990s, when the idea of building a composite index was advanced with the aim of providing data on the extensive *perceptions* of corruption within countries (Lambsdorff, 2006). Other cases of corruption indices based on subjective data include both the *International Social Survey Program* and the *Gallup World Poll* that accounts for the populations' perception of corruption in their own

government. The subjective approach was further consolidated when the *Worldwide Governance Indicators* (WGI) included the ‘Control of Corruption’ within one of the six¹ ‘dimensions’ best capturing the concept of Global Governance.

On the other hand, there are measures of corruption based on objective data, where the level of corruption is computed through data related to judicial prosecution of crimes concerning the abuse of public office (Goel & Nelson, 2005). Some measures have taken into consideration the differences between the amounts of physically existing public infrastructure (Golden & Picci, 2005), and the amounts of money cumulatively allocated by government to create public works (ibidem). Other objective data have been provided by tracking countries’ institutional features (Kaufmann, Kraay, & Mastruzzi, 2006), by gathering views of stakeholders involved in criminal prosecutions of corruption (ibidem), or simply by audits of specific projects (ibidem). Within coding and ranking activities, a set of hybrid measures have been created with the aim of interpolating subjective perception with objective data: the *ICRG*, for instance, is one of the important hybrid measures, which relies on perception data for its political-risk assessment and entirely on objective data for its economic-risk assessment (Arndt & Oman, 2006). Hybrid measures include also the *World Competitiveness Yearbook* and the *Transition Report*, issued by European Bank for Reconstruction and Development.

2. Constraints, challenges and critiques

Although the proliferation of corruption indicators has stimulated an increasing sophistication in both data collection and management, during the last decade, researchers have raised significant criticisms. Two orders of critiques must be taken into account: first, there are ontological considerations (2.1), concerning the manner in which corruption has been defined and conceptualized. And secondly, there are a series of methodological concerns (2.2) about the processes and techniques of quantification.

2.1 Ontological critiques

2.1.1 Polyarchy of definitions

First, a fundamental critique concerns the way in which researchers have defined corruption: although the term ‘corruption’ usually refers to an improper use of power by public officials or public servants in order to obtain personal benefits, different and divergent definitions have emerged during the last decades (Andvig, Amundsen, & Søreide, 2000; Huberts, Lasthuizen, & Peeters, 2006; Sampford, 2006) fostering a non-comprehensive framework of analysis. Table 2 illustrates the strident polyarchy of concepts emerging from a comparative analysis between some of the most important measures of corruption. The fundamental disagreement between indicator providers concerns the definition of the harm entailed in corruption: the World Bank (WB) defines corruption ‘the abuse of public office for private gain’ (Worldwide Governance Indicators, WGI, 2013); Transparency International (TI) refers indeed to the ‘the abuse of entrusted power’ (Transparency International, 2013), while the UN has simplified the differences referring only to ‘the abuse of power for private gain’ (UN, 2004). As consequence, the main difference concerns the typology of sector, public or private, harmed by corruption. The definition provided by TI and Lambsdorff refers to ‘the measure of public power for private benefit ...that related to receiving money or valuable assets, but it may also encompass increases in power or status’ (Lambsdorff, 2007). For the WB, corruption includes ‘both petty and grand forms of corruption, as well as the ‘capture’ of the state by elites and private interests’ (Worldwide Governance Indicators, WGI, 2013).

¹ Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, Control of Corruption.

An ambiguity emerges vis-à-vis from the relationship between corruption and bribery: while the OECD adopts a definition that embraces both ‘active or passive bribery’ (OECD, 2008), TI conceptualizes the ‘active bribery’, as a separate form of corruption. The same discrepancies have emerged between the European institutions and organizations: the European Commission and the Council of Europe adopt the UN’s definition that conceptualizes corruption as the ‘abuse of power for private gain’ (European Commission, 2003); *the Criminal Law Convention on Corruption* (Council of Europe, 1999a) defines the active bribery of domestic public official (art. 2) as sharply distinguished from passive bribery (art. 3). For the *Civil Law Convention on Corruption* (Council of Europe, 1999b) corruption means ‘requesting, offering, giving or accepting, directly or indirectly, a bribe or any other undue advantage or prospect thereof, which distorts the proper performance of any duty or behavior required of the recipient of the bribe, the undue advantage or the prospect thereof’ (Council of Europe, 1999a).

What can explain this heterogeneity? According to Rohwer ‘because there are so many different forms of corruption, it is not possible for one indicator to capture the multidimensional aspect of corruption in a reliable and objective manner’ (2009: 43). However, the multidimensional character of corruption is not alone sufficient to explain the existing definitional polyarchy; so, other factors informing this conceptual ambiguity must be taken into consideration as well.

Table 2. Definitions of corruption

		Definitions
CPI (TI, 2013) Lambsdorff, 2007	Corruption	'Corruption is the abuse of entrusted power for private gain. It hurts everyone who depends on the integrity of people in a position of authority' (TI, 2013).
	Bribery	'The client acts as a briber and makes a payment (also called kickback, baksheesh, sweetener, pay-off, speed- or grease-money) to the agent, who then is called a bribee. In return the client obtains an advantage such as a service or license he is not entitled to obtain, for example a tax rebate or a public contract' (Lambsdorff, 2007:19).
	Extortion	The agent 'extracts money or benefit from the client' for obtaining a public service' (Lambsdorff, 2007:19).
	Embezzlement	'Theft of public resources from the agent' (Lambsdorff, 2007:19).
	Fraud	'The agent can also actively conceal information from the principal with the help of trickery, swindle, deceit, manipulation or distortion of information, facts and expertise' (Lambsdorff, 2007:19).
UN (2004)	Grand	'Grand Corruption is an expression used to describe corruption that 'pervades the highest levels of government, engendering major abuses of power' (United Nations, 2004:23).
	Petty	'Petty corruption, sometimes described as "administrative corruption", involves the exchange of very small amounts of money, and the granting of small favours. These, however, can carry considerable public losses, as with the customs officer who waves through a consignment of high-duty goods having been bribed a mere \$50 or so' (United Nations, 2004: 23).
	Bribery	'Bribery is the act of conferring a benefit in order improperly to influence an action or decision' (United Nations, 2004: 24).
WB	Corruption	'...The extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests' (WGI, 2013).
OECD (2008)	Corruption	The Active corruption or 'active bribery' is defined as paying or promising to pay a bribe (OECD, 2008). The 'active or passive misuse of the powers of Public officials (appointed or elected) for private financial or other benefits' (ibidem).
European Commission	Corruption	'Abuse of power for private gain' (European Commission, 2003).
Civil Law Convention on Corruption (ETS 174) art. 2	Corruption	'Requesting, offering, giving or accepting, directly or indirectly, a bribe or any other undue advantage or prospect thereof, which distorts the proper performance of any duty or behavior required of the recipient of the bribe, the undue advantage or the prospect thereof' (Council of Europe, 1999b).
Criminal Law Convention on Corruption art. 15	Active bribe	'The promise, offering or giving, to a public official, directly or indirectly, of an undue advantage, for the official himself or herself or another person or entity, in order that the official act or refrain from acting in the exercise of his or her official duties' (Council of Europe, 1999a).
	Passive bribe	'The solicitation or acceptance by a public official, directly or indirectly, of an undue advantage, for the official himself or herself or another person or entity, in order that the official act or refrain from acting in the exercise of his or her official duties' (Council of Europe, 1999a).

2.1.2 Lack of clear distinction between corruption and state capacity

On one side, the relationship between the concept of corruption and the categories of state fragility is controversial. During the 1990s many researchers have tended to interpret corruption as the phenomena originating in deviant forms of political authority (clientelism, vampire states, patrimonialism and neo-patrimonialism). With the aftermath of the failed state debate, researchers began to approach corruption no longer as a dependent variable, but as one of the factors affecting state stability and potentially generating or deteriorating political crises. Within the corruption literature, for instance, patrimonialism and clientelism have been largely perceived as forms of corruption taking place in different situations of active bribery. However, many scholars in the 1980s had conceptualized patrimonialism as an entire social order, where the political-administrative authority is converted into a private patrimony by a bureaucracy and hegemonic party' (Medard, 1979: 39). Whereas the terms patrimonialism and neo-patrimonialism have been employed to describe the 'state's lack of institutionalization and 'underdevelopment' (Bach & Gazibo, 2012) the corruption literature, has tended to interpret (neo)-patrimonialism as a simple sub-category of corruption. The interaction between state capacity and anti-corruption debates has not been harmonized and this interaction has raised a set of still unanswered questions: what is the difference between corruption and its major components? What kind of relationship exists between a client or patrimonialized state and corruption? Does corruption represent a determinant or an attribute of state fragility?

2.1.3 Economic or political components?

On the other side, the transition from the corruption-centered debate of the early 1990s to the state-capacity approach of the early 2000s, has marked a fundamental epistemological change within the theories of political development. At the same time, the tendency to overlook the differences between these two approaches creates major confusion. An important source of misunderstanding arises from the question of whether corruption must be operationalized either as an economic or as a political indicator. While the indices of corruption have attempted to privilege the economic rationale for measuring and repressing corruption, the state fragility indices have employed indicators of corruption to construct political rather economic indicators. In the case of the *Index of State Weakness*, corruption has been employed as a component² of the political indicators which assess 'the quality of a state's political institutions and the extent to which its citizens accept as legitimate their system of governance'(Rice and Patrick, 2008: 8). Also the *Failed States Index*, issued by the Fund for Peace, includes corruption within its components of political indicators.

2.1.4 Technical or conceptual incongruence?

Another important critique concerns the tendency to approach this definitional discontinuity as a pure technical problem, when the conceptual incongruence actually derives from differing approaches to the normative issue lying at the core of this debate. What does corruption hurt? Taking into consideration one of the most influential definitions, provided by Lambsdorff, corruption represents the *measure of public power for private benefit* (Lambsdorff, 2007 17). But what does exactly 'the extent of corruption' imply? Wondering whether corruption must be related to formal obligations or public expectations, Lambsdorff finally moves up the ladder, anchoring corruption in the concept of public interest. Corruption hurts the satisfaction of the public interest and the realization of a set of economic, social and political conditions enabling good governance. Many other scholars have interpreted corruption as a deviation from the 'legal-rational model' of stateness (Andvig et al., 2000)

² The other components concerns: government accountability to citizens, rule of law, the extent of democratization, freedom of expression and association, and the ability of the state bureaucracy and institutions to function effectively, independently, and responsively.

and many others have had no doubt in identifying corruption as an attribute of bad governance. However, the concept of corruption, inevitably, invokes two normative starting-points, *good governance and public interest*, usually taken for granted within this debate. What actually constitutes the public interest? Which are the standards establishing good or bad governance? The concept of state embedded within the measures of corruption has been strongly influenced by Weber's ideal type of rational-legal-bureaucracy (ibidem). But the post-Weberian tendency to turn an ideal type into a typology of governance, has induced researchers and policy-makers to crystallize a model of governance that does not exist anywhere in pure form. A concept of corruption that rests on this typology implies a coherent and uniform image of state, following a linear pattern of political (and economic) development: deviance from this pattern is too readily interpreted as necessarily indicative of defective governance and corrupt practices. Quantification and measurement tends to accentuate this problem. By attributing to the ideal-types a standardized value, each variation from the central value can be interpreted as evidence of bad performance which transforms the indicators into *judges*, rather than *monitors*, of the contemporary political order.

2.2 Methodological critiques

Beyond the formulation of important ontological critiques, scholars have sharply criticized the methodology employed in the construction of the indicators (Treisman, 2007; You & Khagram, 2005; Apaza, 2009; Lambsdorff, 2007) . Particular emphasis has been devoted to evaluate three issues: biases in subjective data (2.3.1); risks related to the technique of aggregating multiple data (2.3.2); and data gathering as well as missing data (2.3.3).

2.2.1 Subjective data

A first critique has been formulated with regard to the use of opinions and perceptions for constructing indices of corruption: many scholars have pointed out that the perceived value of corruption omits the 'absolute amount of corruption' (Galtung, 1998), while for others perception indices are too much dependent on the perspectives of specific groups of business elite or experts (Andvig et al., 2000). The *Control of Corruption* provided by the WB, for instance, has been criticized for being biased from the perspective of business elites, which evaluate corruption on the basis of their own political orientation (Rohwer, 2009). Also the CPI has been criticized for its at least questionable assumption (Arndt & Oman, 2006) about the relationship between the perception and the real extent of corruption (Søreide, 2006).³

While some scholars have raised 'objective criticisms' according to which the experts' judgment may be fundamentally imprecise and biased (You & Khagram, 2005), others have addressed 'ontological criticisms', supporting the notion that the quantification of subjective judgments inappropriately transform personal judgments into impersonal measures. According to Treisman (2007: 13), 'it could also be that the widely used subjective indexes are capturing not observations of the frequency of corruption but inferences made by experts and survey respondents on the basis of conventional understandings of corruption's cause'.

³ According to Søreide: 'It is not clear to what extent the level of corruption reflects the frequency of corrupt acts, the damage done to society or the size of the bribes. The polls and surveys behind the CPI ask different questions related to corruption, and do not cover precisely the same issue. Some sources aim at political corruption, while others ask about lower- level bureaucratic corruption. Most of the polls and surveys ask for a general opinion on the magnitude of the problem ("how widespread" is the problem), usually not the respondents' personal experiences, which basically means that they ask for people's subjective intuition of the extent of something unobservable. Given the discussion in the previous section, it is even unclear what this unobservable phenomenon is' (Søreide, 2006: 26).

2.2.2 Composite Indicators

A second criticism concerns the choice of creating composite indicators and therefore the reliance on the aggregation of different data sources. Both of the most important measures of corruption, result from an aggregation methodology: the *Control of Corruption* indicator, issued by the World Bank is composed of 21 different assessments and surveys, while the CPI, released by Transparency International, is calculated using 17 data sources. Several scholars have observed that even if composite indicators present some strength in summarizing information, they run the risk of losing conceptual clarity (Van Dijk & Van Mierlo, 2011), because the indices may depend on sources that are not publicly available (Knack & Keefer, 1995), or on obscure methodologies. Aggregate indicators may also run the risk of creating conceptual ambiguity⁴ between the various aspects of corruption incorporated in the common measure (Søreide, 2006). Another consistent risk concerns the loss of internal validity triggered by the impossibility of guaranteeing the independence of various sources: the aggregation of multiple data sources, in fact, may also include data that rely on the same sources for the construction of their own measures. As result, the aggregation may not be based on independent judgments, bias that seriously compromising the ‘conceptual precision’ (Knack, 2006) of the composite indicator.

2.2.3 Data gathering and missing data

A third problem concerns data gathering and missing data: many scholars have expressed perplexity about the transparency in collecting information (Rohwer, 2009; Arndt & Oman, 2006), especially when missing data creates the necessity of devising alternative ways to collect information. For instance, missing data for some indicators may induce researchers to derive information from other sources without considering whether the information can be adequately aggregated with other indices.

As noted by Knack, the weight given to various sources can change over time, but given the absence of information, the aggregate indicator may present asymmetries that reduce the validity of the aggregate indicator, especially as a measure for making comparisons over years and across countries. This concern is particularly true for surveys like the *ICRG*, the World Economic Forum’s *Executive Opinion Survey* (ibidem), the *Control of Corruption* and CPI.

3. A comparison between the *Corruption Perception Index* (CPI) and *Control of Corruption* (CC/WGI)

This section focuses on two of the most widely used indicators of corruption: the World Bank’s *Control of Corruption* indicator (CC) and the Transparency International’s *Corruption Perception Index* (CPI). Based on the interpolation of several surveys and polls related to the perception of corruption experienced both by experts and business people, these measures share the common assumption according to which the aggregation of independent sources can increase the reliability of the measures of corruption. However, important discontinuities emerge between them. The aim of this section is to present a comparative analysis of these instruments aiming to better defining the conceptual and methodological challenges related to the activity of building corruption indicators.

⁴ As explained by Knack ‘the weight given to the various aspects of corruption listed in their assessment criteria are unknown... with broader, multi-dimensional indicators such as ISRG, data users have no way of knowing exactly what the indicators are even attempting to measure. This uncertainty is exacerbated when no such criteria are made public, as is the case for corruption measures produced by two competitors of the ICRG, the Economist Intelligence Unit (EIU) and Global Insight’(Knack, 2006: 261).

3.1 Operationalization and methodological concerns

Although both TI and WB converge on the general idea of creating better data for better governance by privileging the creation of a composite index, the World Bank's *Control of Corruption* index (CC) and the Transparency International's *Corruption Perception Index* (CPI) present important conceptual and methodological differences.

3.1.1 Purposes

The first important difference concerns the original purposes moving the two organizations to elaborate measures of corruption. The CPI is an *ad-hoc* measure of corruption aiming to 'provide data on extensive perceptions of corruption within countries' (Lambsdorff, 2007) while the Control of Corruption is one of the six indicators necessary to assess a measure of governance originally devoted to create cross-country indicators of governance. The aim of the CPI is raising the public awareness of corruption not only in order to press governments to care about corruption, but also helping civil society to 'demand accountability from their leaders' (Transparency International, 2012). The aim of the WGI is to create instruments useful to establish more effective instruments of government assistance (The World Bank, 2007).

3.1.2 Conceptualization and data gathering

Since the aim of these two measures differs, the way in which corruption has been conceptualized also presents important dissimilarities: while the CPI defines corruption as a general 'abuse of entrusted power for private gain' (TI, 2013), for the World Bank corruption captures 'both petty and grand forms of corruption', even inside the private sector (Kaufmann, Hellman, Jones, & Schankerman, 2000).

Differences exist also between the strategies of data collection: in the 2012 edition of the CPI surveys are collected from 13 organizations, while the CC is based on the aggregation of 31 different surveys. CPI data includes both the perception of resident and non-resident panels of experts drawn from NGOs⁵ and business executives, with respect to the performance of foreign and home countries⁶. CC data includes, indeed, 31 sources provided by surveys of firms and households⁷, by commercial business information⁸, non-governmental organizations⁹, and public sector organizations¹⁰.

⁵ Bertelsmann Foundation Sustainable Governance Indicators; Bertelsmann Foundation Transformation Index; Freedom House Nations in Transit; Global Insight Country Risk Ratings; Transparency International Bribe Payers Survey.

⁶ African Development Bank Governance Ratings; IMD World Competitiveness Yearbook; Political and Economic Risk Consultancy Asian Intelligence; Political Risk Services International Country Risk Guide; World Bank - Country Performance and Institutional Assessment; Economist Intelligence Unit Country Risk Ratings.

⁷ Afro-barometer; Business Enterprise Environment Survey; Transparency International Global Corruption Barometer; World Economic Forum Global Competitiveness Report; Gallup World Poll; Latino-barometro; Political Economic Risk Consultancy Corruption in Asia; Vanderbilt University Americas Barometer; Institute for Management and Development World Competitiveness Yearbook.

⁸ Economist Intelligence Unit Risk-wire & Democracy Index, iJET Country Security Risk Ratings, Political Risk Services, Global Insight Business Conditions and Risk Indicators.

⁹ Bertelsmann Transformation Index, Freedom House Countries at the Crossroads, Freedom House, Global Integrity Index, Heritage Foundation Index of Economic Freedom, African Electoral Index, International Research and Exchanges Board Media Sustainability Index, International Budget Project Open Budget Index, Reporters Without Borders Press Freedom Index.

¹⁰ African Development Bank Country Policy and Institutional Assessments, Asian Development Bank Country Policy and Institutional Assessments; European Bank for Reconstruction and Development Transition Report; Cingranelli Richards

The different criteria adopted for collecting data have implied another difference in respect of the representativeness of these indices. The choice made by the WB to rely on a larger set of data, in fact, provides for the possibility of covering a large number of countries: at the beginning, in 1996, the CPI was calculated for 54 countries while the CC was calculated for 204 countries; while the 2012 CPI has been calculated for 176 countries and the 2012 CC for 212. However, according to Lambsdorff (2007), the WB decision to adopt ‘problematic’ data sources, has reduced the validity of the indicator: as claimed by Lambsdorff, *Global Insight* (Standard and Poors/DRI) and the *International Country Risk Guide* (ICRG), for instance, assess the *potential* political risk of corruption in the country, while the *Business Environment Risk Intelligence* (BERI) adopts an ‘untidy’ definition of corruption, because one of the causal criteria adopted to compute corruption is called ‘mentality’ (ibidem).

3.1.3 Standardization

Interesting differences exist also between the standardization methods employed to normalize the sources. Since aggregate indices present the problem of reassembling data built up with different units of measure, or scale, one of the major challenges facing composite indices is that of rescaling the data from each source into a common unit. The WB adopts an Unobserved Component Model (UCM) (Kaufmann, Kraay & Mastruzzi, 2007) in which corruption is approximated as a linear function of unobserved corruption g , in a country j , and a disturbance term ε .

The compound of corruption is represented by this formula, used for all the six indicators of governance

$$y_{jk} = \alpha_k + \beta_k (g_j + \varepsilon_{jk})$$

where the observed score y of corruption (or any indicator of governance, k) in a country j , depends on the value of the unobserved corruption (or governance) g in country j , and a disturbance term ε (ibidem). The parameters α and β are essential to rescale the data from each source into common units. Data resulting from this standardization lie between - 2.5 to 2.5, and in percentile rank terms from 0 (lowest) to 100 (highest).

The CPI, indeed, has employed until 2012 a two-step standardization model based on the techniques of matching percentiles and applying a beta-transformation, oriented to average together the percentile ranks of each country (Lambsdorff, 2007). The method of matching percentiles processes the ranks (and not the score) avoiding the introduction of new parameters: according to this method ‘the largest value in the CPI is taken as the standardized value for the country ranked best by the new source. The second largest value is given to the country ranked second best, etc.’ (ibidem:176). After this first process a simple mean and a second standardization was computed for increasing the standard deviation to the value of the previous year. The outcome of this standardization was comprised within the range from 0 to 10.

Both methodologies have strengths and weaknesses: the UCM holds the advantage of maintaining some of the cardinal information in the underlying data (Kaufmann, Kraay, & Mastruzzi, 2010), while the method of matching percentiles wastes cardinal information essential to the formulation of comparative analyses (Lambsdorff, 2006). Since the CPI provides only the ordinal data and not the real value (score), the cross-country analysis is hampered by the lack of information about the real distance separating countries from each other, while the impossibility to transform the rank into a cardinal value hinders also the formulation of comparison from year to year. On the other hand, the UCM is weakened by the introduction of parameters based on a multitude of unrealistic assumptions¹¹

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Human Rights Database and Political Terror Scale; IFAD Rural Sector Performance Assessments; Institutional Profiles Database; World Bank Country Policy and Institutional Assessments; US State Department Trafficking in People report.

¹¹ As summarized by Oman and Arndt (2006:104) the UCM is based on a formulation of five assumptions: ‘1) The non-correlation of the disturbance terms (j, k); 2) The disturbance term has the same variance, $V^{P(k)}$, across countries e

(Lambsdorff, 2007), while the standardization carried out by TI shares the advantage of keeping the value within the range from 0 -10 without introducing unrealistic assumptions, but simply introducing the previous year's CPI as standardized value.

However, TI in 2012 undertook an important update in methodology oriented to mitigate these constraints. The latest CPI has been calculated using a simple average of standardized scores, represented by the formula

$$\frac{x_i - \text{mean}(x)}{\text{std}(x)} \times \text{sign} \times 20 + 45$$

where all the sources have been standardized by subtracting the mean of the data and dividing by the standard deviation (z-scores) and then readjusted to have a mean of 45 and standard deviation of 20 (TI, 2012b). As result, data has been represented into a 0-100 scale (where a 0 equals the highest level of perceived corruption).

3.1.4 Weighting

Another important difference between CPI and CC concerns the weight attributed to each source in the aggregating process. TI attributes equal weight to all the sources composing the CPI, while the WB assumes that each source aggregated inside the CC holds an 'unobservable' value determined by the calculation of the error term: this method presupposes that sources which correlate better with the index are better than the other ones, hence 'sources that provide a more informative signal of governance receive higher weight' (Kaufmann, Kraay, & Mastruzzi, 2010). More specifically, 'the weights assigned to each source...are larger the smaller the variance of the error term of the source...' (ibidem:12). While the choice made by TI can also be criticized, the method of weighting averages pursued by the WB has been subject to a major critique according to which the correlation between sources cannot be considered a serious proxy for accuracy (Knack, 2006). By assuming that the value expressed by the majority of sources can be 'more informative,' this approach ignores that the correlation between sources may be caused by the interdependence of judgments: as claimed by Arndt and Oman (2006) data provided by many of the sources employed both by TI and WB cannot be considered fully independent from the other sources.

3.2 Major criticisms and answers

Beyond the methodological pitfalls illustrated above, another important difference between the CPI and the WGI (CC) concerns the critiques and the attitude endorsed by WB and TI towards their own methodological or ontological constraints.

3.2.1 Bandwagon effect

The most important criticism advanced is related to the choice of relying on subjective data: in particular while some researchers (Treisman, 2007) have pointed out that perceptions do not measure corruption itself but only opinions about its incidence, others have lamented the fact that subjective assessments of corruption may be critically influenced by other factors and concerns.

As summarized by Sequeira (2012), the first cognitive biases affecting the subjective measures of corruption is the bandwagon effect, which relates to the fact that perceptions of respondents tend to climb aboard the bandwagon of the common perceptions of corruption in a given country. According

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within a given indicator but may have a different variance across indicators'. 3) The relationship between unobserved governance and observed indicators is linear. 4) The disturbance terms $e(j, k)$ are statistically independent of the unobserved components $g(j)$ for all j and k . 5) Unobserved governance $g(j)$ have a joint normal distribution and the disturbance terms $e(j, k)$ have a joint normal distribution'.

to Andvig ‘this makes it almost impossible to determine whether the perception of increasing corruption levels worldwide is based on facts or not’ (Andvig et al., 2000). The bandwagon effect is particularly remarkable within the indices of state capacity, where the corruption measures rely directly on existing corruption indicators. The *Control of Corruption*, for instance, is one of the most widely used indicators of corruption within almost all the indices of state weakness: since the WB attributes higher weight to major correlated sources, the high correlation existing between governance perceptions rankings risk to perpetuate perception errors.

3.2.2 Halo effect

According to Sequeira, a second cognitive bias affects the subjective indicators of corruption: the halo effect concerns in fact the tendency to associate corruption with a lower standard of development (Sequeira, 2012). Several scholars have observed that the perception of corruption in less developed countries may be influenced by the development levels of each country. According to Glaeser, a correlation between governance ratings and levels of development exists, since there is an ontological interdependence between the perception of corruption and the ratings produced by business people or commercial risk rating agencies (Glaeser, La Porta, Lopez-de-Silanes, & Shleifer, 2004): corruption must be higher in underdeveloped countries, and lower in richest countries because the opinion of business people or academic experts may be influenced by the fact that low-developed, conflict prone societies are perceived as more corrupt. As pointed out by Treisman (2007:1), ‘countries that depend on fuel exports or have intrusive business regulations and unpredictable inflation are judged more corrupt’. However, even if higher development causes lower perceptions of corruption, controlling for income, ‘most factors that predict perceived corruption do not correlate with recently available measures of actual corruption experiences’ (ibidem).

This bias particularly affects the CC, since the WGIs attribute major value to those commercial risk ratings that evidence greater correlations between them. While Kurtz and Shrank have argued that the halo effect may justify the high correlations existing between the Government Effectiveness indicator¹² and growth rate (Kurtz & Schrank, 2008), Kaufmann, Kraay and Mastruzzi (2006, 2007) have rejected these criticisms by arguing that there is no robust empirical base supporting this concern. However, other scholars have recently reinforced this point affirming that measures of actual corruption experiences do not correlate with any of these development factors *once one controls for income* (Treisman, 2007).

3.2.3 Comparative deficit

Thirdly, both CPI and CC are not readily used for cross-country comparison, or for measurement over time. Generally, all the indicators are based on a rank-order structure oriented to enable comparisons. However, the ordinal character allows us to make only biased comparisons. Since the position of each country is determined by the position of the others scored in the index, the cross-country comparison is based more on indexation rather than on an appropriate quantification, or approximation, of the level of corruption. The *Control of Corruption*, for instance, suffers a serious longitudinal deficit because the measures provided by the WB are not informative about trends in global averages: the ranking and the data sources are not comparable from one year to year, since the composition of the sample substantially changes over years (Andvig et al., 2000). The CPI indeed, is a relative index of corruption at a point in time that has never been oriented to capture changes in perceptions of corruption on a country level. Until 2012, in fact, the CPI did not allow us to make comparisons of corruption over time: data were aggregated on the basis of the relative position held by each country in comparison to other countries and the standardized procedure was elaborate on the computation of a

¹² One of the six indicators within the WGIs.

simple mean and standard deviation representing each previous year (TI, 2012a). However, the updated methodology has introduced an important reorientation, driving the CPI towards a different perspective: data from each of the data sources have been aggregated including just one year's data from each data source. As a consequence, the longitudinal reliability of the index has been improved (TI, 2012a) and 'any change from year to year in the raw scores will therefore be translated into a change in the rescaled score from that data source' (ibidem: 2).

3.2.4 WB's and TI's attitude towards change

Although both the World Bank and Transparency International have formally recognized the utility of debating conceptual and methodological constraints related to the construction of indicators of governance, only TI has adopted consistent methodological changes. While in 2012 TI has introduced an important update related to the aggregation formula, the WB has not undertaken similar consistent changes. The World Bank has rejected most of the important criticisms raised by Arndt and Oman (2006), Knack (2006), Kurtz and Shrank (2008) labeling them as either 'conceptually incorrect or empirically unsubstantiated', biased interpretations, *a priori* grounds, entirely lacking in empirical support, or simply irrelevant (Kaufmann, Kraay, & Mastruzzi, 2007). Table 3 summarizes and compares the Corruption Perception Index (CPI) and the Control of Corruption measure (CC/WGI).

Table 3. Comparative analysis between CPI and CC/WGI.

	Control of Corruption (WGI, 2012)	Corruption Perception Index (CPI, 2012)
Definition	Corruption is 'the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests'. (WGI, 2013)	'Corruption is the abuse of entrusted power for private gain. It hurts everyone who depends on the integrity of people in a position of authority'. (TI, 2013)
Purpose	Assessing a measure of governance originally devoted to create cross-country indicators of governance and to establish more effective instruments of government assistance. (The World Bank, 2007)	Raising public awareness of corruption; providing 'data on extensive perceptions of corruption within countries' (Lambsdorff, 2007)
Data sources	<p>31:</p> <ul style="list-style-type: none"> - Survey of firms and households (Afro-barometer; Business Enterprise Environment Survey; Transparency International Global Corruption Barometer; World Economic Forum Global Competitiveness Report; Gallup World Poll; Latino-barometro; Political Economic Risk Consultancy Corruption in Asia; Vanderbilt University Americas Barometer; Institute for Management and Development World Competitiveness Yearbook); - Commercial business information (Economist Intelligence Unit Risk-wire & Democracy Index, iJET Country Security Risk Ratings, Political Risk Services, Global Insight Business Conditions and Risk Indicators); - NGO (Bertelsmann Transformation Index, Freedom House Countries at the Crossroads, Freedom House, Global Integrity Index, Heritage Foundation Index of Economic Freedom, African Electoral Index, International Research and Exchanges Board Media Sustainability Index, International Budget Project Open Budget Index, Reporters Without Borders Press Freedom Index); - GOV (African Development Bank Country Policy and Institutional Assessments, Asian Development Bank Country Policy and Institutional Assessments; European Bank for Reconstruction and Development Transition Report; Cingranelli Richards Human Rights Database and Political Terror Scale; IFAD Rural Sector Performance Assessments; Institutional Profiles Database; World Bank Country Policy and Institutional Assessments; US State Department Trafficking in People report); 	<p>13:</p> <ul style="list-style-type: none"> - NGO (Bertelsmann Foundation Sustainable Governance Indicators; Bertelsmann Foundation Transformation Index; Freedom House Nations in Transit; Global Insight Country Risk Ratings; Transparency International Bribe Payers Survey); - Business executives (African Development Bank Governance Ratings; IMD World Competitiveness Yearbook; Political and Economic Risk Consultancy Asian Intelligence; Political Risk Services International Country Risk Guide; World Bank Country Performance and Institutional Assessment; Economist Intelligence Unit Country Risk Ratings)
Covering Countries	212	176
Aggregation methodology	Unobserved Component Model	Matching percentile and beta-transformation (1995-2011) Average of standardized scores (2012)
Weighting	Weighted average	Simple average
Criticisms	Halo effect; Bandwagon effect (Sequeira, 2012); Comparative deficit; Introduction of parameters based on unrealistic assumptions (Lambsdorff, 2007); Reluctant attitude towards methodological changes	Bandwagon effect (Sequeira, 2012) Waste of cardinal information; Comparative deficit

4. The use of corruption indicators and policy implications

From the literature examined above a concern emerges about the consequences of the proliferation of indicators for anti-corruption policies; but few efforts have been made to approach indicators as part of the rhetoric of the contemporary political order. Indicators support the creation of new modes of governance, generating expectations and policy directions. But what drives the demand for indicators? Before evaluating possible normative and policy implications of corruption measures (4.2), this paragraph evaluates possible driving forces for the demand for indicators (4.1).

4.1 Demands for corruption indicators

The production of indicators of corruption is driven by different normative prescriptions and policy demands. The demand for corruption indicators seems to be closely linked to the promotion of anti-corruption strategies considered crucial for the establishment and consolidation of new or simply good governance practices. Key actors endorse these strategies: international institutions (World Bank, International Monetary Fund, OECD, UNDP), transnational partnerships (US's Foreign Corrupt Practice Act, (FCPA)), development agencies, national governments and non-governmental organizations (Transparency International, Mo Ibrahim Foundation). All these actors are interested in curbing corruption and promoting good governance. Five key actors must be taken into special consideration here.

The **World Bank's** demand for corruption indicators is oriented to build instruments for reducing the economic incentives for engaging in corruption, and simulating reforms encouraging neo-liberal policies targeted to increase the economic liberalization, to reduce discretion and to increase accountability (The World Bank, 2000). Reducing corruption is understood as essential to enhancing the effectiveness of development aid in Bank borrowers (Chase, 2002: 20).

Transparency International's demand for fighting corruption, indeed, is oriented to developing 'participative' good governance policies: even if in close collaboration with government and international organizations, such as the WB and IMF, TI attempts to promote participation of the society and assisting civil society in combating corruption.

The **OECD's** demand for corruption indicators is based not only on the willingness of industrialized nations to elaborate instruments for detecting member states' compliance with anti-corruption norms, but also on the need to better target foreign investment in developing countries. As clearly pointed out by Katseli (Arndt & Oman, 2006: 9)

For investors, as the OECD's Business and Industry Advisory Committee recently noted, the quality of governance has become the single most important determinant of investment-location decisions in developing and emerging market economies... Foreign direct investment going to those countries, whether to create or acquire production capacities to serve local markets, or to serve global markets or the investors' home markets, has grown from an average annual net inflow of about \$10 billion in the early 1980s, to over \$67 billion in 1992-94 and over \$150 billion since 1997.

The **European Union's** demand for corruption indicators is aiming to prevent and fight political corruption by the means of law enforcement, judicial and police cooperation between EU member states. The EU has adopted a wider set of measures to address the risk associated with corruption where both *new* and *old* modes of governance¹³ have been pursued. On the one side, the ratification of the Stockholm treaty has given to the European Commission the official mandate to actively develop a European anti-corruption policy, comprehending both forensic financial analysis and the adoption of

¹³ Such as *inter alia* policy co-ordination, bench-marking, monitoring, voluntary accords, procedural norms or voluntary codes of conduct (see Héritier, 2002 and Jachtenfuchs/Kohler-Koch 2003).

the available instruments in fiscal, civil and criminal law. On the other side, the Stockholm treaty identifies some of the guidelines for the emergence of a *new mode of governance* by addressing the necessity of developing indicators ‘to measure efforts in the fight against corruption, in particular in the areas of the *acquis* (public procurement, financial control, etc.)’ (European Commission, 2011). The production of indicators, in fact, has been conceptualized as part ‘of the social agenda in the European Union’ and instrument of the EU policy for ‘promoting social inclusion’ (Rose-Ackerman, 1999). In June 2011, the European Commission authorized the creation an annual EU anti-corruption report for the periodic assessment of EU member states’ efforts in the fight against corruption.

4.2 Policy implications

Once the demands for corruption indicators have been identified, what kind of consequences do the indicators have? Are the anti-corruption strategies sensitive to the choice of the measure of corruption? How do indicators influence the understanding of corruption, its causes and effects? How do indicators influence decisions on interventions? Although it may be too soon to answer these questions with any certainty, some observations may be advanced. Several kinds of consequences can be identified on the level of corruption (4.2.1), the general discourse about global governance (4.2.2), the formulation of regulatory interventions (4.2.3).

4.2.1 Level of corruption

The high level of attention corruption attracts today may be considered a good indicator of the influence exercised by the growing sophistication in measures of corruption. Policy-makers may be attracted to indicators of corruption because of the seemingly *transparent* and *scientific* nature of the indicator. The activity of ranking appears to have generated strong incentives towards policy reforms and monitoring the country level of corruption. However, year to year changes in the value of corruption in one country may not be determined by a change in the performance of the country’s attitude towards corruption; a country could achieve a better (worse) position just because new countries may be included (excluded) in the index, or because other countries would be able to perform better (worse). As pointed out by Arndt and Oman (2006: 41) ‘While Transparency International clearly asserts that the CPI is a ranking and cannot be used as a measure of national performance in the fight against corruption (Sampford, 2006), it is often (mis)interpreted by newspapers, and sometimes (mis)used by donors, as precisely such a measure’. As result, the ranking activity has tended to create a *ranking paradox*: especially subjective indicators have become suitable *substitutes* for corruption (Cooley, 2013) and ‘countries are perceived as less or more corrupt than they actually are’ (Søreide, 2006: 21).

4.2.2 Impact on global governance discourse

Corruption indicators exert an important impact on framing the general discourse about global governance. In order to understand this influence, three factors must be taken into consideration. From an analytical perspective, although the empirical evidence suggests that corruption may not be entirely explained by factors such as democratic institutions or well established levels of economic growth¹⁴, the activity of ranking has been anchored in the vision of corruption as a deviation from the formal and legal-rational model of state. For instance, indicators of corruption in developing countries do not take into consideration the divergences existing between *de jure* and *de facto* regulations: indicators which

¹⁴ Several scholars have pointed that increasing the degree of private sector competition is not conflicting with corruption (Ades & Di Tella, 1995), while others have pointed that countries with heavier regulation suffers also higher level of corruption (Djankov, La Porta, Lopez-de-Silanes, & Shleifer, 2002).

assess the existence of legal instruments able to enforce anti-corruption policies often do not correspond to the historical processes leading the state to enforce legitimate and credible anti-corruption campaigns. Quite the contrary, the legal instruments taken into consideration often correspond to the legislative measures belonging to the European administrations imposed during the colonial era, and inherited by the post-colonial states. For instance, even if in many countries it is formally illegal for a public official to accept a bribe, little correlation exists between *de facto* experience with corruption and formal regulations: the perception of bribery changes across countries, and the level of *de jure* corruption rarely corresponds to the level of measured *de facto* corruption. As confirmed by Hallward, in many African countries the firms' actual experiences with the regulatory environment does not correspond to the formal regulations to which they are subject to (Hallward-Driemeier, Khun-Jush, & Pritchett, 2010). As a result, indicators of corruption may actually measure the *idea of corruption* transferred by the colonial powers to the emerging post-colonial countries.

Second, policy-makers may instrumentally use indicators for explanatory aims, often creating hazardous cause-effect relationships. Hence, the original mandate of describing and monitoring corruption by the means of indicators has been turned into an inappropriate explanatory enterprise: when indicators are employed to *describe* standards and *evaluate* performances, the social complexity simplified behind the indicators is not spelled out. Therefore, the numerical representation of social phenomena suffers a loss of information that may be accepted for limited descriptive purposes, but which make it almost impossible to attribute any explanatory aim to the production of indicators.

Third, governance indicators have been employed within the recent indices of state weakness to construct broader indicators: for instance, within the *Index of State Weakness* the indicator of corruption provided by the WB (*Control of Corruption*) has been employed as one of the components of the 'political basket of indicators' (Rice and Patrick, 2008). But looking at the composition of the entire index, a selection bias emerges: the set of indicators employed as proxies for the political indicators - *Government effectiveness, the Rule of law, Voice and accountability, and Control of corruption*- belong almost entirely to the *Worldwide Governance Indicator Project*; only *Freedom Ratings*, are generated by a different organization, the Freedom House. Although aggregate indicators should aim to measure relevant phenomena from a number of different data sources, the choice of relying exclusively on World Bank data undermines the rationale of plurality lying behind the aggregation methodology. So far, this approach implies an oversimplification according to which state weakness may be computed relying solely on governance indicators, gradually inducing the policy-makers to associate the concept of *governance* with the concept of *state*.

4.2.3 Universalistic Regulatory Interventions

Corruption indicators exert an important impact not only on understanding and framing the problem of corruption, but also on formulating policy responses and setting strategic agendas. One of the most controversial implications of the proliferation of rankings concerns the reproduction of new developmental categories and capacity thresholds indispensable to justify universal regulatory interventions, rather than monitoring phenomena that may or may not require intervention. Aid agencies and international investors, in fact, have been interested in using indicators as technologies of governance and imposing political and economic conditionality or demonstrating the positive effects of the regulatory interventions undertaken.

Although the debate on corruption has been associated with the necessity of creating new modes of governance, understood as post-regulatory instruments, corruption indicators have remained critically anchored in the 'top-down' problem-solving approach. From a regulatory perspective, policy-makers and stakeholders have attempted to approach anti-corruption efforts by focusing on institutional and economic adjustments promoting universalistic standards of governance, rather than addressing more in depth analysis capable of privileging the formulation of local solutions to local problems.

Corruption indicators, in fact, have only theoretically stimulated the formulation of post-regulatory instruments oriented to promote non-state or ‘new’ modes of governance. Public authority remains still the principal actor and focus within anti-corruption strategies. One of the major criticisms of the anti-corruption strategies articulated by Mungiu-Pippidi:

Most studies of corruption, especially those written by economists, adopt a “principal-agent” approach: They postulate the existence at all times of a well-meaning “principal” whose trust is abused by some “agent” and in whose interest is to fight corruption. Thus assistance for good-governance programs usually is directed toward such principals (ministries, control agencies, and anticorruption bodies), which are assumed to be morally above corruption (Mungiu-Pippidi, 2013:102).

The claim is that such a focus on state actors and reform of state policy overlooks the role of collective action and civil society in generating the conditions for effective control of elite corruption. Do corruption indicators, with their tendency to reduce corruption to governance-related definitions and institutional quality dimensions, reinforce this policy bias?

5. Conclusion

Defining what kind of legal and policy response has been elaborated to deal with the image of corruption framed by the modern measures is hard to establish. Although the literature has provided interesting reading about the impact of corruption on both developed and developing countries, the impact of corruption indicators on policy-making is nevertheless perceivable, and has received less scrutiny (Davis & Kingsbury, 2011). The aim of this paper is to identify a set of questions crucial to understand to what extent the methodological and conceptual problems associated with the existing measures of corruption may have an impact on the way policy-makers use these indicators.

5.1 Epistemological questions

On the conceptual side, measures of corruption have been subject to a theoretical fragmentation that has hampered the possibility of creating comprehensive measures able to capture the complexity of this phenomenon. But to what extent has the formulation of partial definitions been essential to measure ‘what can be counted’ about corruption, rather than other dimensions of the phenomenon? Definitions of corruption differ widely according to the actors (bureaucrats, politicians and administrations), the size (grand and petty) and the kind of sectors involved (private and public). Why do the indicator creators disagree about the equal recognition of corruption in the private and public sector? For instance, why does TI conceptualize active bribery as a sub-category of corruption while the WB and other providers apply the term corruption to both the activities of ‘accepting or giving a bribe’?

Second, important questions have arisen from the interaction between the activity of ranking state capacity and rating governance performances. What is the causal relationship between corruption and state fragility? Does corruption foment the weakness of state apparatus, or conversely, is it state fragility that motivates politicians and public servants to get involved in abuse of power for private gain?

5.2 Methodological questions

On the methodological side, other fundamental questions have emerged. Considering the weighting systems adopted by WB and TI, does the average weighting method (WB) encourage perception errors given the possibility that different surveys rely on each other’s assessments? Conversely, given the disparity of information provided by different sources does the weighting system (TI) risk to assign

equal value to different sources? To what extent does the weighting system overestimate or underestimate the importance attributed to each data source?

Can corruption be computed as a linear function without taking into consideration income, government policies, legal system, natural resources, or colonial experience? To what extent are the assumptions indispensable for the formulation of the UCM realistic?

5.3 Ontological questions

Considering that different countries hold different perceptions, experiences and definitions of corruption, to what extent can this diverse and multidimensional reality be meaningfully captured by indicator? Do existing indicators stimulate local communities to engage in collective action against corrupt practices? What are the consequences of the ways in which the concept of corruption is framed and iterated through various measures, for the perception and subsequent measurement of corruption?

This paper has raised more questions than it can answer. The development of corruption indicators is a dynamic process, constantly influenced by emerging normative and policy demands. Bracketing the question of whether these indicators are satisfactory or effective for formulating policy recommendations, this paper has attempted to investigate which kind of discursive elements, normative demands and policy implications might be anchored in the formulation of corruption indicators.

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