CHAPTER-2
REVIEW OF LITERATURE

Corruption:

Corruption and bribery in whatever form and manner have been accepted as universal phenomena by different authors (Leff, 1964; Nye, 1967; Huntington, 1968; Johnston, 1982; Noonan, 1984; Klitgaard, 1988; Theobald, 1990). Most authors have studied the causes of corruption, its consequences, and its occurrence as a part of political structures as well as the public official’s role in corruption (Scott, 1972; Rose-Ackerman 1978; Klitgaard, 1988; Alatas, 1990; Theobald, 1990; Mauro, 1995; Mauro, 1997; Johnston, 1997; Perry, 1997; Tanzi, 1998; Harris, 2003). Corruption has also been seen as a matter of “embedded local cultures” and as a result of “political structures and institutions” (Heywood, 1997).

Available literature states past cases, provides justification for the passage of the FCPA (Foreign Corrupt Practices Act) by the US government (Noonan, 1984; Jacoby et al. 1977) or enumerates consequent disadvantages faced by US companies while doing business overseas (Jacoby et al. 1977; Kaikati et al. 2000). Publications discussing corruption-control and installation of control mechanisms focus on the public official (Klitgaard, 1988; Rose-Ackerman, 1999). Some scholars have explored the correlation between the stages of a nation’s development and their influence on corruption and found that increased corruption is experienced as an economy takes off and every developing nation experiences increased corruption in times of rapid development (Wraith & Simpkins, 1963; Theobald, 1990).

In certain situations corruption has been seen as a positive occurrence. Altman (1989) considered corruption and black market in the erstwhile Soviet Union as a “market correction mechanism”, correcting the Soviet government’s price and distribution control policies. Tillman (1968:437-443) considered the black market price as a “mandatory pricing system.” Szeftel (1983) in his study of private enterprises in Zambia felt corruption led to ‘formation of capital and enterprise’ as Zambian public officials who amassed wealth through corrupt means became entrepreneurs in later life. Kiltgaard (1988) finds corruption useful in some organizational situations to cut down bureaucracy and save time. However, authors such as Leff (1964); Scott (1972);
Szeftel (1983); Klitgaard (1988) and Theobald (1990) have extensively argued against corruption asserting that the negative side of corruption far outweighs its perceived contextual benefits. Corruption has also been considered as a matter of culture tracing its origins to paying homage to the tribal chief or paying obeisance to a monarch (Wraith & Simpkins, 1963) but this argument is considered outdated by the stakeholder community and in particular in the anti-corruption efforts of Transparency International and the United Nations.

In recent times, scholars have studied the impact of corruption on society (eg: Alatas, 1990). Empirical studies, such as Mauro (1997) provide tentative evidence about the economic effects (i.e. lowers growth and investment) of corruption. Mauro (1998) provided the first cross-country (across sovereign nations) empirical evidence that corruption affects the composition of government expenditure and adversely impacts government expenditure on education. Gupta, Demello, Sharan (2001) suggest in their study that nations with higher incidence of corruption also experience higher military expenditure in relation to both a nation’s GDP and government spending. Leite & Weidmann (2002), in their empirical studies of natural resource rich nations, who are otherwise poor, found that such nations experience slow economic growth due to the incidence of rent-seeking activities of public officials and corruption. Gupta, Davoodi & Tiongson (2002) concluded in their empirical study that nations with high levels of corruption experience adverse consequences on infant mortality rates, higher percentage of low birth weight babies and higher dropout rates in primary schools (the authors used Corruption Perception Indices24 of each country selected for the study and then used individual country data against the above three variables to support their findings). Tanzi (1998:45) explains the qualitative effects of corruption on the economy, namely: distortion of markets, distortion of allocation of resources, distortion of incentives, corruption as an arbitrary tax, increase in poverty, reduction of the legitimacy of a free market mechanism and distortion of the fundamental role of government. Perry (1997) views corruption as a part of human activity in the geographical context and has discussed the causes, proximates, characteristics and functions of political corruption. Harris (2003) in his study of political corruption has distinguished between nations of low corruption and high corruption.

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24Corruption Perception Indices are annual indices released by Transparency International. They convey the level of corruption in a country as perceived by its people (business leaders, press, scholars, accountants are usually surveyed)
Elliot (1997) mentions three different actors in the arena of corruption, namely: elected officials and politicians, non-elected officials (identified as judiciary and the bureaucracy) and private actors (which includes business). Elliot (1997) also distinguishes between “grand corruption” and “petty corruption”. She describes ‘grand corruption’ as corruption occurring at the highest levels of government involving decisions such as “procurement of military equipment, civilian aircraft, or infrastructure or broad policy decisions about the allocation of credit or industrial subsidies” (Elliot, 1997:178). While “petty corruption” according to Elliot, occurs when private actors interact with non-elected government officials for transactions such as “taxes, regulations, licensing requirements and the discretionary allocation of government benefits.”

However, in all these studies the decision-making role of business managers as a part of what can be called the “supply side of corruption” (Roy, 2001) has not been explored. It is clear that there is a dearth of significant literature or specific scholarly work that could provide decision-making guidelines to lead business managers through a decision process when dealing with corruption in business.

**Power Motivation:**

Research on the role of the family in civic development illustrates the key function parents play as socialization agents (Sherrod et al., 2002). For instance, there is converging evidence showing the intergenerational transmission of civic attitudes, by which parental attitudes, values, and behaviors are communicated to adolescent children through role modeling (e.g., Ter Bogt et al., 2001; Vollebergh, Iedema, & Raaij makers, 2001). Recent research also suggests similar processes concerning political knowledge, engagement, and participation (Jennings, 2002; Jennings & Stoker, 2004; Verba, Schlozmann, & Burns, 2005). Social learning theory (Bandura, 1977) and parenting styles (Baumrind, 1991) are the prevailing perspectives describing the intrafamilial transmission of civic attitudes. On the one hand, social learning theory (Bandura, 1977; Gadsden & Hall, 1996) posits that parents are citizenship role models for their adolescent children, fostering parent–adolescent coherence in attitudes and behaviors (Acock, 1984; Moen & Erickson, 1997; Singelmann, Ten Eyk, & Urban, 1999). Further, researchers suggest that the parental value transmission relies on the adolescents’ accurate perceptions of the parental
values or attitudes (Knafo & Schwartz, 2003, 2004; Kuczynski, Marshall, & Schell, 1997). On the other hand, perspectives on parenting styles suggest that parents transmit their opinions, attitudes, or values by more subtle processes (Baumrind, 1991) than via direct observation and inference as suggested by social learning theory (Bandura, 1977). Styles of interaction between parent and child, such as authoritative and authoritarian, as described by Baumrind (1991) are assumed to affect political attitudes. For instance, studies have shown that parenting styles influence adolescents’ social attitudes (Kracke, Oepke, Wild, & Noack, 1998; Rohan & Zanna, 1996). Research has shown that the parent–adolescent relationship, closely linked to parenting style, is an important predictor of political trust in adolescents (Damico, Conway, & Damico, 2000). Researchers in civic development have discussed how adolescence includes a shift in the degree to which parents and peers influence adolescents, with a decrease in the influence of parents and an increase in that of peers (Silbiger, 1977). A decline in the strength of the association between adolescent and parental attitudes has been observed in both crosssectional and longitudinal studies (Dalhouse & Frideres, 1996; Gniewosz, Noack, Funke, & Wentura, 2003; Urban & Singelmann, 1997; Vollebergh et al., 2001). Further, research has shown that even in late adolescence and adulthood, parents continue shaping their children’s political attitudes and behaviors (Jennings, 1984, 1996; Jennings, Stoker, & Bowers, 1999). In addition to age, it is also discussed how the gender composition of the parent–child dyad may contribute to the transmission process (O’Bryan, Fishbein, & Ritchey, 2004). Some studies have shown that transmission is maximal in same-sex parent–child dyads (Acock, 1984; Blair, 1992; Jennings & Langton, 1969; Steele & Barling, 1996). In contrast, other studies have shown how the transmission process does not vary by gender composition (Steinberg, 2001, 2002). Some researchers within the field of political socialization support this notion, although it has not been tested empirically (Jennings et al., 1999; Ter Bogt et al., 2001; Verba et al., 2005; Vollebergh et al., 2001). Even still, another body of research suggests that the effect of gender composition on the transmission process varies by domain (O’Bryan et al., 2004; Urban & Singelmann, 1997).

Recent works by several contributors point to a significant negative relationship between the degree to which the powers to tax and spend are decentralized in an economy, and the overall level of governmental corruption (e.g., Treisman, 2000; de
Mello, 2000; de Mello and M. Barenstein, 2001; Fisman and Gatti, 2002a; Arikan, 2004). On the surface this is quite surprising, as it might be anticipated that local politicians or bureaucrats would possess detailed knowledge of any opportunities for corruption that might arise in their jurisdictions. They might thus be expected to extract any corruption rents available more efficiently than less well informed national counterparts.

There exists a negative correlation between empirical measures of corruption and decentralization. We argue that because there are more independent taxation and expenditure decisions made in a decentralized economy, there are more opportunities for local populations to make cross-jurisdictional comparisons of politician or bureaucrat performance. The poor performance of a government in one jurisdiction might be attributed to a number of factors including corruption. An increase in the number of comparative observations made by the populations of jurisdictions has two effects relevant to the relationship between corruption and decentralization. First, as the number of comparative observations made by a jurisdiction’s population increases the inferences they make about the causes of a particular observed outcome become increasingly precise. Second, as the number of observations increase the likelihood that particular inferences will be arrived at also change. As we shall subsequently see, this latter effect proves to be crucial in generating a negative theoretical relationship between corruption and decentralization.

The idea that the performance of local jurisdictional governments can be evaluated by cross jurisdictional comparisons was first proposed by Besley and Case (1995). They compared the behaviors of state governors and found that if a particular policy was adopted by one governor and deemed to be successful, it was quickly copied by neighbors. Besley and Case concluded that local populations were making comparative evaluations of jurisdictional governments, who thus responded by engaging in what has come to be known as “yardstick competition.” The attractiveness of this explanation for governmental behavior is that it is very parsimonious with information; very little detailed knowledge is required to make evaluations. The population compares outcomes across jurisdictions, and draws statistical inferences about the politicians’ or bureaucrats’ level of competence or objectives. There is considerable recent empirical support for the notion of yardstick competition between jurisdictions (e.g., Netherlands: Allers and Elhorst, 2005; Spain: Sole Olle, 2003; England: Revelli, 2002).
Well being:

The existing empirical studies define happiness in terms of subjective well-being (see Frey & Stutzer, 2002; Ryan & Deci, 2001). That is, happiness is the degree to which an individual evaluates his or her life as a whole favorably (Veenhoven, 1984). Such a definition underlines the subjective nature of the appreciation of life rather than a fixed standard of happiness (Frey & Stutzer, 2002; Veenhoven, 1984). Subjective well-being has both affective (based on emotions) and cognitive (based on judgment and comparison) components (Crooker & Near, 1998; Frey & Stutzer, 2002; Ryan & Deci, 2001). It involves evaluations of life as a whole and contains both satisfaction with physical and psychological needs (Ryan & Deci, 2001). In the economic literature, subjective well-being is also understood in terms of (experienced) utility (Alesina, Di Tella, & MacCulloch, 2004; Di Tella & MacCulloch, 2005; Frey & Stutzer, 2002; Kahneman Wakker, & Sarin, 1997). Literature on happiness by economists, psychologists, and sociologists is already substantial and still growing. It is too voluminous to be reviewed here in detail, especially given that the existing literature has taken an explicitly “bottom-up empirical approach” (Ryan & Deci, 2001, p. 145) and provided a collection of “elementary facts” rather than a few large theories (Diener, Sapyta, & Suh, 1998, p. 35). Some studies have focused on individual level determinants of happiness (Kahneman, Diener, & Schwartz, 1999), considering the effect of individual wealth (Easterlin, 1974) as well as demographic variables such as age, gender, religion, marital status, and education (Clark, Oswald, & Warr, 1996; Di Tella, MacCulloch, & Oswald, 2001; Ellison, 1991; Hayo & Seifert, 2003; also see Frey & Stutzer, 2002; and Haller & Hadler, 2006, for a review of these studies). Other studies have taken interest in macro-economic and social variables. These studies demonstrate that happiness is not only a consequence of individual level idiosyncrasies or life events but is also significantly influenced by such macro-economic trends as inflation, unemployment (Di Tella et al., 2001), and inequality (Alesina et al., 2004). A handful of studies have looked at the effects of regime type on subjective well-being, concluding that democracy (Haller & Hadler, 2006) and political and economic freedom (Veennhoven, 2000) contribute to happiness because of the increased responsiveness of government to its citizens. People are also argued to be happier when the government of the day shares their ideology (Di Tella & MacCulloch, 2005). Others have shown that happiness has potential positive
consequences for democratic governance by increasing democratic values (Graham & Pettinatio, 2001) and trust in institutions (Hudson, 2006). A study by Helliwell and Huang (2006) finds a strong positive relationship between the World Bank indicators of governance and aggregate measures of well-being. Like the current study, Radcliff (2005) is also intrigued by the “dramatic differences in subjective well-being one observes across peaceful, stable, affluent, liberal democratic societies” (p. 509). For example, Inglehart and Klingemann (2000) find that “the Danes are about five times as likely to report high levels of life satisfaction as the French or Italians, and about twelve times as likely to do so as the Portuguese” (p. 167). The comprehensiveness of the welfare state may explain some of the differences (Radcliff, 2001). There is also a strong positive relationship between some antecedent conditions to high social spending—such as Left-party dominance and density of unionization—on the subjective well-being (Radcliff, 2001, 2005). However, these studies deal with a very specific policy area, paying scant attention to composition of democratic governments and their other actions.

**Alienation:**

Personal alienation involves perceiving an inconsistency or split between one’s self-image and one’s behavior (Korman, Wittig-Berman, & Lang, 1981). A second type of alienation, social alienation, is defined as seeing a separation or difference between the self and others and is strongly associated with being alone (Korman et al., 1981). If guilt is to be defined using O’Connor’s definition, a positive relationship between guilt and both forms of alienation should exist. Extending the definition of personal alienation to the realm of guilt, a guilty person may want to maintain a relationship with someone but does not due to the belief that his or her behavior may instead harm the relationship or relationship partner. Additionally, interpersonal guilt may be associated with decreased levels of disclosure and reparative actions. A guilty person may feel that he or she has no control over the guilt and by not disclosing his or her emotions to others, may feel socially alienated or disconnected from friends and society. On the other hand, both forms of alienation may have an inverse relationship with guilt as defined by the TOSCA. If an individual attempts to take a reparative action in order to rectify the actions that led him or her to feel guilty, one’s desire and behavior are consistent and the person should feel in tune with the self and no personal alienation. In addition to this, if the reparative action is apologizing to the
harmed other or disclosing emotions pertaining to the guilt, then such disclosure would likely lead to levels of social inclusion, as opposed to social isolation. Therefore, the way we define and operationalize guilt will determine its relationship to alienation.

Political alienation has been examined in many ways, and can be best referred to as “citizens’ subjective feelings about their abilities to affect the political system’s performance at the individual level” (Reef & Knoke, 1999, p. 413). However, researchers have also considered political efficacy (Rahn & Hirshorn, 1999) and political trust (Levi & Stoker, 2000) as indicators of political alienation. Four dimensions of political alienation were defined by Finifter (1970) including: (a) political powerlessness, the perceived inability to influence policy; (b) political meaninglessness, the perception that political decisions are unpredictable; (c) political normlessness, the belief that the norms and rules governing political relations have broken down; and (d) political isolation, the rejection of political norms held by most other citizens. Political powerlessness and meaninglessness are most relevant to adolescents, given their limited political experience.

Research on political alienation in general and in adolescence in particular is rare. There is some work by political scientists that has focused on macro-societal trends and events such as the Watergate scandal and the Vietnam War (e.g., Schwartz, 1973) without a consideration of adolescents. In contrast, other research has focused on adolescents and has included political trust instead of political alienation (Torney-Purta, Richardson, & Barber, 2004a, 2004b). For example, Torney-Purta et al. (2004a, 2004b) examined adolescents’ trust in political institutions, trust in schools and trust in the people in the country. They were able to show association with discussions about politics with their parents and within the classroom. There is some indication that political trust or alienation is developed in proximal settings such as work places, schools, or families (Edwards, 2004; Newton, 2001).

Socialization agents were emphasized by Hyman (1959) who defined political socialization as the “learning of social patterns corresponding to . . . social position as mediated through various agencies of society” (p. 25). Several socialization agents are assumed to contribute to the formation of civic attitudes. Prior research on socialization agents has included parents (e.g., Jennings, 2002; Ter Bogt, Meeus,
Socialization agents interact in the development of civic attitudes generally, and political alienation specifically. The interaction of these agents can be best understood with Bronfenbrenner’s (1978) ecological model of human development. In micro-systems such as the family, classroom, or peer group, face-to-face interaction shapes the development of social attitudes and behaviors. A mesosystem is an interaction among micro-systems such as the family and the school. Drawing from this perspective, adolescent political development may be most fully understood by considering the micro- and mesosystems, such as families and schools.

**The present study**

The proposed research comprises of 5 chapters: Chapter 1 is devoted to historical background and introduction part; Chapter 2 is devoted to literature review; Chapter 3 is devoted to methodological part; Chapter 4 is devoted to analysis of data and results and Chapter 5 is devoted to discussion part.

The study seeks to investigate the relationship between corruption, alienation, power motivation and well being. For this the sample consists of four groups: Politicians (Group 1) and tainted politicians (Group 2); criminals convicted under prevention of corruption (POCA) (Group 3) and criminals under cases other than prevention of corruption act (NPOCA) (Group 4). Further process of research is discussed in the forthcoming chapters.