

Socially Embedded Anti-Corruption Governance:

Evidence from Hong Kong¹

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Abstract

In this study, we seek to identify and explain what factors influence citizens' propensity to confront corruption by reporting suspected corruption cases. From a macro-micro interactive perspective, which we term “socially embedded anti-corruption governance”, we make two propositions focusing on intrinsic and extrinsic factors respectively. We believe, first, that citizens' response to suspected corrupt behaviour is a good indicator of the level of their tolerance for corruption. If corruption is unacceptable to citizens, they would be more likely to report suspected corruption cases. However, a low level of tolerance of corruption alone does not necessarily explain why people report corruption. We further argue that people's willingness to confront corruption is also affected by the extent to which they are satisfied with and have confidence in the government's anti-corruption endeavours. Drawing on data collected from an original survey of 1,025 local residents in Hong Kong, we test the two hypotheses. Our findings confirm that the propensity to report suspected corruption results from both a low level of tolerance towards corruption and the positive perception of the quality of anti-corruption governance. The implications of our findings for other regions, especially mainland China, are explored.

Key words: corruption, anti-corruption reform, quality of governance, reporting corruption, ICAC, Hong Kong

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Introduction

Why do some citizens have a strong propensity to confront and combat corruption while others do not? Specifically, why are some people more disposed to report suspected corruption than others? Such questions have puzzled scholars and practitioners because they do not seem to be related to a lack of opportunity to report corruption. Governments and their anti-corruption agencies are generally aware of the importance of engaging the public in fighting corruption and the need to provide channels for citizens to report corruption. The success of government efforts at combating corruption hinges on the extent to which they are able to attain public support. Encouraging citizens to report suspected corruption cases, thus, constitutes an indispensable component of effective anti-corruption strategies. Without public involvement in reporting corruption, enforcement agencies will suffer from, to say the least, a lack of information to pursue investigations.

Yet, in some countries and for various reasons, pleas for proactive public engagement and efforts to encourage and empower citizens to join the battle against corruption often seem to fall on deaf ears. There is evidence from around the globe of apathy in reporting corruption. According to a report by Statistics South Africa, for example, although more than two thirds of South African households saw corruption increasing in the country, almost half of them chose not to report corruption and considered efforts to do so to be pointless (Corruption Watch, 2014). The situation is worse in some other countries. A survey of Transparency International revealed that only 16 % of respondents from Rwanda said that they had filed complaints against bribery and the rates were even lower in Uganda (6.9 %) and Burundi (3.2 %) (TI, 2011). China, where corruption has been rampant and persistent (Wedeman, 2012; Ko and Weng, 2012; Gong and Xiao, 2016), presents an interesting case. On the Mainland,

despite the government's strong encouragement to report corruption, surveys found that less than 20 % of the respondents were willing to do so.² However, in Hong Kong, formerly a British colony and now a special administrative region of China, the percentage of citizens who are willing to report corruption has been consistently high for decades, ranging between 70-80 %, according to the annual surveys of the Hong Kong Independent Commission Against Corruption (ICAC) (ICAC, 1984, 1997, 2015).

Conventional wisdom has attributed the contrast in citizens' decision to confront corruption or not in different localities to macro-level institutional factors such as the democratic system, rule of law, political freedom, and rise of civil society. The contention is that a free, fair and open political environment permits and inspires the public to stand up against corruption. Alternatively, other scholars have taken a micro-level perspective, considering the propensity to confront corruption as a rational choice. It is argued, for example, that if the expected benefits (such as rewards) of reporting crime outweigh the expected costs (for example, possibilities of retaliation), people are more likely to report (Gottfredson and Gottfredson, 1987; Skogan, 1984). Reporting corruption is thus seen as a result of individual calculation of actual or expected costs and benefits (Tolsma et al., 2012).

We acknowledge the significant impact of social and political environments on an individual's propensity to report corruption. We have nevertheless seen that under the same political regime, at the same level of freedom and with similar institutional incentives provided, some people are more willing to confront corruption than others. It is therefore insufficient to look at macro-level institutional factors only. On the other hand, in societies like Hong Kong where an overwhelming majority of citizens have expressed their willingness

² For more detailed information, see the news report from *China Youth Daily*: http://zqb.cyol.com/html/2013-12/10/nw.D110000zgqnb_20131210_1-07.htm (accessed 27 July 2016).

to report corruption if they encountered it and where most of them have had no experience of corruption because of its relative infrequency, the argument about cost-benefit calculation derived from methodological individualism has little explanatory power.

In this study, we adopt a macro-micro interactive perspective based on disaggregated research to address the puzzle of why some people have a high propensity to report corruption while others don't. Underlying our research are two propositions. First, citizens' response to suspected corrupt behaviour is a good indicator of the level of their tolerance for corruption. If they think corruption is unacceptable, it is more likely that they would report suspected corruption cases. However, a low level of tolerance for corruption alone does not necessarily lead people to report corruption. Even if people are unhappy with the occurrence of a corruption case, they may not report it to an anti-corruption agency which they do not trust. Hence, we further argue that people's willingness to confront corruption also reflects the extent to which they are satisfied with, and have confidence in, the government's anti-corruption work. This constitutes our second proposition; that is, citizens' assessment of the government's anti-corruption work has a strong impact on their willingness to engage in the fight against corruption by reporting suspected cases.

Drawing on survey data collected in Hong Kong, we test these two propositions by a disaggregated analysis of who, among the general public, are willing to report suspected corruption and who, conversely, are reluctant to do so and why. We seek to identify and explain what factors influence citizens' decisions to confront corruption. Our findings point to the interplay between a lower level of tolerance for corruption and a positive assessment of the quality of anti-corruption governance in influencing people's decision on whether to report corruption.

We expect our study to make two contributions. One is to develop a macro-micro interactive perspective, which we term “socially embedded anti-corruption governance”, in understanding citizens' willingness to engage in combating corruption. By doing so, we seek to bridge the gap between structuralism on the one hand which contends that human actions, actual or intended, can be understood only in terms of their relationship to a larger, overarching system and methodological individualism on the other, on which rational choice assumptions are rested. Second, we are particularly sensitive to the impact of the quality of governance on citizens' propensities to act against corruption. Although it may be true that certain personal characteristics, such as educational attainment and age, contribute to people's willingness to combat corruption (Kofanova and Petukhov, 2006), the overall quality of the anti-corruption work of the government as perceived by citizens exerts a strong normative effect on public willingness to report corruption. Our research provides an evidence-based analysis of what determines people's propensity to confront corruption. Such studies are expected to be practically useful for formulating effective anti-corruption policies (Sööt and Rootalu, 2012).

In the next section, we discuss the concept of socially embedded anti-corruption governance, on which our research is premised. From the Hong Kong experience as well as relevant literature we draw two major hypotheses, introduce variables and measurements, and present empirical findings in the following sections. This is then followed by a discussion of what accounts for Hong Kong's success and its implications for the developing world. The paper concludes with a discussion of the implications and limitations of this study.

Socially embedded anti-corruption governance: concepts and hypotheses

Corruption, defined broadly as the abuse of entrusted power for private gain, is a serious obstacle to social and economic development. Its detrimental consequences for the legitimacy of governments, respect for the law, economic growth and the moral climate of a society have been well documented (e.g., Seligman, 2002; Rose-Ackerman, 1999). In the current literature, although scholars generally agree that there is no simple panacea offering "one-size-fits-all" solutions to corruption, the often-prescribed remedies are institutional reforms to enhance political competition, economic liberalization, media freedom, and the rule of law. In the developing context, this often means to eliminate the democratic deficit as reflected in the lack of rigorous yet impartial legal enforcement, transparent policy making and implementation, and independent anti-corruption agencies (ACAs). Beer (2003) suggests, for example, that electoral competition in developing societies can enhance political representation, maintain separation of powers, and strengthen accountability and control over policy-making. Some scholars do not see a clearly linear relationship between democracy and corruption, but still believe that the two are somewhat related. Bäck and Hadenius (2008:12) describe the relationship between administrative capacity with the ability to control corruption included and democratization as J-shaped, "with a negative effect of democracy at low levels of democracy and a positive effect at fairly high democracy levels." Scholarly attention has also paid to meso-level institutional problems in explaining corruption. Based on data from 35 less developed countries, Rauch and Evens (2000) show that a rule-based public administration with Weberian institutional attributes, such as fixed rules, impersonal relationships, career stability, and meritocratic recruitment, works to curb corruption. Doig et al. (2007) investigate three dilemmas facing ACAs in developing countries in relation to institutional development, performance and delivery, and organizational continuity and

correctly point to the imperative for an ACA to develop organization capacities to cope with prevailing political, social and economic conditions under which it operates.

While acknowledging the importance of designing and developing effective formal institutions to deal with corruption, we take a different perspective in this study. We argue that solutions to corruption lie not only in building formal institutions but also in the making of “informal” or “social embedded” institutions aiming to mobilize social support and public engagement in the fight against corruption. As a social malady, corruption takes places in every corner of society and affects people in all walks of life; consequently, controlling corruption requires a socially-embedded approach. By socially embedded, we mean that corruption control should be socially enabled and has to engage citizens' support, instead of being imposed from the above. Specifically, socially embedded anti-corruption dynamics is premised on two conditions: first, society as a whole has a low level of tolerance for corruption; and second, the public renders their support for the government's anti-corruption effort and are willing to take action to engage in the fight themselves by, for example, reporting suspected corruption cases.

To be sure, controlling corruption can be pursued in different ways. It may be done through a compliance-based strategy with an emphasis on strict monitoring, harsh punishment, hard rule, and the centralised power of anti-corruption agencies (Paine, 1994). This has been seen in the campaign-style anti-corruption enforcement in China (Manion, 2004; Quade, 2007; Wedeman, 2008). For decades after the onset of reform in the early 1980s, the Chinese government has engaged in fighting corruption, aiming not only to enhance government integrity but also to defend regime legitimacy. The top-down anti-corruption drive has consisted of periodic yet tempestuous organizational purges and draconian penalties for official corruption and misconduct as well as the enactment of numerous anti-corruption

regulations and empowerment of anti-corruption watchdogs.

Anti-corruption reform may also be initiated from below, impelled by a strong civil society, aiming to enhance government transparency and accountability (Johnston, 2005; Jenkins, 2007). For example, anti-corruption reforms have been triggered by non-government organizations (NGOs) or through the “people power” movements, as demonstrated by the downfall of Ferdinand Marcos and Joseph Estrada in the Philippines (Beyerle, 2014), and the cases of some successful NGOs in India such as the Mazdoor Kisan Shakti Sangathan (MKSS) and the National Campaign for People's Right to Information (NCPRI) (Sengupta, 2016). “Social audit” projects in rural India have allowed villagers to speak up and ask questions about the ways public money was spent (Sushmita, 2013). Press freedom may also play an important role in fighting corruption (Themudo, 2013). All this indicates that social support and commitment is a necessary condition for anti-corruption success. Without a broad social base, “political will” cannot last long and the “one-man show” approach to anti-corruption reform, often seen in less open societies, may even become “a smokescreen for further abuses” (Johnston, 2005: xi). However, social enthusiasm alone is not sufficient for fighting corruption. The long-term effectiveness and sustainability of bottom-up anti-corruption initiatives is often called into question. All too often, social movements fail to obtain institutionalized anti-corruption achievements due to the lack of cooperation and sustainable strategies (Johnston and Kpundeh, 2002).

Neither a top-down strategy nor a bottom-up approach fares well by itself. Institutional reform guided by strong political commitment alone will not work without achieving social understanding and engaging the public. On the other hand, grass-roots endorsement and normative consensus (or near consensus) at the societal level for controlling corruption must

be institutionalised and channelled upwards to support anti-corruption reforms. A recent bribery experiment found that the combination of top-down and bottom-up monitoring channels are more effective than those with either top-down or bottom-up monitoring approaches in reducing public officials' tendency to take or request bribes (Serra, 2011).

In what follows, we use people's propensity to report suspected corruption in Hong Kong as a case to illustrate the importance of combining top-down institutional endeavour and bottom-up civic engagement in fighting corruption. We take institutional efforts as *extrinsic factors* which affect people's decision of whether they should report corruption when confronted. At the same time, we consider people's awareness of corruption and their willingness to fight against it as *intrinsic factors* resulting from individual normative judgment on whether corruption is detrimental and unacceptable. We have developed two hypotheses, accordingly. First, those who consider corruption unethical and divergent from social norms and thus deem it unacceptable tend to be more willing to report suspected corruption and more disposed to take action against it, though this may not always be the case as we will explain below. On the contrary, those who consider corruption tolerable under certain conditions would be less likely to report suspected corruption. In a society where the public has a high level of intolerance for corruption, conducting corruption would involve not only a high moral cost but also a high risk of being caught. Therefore, our first hypothesis reads:

Hypothesis 1: Lower tolerance of corruption is associated with a higher propensity to report corruption.

Low tolerance of corruption alone does not necessarily lead to citizens' active engagement in reporting corruption. In developing countries with pervasive corruption practices, people are often aware of negative consequences of corruption. However, few of them are willing to

take further action to report corruption. This is because in a context of systemic corruption, corruption appears as a collective action problem rather than a problem of personal ethics (Marquette, 2012). Based on their study of Kenya and Uganda, two developing countries plagued by serious corruption problems, Persson et al. (2013) find that individuals living in thoroughly corrupt settings often choose not to report corrupt behaviour despite their moral disapproval of it and despite the existence of an institutional and legal framework that urges them to do so; this is because they do not think reporting corruption will make any difference. Similarly, survey results show a certain level of reluctance among Chinese citizens to report corruption,³ although a national survey in 2015 found that citizens' corruption tolerance was lower than 2 in a five-point scale with 5 denoting the highest tolerance (Ni and Li, 2016: 13). This means that people's propensity to report corruption is influenced not only by personal attributes but also by extrinsic factors, which include the government's anti-corruption performance and, in particular, the extent to which its effort can obtain public trust. More specifically, citizens' satisfaction with, and their confidence in, the government's anti-corruption performance determine their willingness to participate in the fight against corruption. If they have no trust in the government's effectiveness in dealing with corruption, they will be less inclined to report suspected corruption cases. Hence, our second hypothesis:

Hypothesis 2: Positive perception of the government's anti-corruption work increases the likelihood of reporting corruption.

Variables and measurements

³ Ibid.

To test the hypotheses above, we draw data from an original survey which we conducted in Hong Kong in 2015.⁴ During the survey, household visits were made to interview local residents to obtain detailed information on their perceptions of corruption and of the government's anti-corruption performance. The respondents were selected through a random sampling process. First, according to the household income and the number of family members, we calculated the percentage of households below the median household income, and ranked 412 constituency areas (CAs) in Hong Kong accordingly. The list was then divided into 40 intervals and from each interval a CA was selected to get 40 CAs in total. Meanwhile, from the Census and Statistics Department, we obtained the information of the 6,744 households within these selected CAs. If more than one family members (over 18 years old) was eligible, the one with the soonest birthday would be interviewed. Finally, a total of 1,025 valid questionnaires were obtained.

Dependent variable: The propensity to report corruption

The propensity to report corruption is the dependent variable in this study. To measure it, we asked the survey respondents if they would be willing to report corruption when they encountered suspected corruption cases with three options—"yes", "no" and "not sure". As shown in Figure 1, among the respondents, 719 (70.3%) and 100 (9.8%) said "yes" and "no" respectively. The high rate of positive answers confirms that a clear majority of citizens are willing to take action against corruption when encountered. Some may argue that the answers could be affected by social desirability (Fisher, 1993). This should not be a major concern as the survey was completely anonymous.

⁴ The survey was conducted with the assistance of the Social Sciences Research Centre of the Hong Kong University.

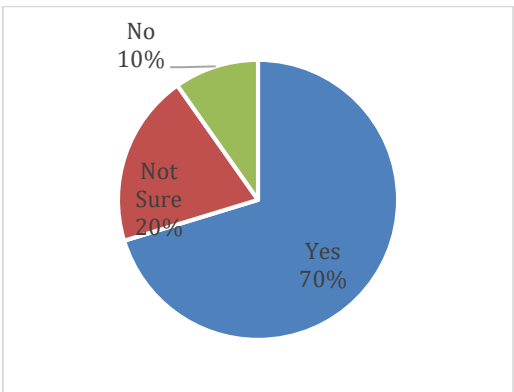


Figure 1. Willingness to Report Corruption

Independent variables

The first independent variable is tolerance for corruption, for which two measurements are used in our survey questionnaire: self-reported tolerance of corruption and tolerance as shown in response to a hypothetical justification for corruption. First, the survey asked the respondents “in your opinion, how tolerable is corruption”. A choice of 0-10 levels was provided, with “0” meaning that corruption is totally intolerable and “10” totally tolerable. Results show that the mean of the answers to this question is 1.24 with a standard deviation of 2.32. As reported in Figure 2, among the respondents, 705 stated that they had “zero” tolerance for corruption. This is no surprise because Hong Kong citizens tend to have low tolerance toward corruption as revealed in many other similar surveys. However, the high standard deviation indicates that respondents have quite different, though generally low, levels of tolerance for corruption.

We also used a hypothetical statement to measure respondents' tolerance for corruption. The respondents were asked to indicate the extent to which they would agree with the statement that “using corruption as a means to a justifiable end is forgivable if there are no alternatives” on a 5-point Likert scale ranging from “strongly agree” (5) to “strongly disagree” (1). About 80% of the respondents said that they would “strongly disagree” or “disagree” with this statement, with a mean of 1.79 and standard deviation 1.09 (Figure 3). This again confirms a low tolerance for corruption among the respondents.

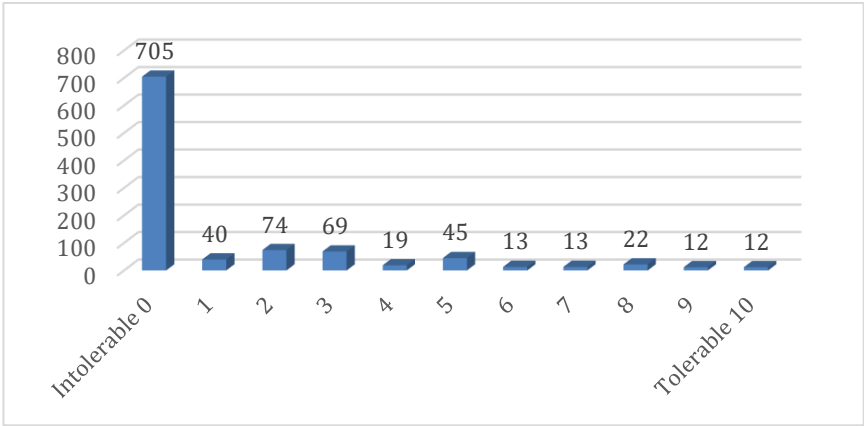


Figure 2. Self-Reported Corruption Tolerance

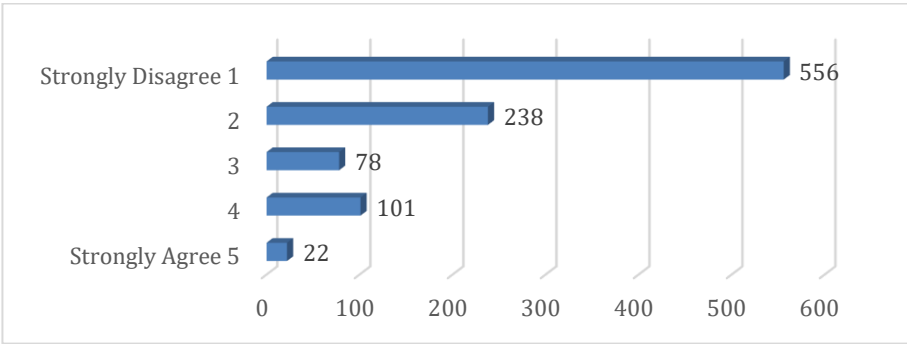


Figure 3. Tolerance of Corruption as Indicated in a Hypothetical Situation

The second independent variable, the perception of the government's anti-corruption effort, is measured through three indicators. The first was to assess people's trust in Hong Kong's most important anti-corruption agency, the ICAC. In the questionnaire, we asked the respondents "to what extent the ICAC deserves your support". The original scale provided four options—"very much deserves", "deserves", "not very deserves", and "not deserves at all". Not surprisingly, most respondents, as high as 93.5%, considered the ICAC worth their support, while only a very small proportion thought otherwise. Given the uneven distribution, the answers were collapsed into three categories -- very much deserves, deserves and not deserves, as shown in Figure 4.

The other two indicators of respondents' perceptions of the government's anti-corruption effort consist of a retrospective assessment and a prospective assessment. The retrospective assessment asked the respondents "do you think the Hong Kong government has been effective in controlling corruption in the past year?" with 4 representing "very effective", and 1 denoting "not effective at all". The majority of the respondents rated the government's performance effective and the answers are reported in Figure 5.

The questionnaire also asked prospectively whether respondents had confidence in anti-corruption enforcement in the near future by the question "do you think your confidence in anti-corruption enforcement will increase, decrease, or remain the same next year?" Answers were recorded in a 5-point Likert scale. Most people said that their confidence would stay the same or increase, as indicated in Figure 6. Following the existing literature that citizens' retrospective and prospective views may affect their behaviour and corruption perceptions

(Becher and Donnelly, 2013; Li et al., 2015), we believe that these assessments may positively affect the rate of reporting corruption.

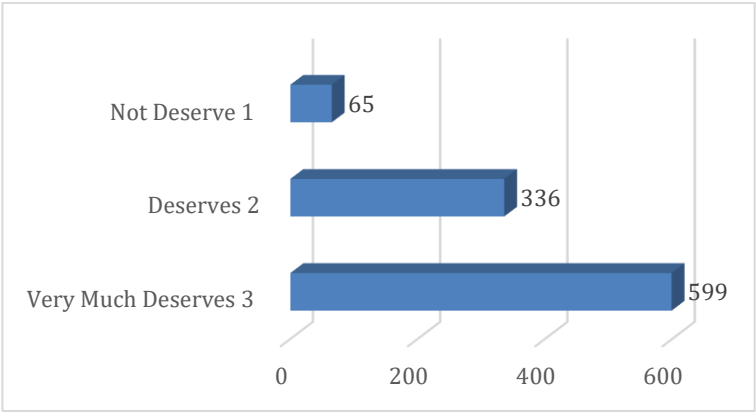


Figure 4. Support for the ICAC

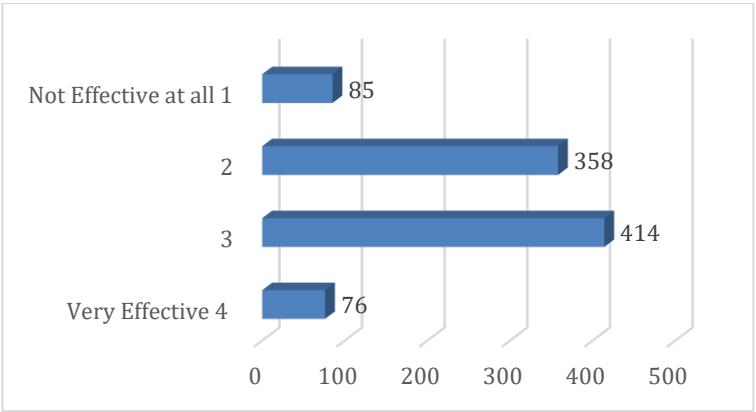


Figure 5. Perception of the Government's Effectiveness in Controlling Corruption

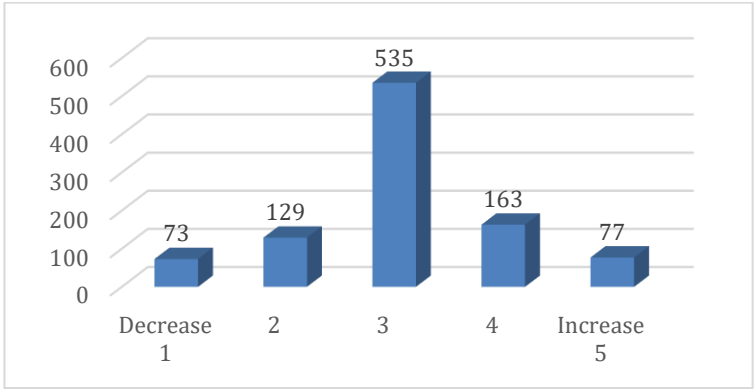


Figure 6. Prospective Assessment on Future Anti-Corruption Enforcement

To test the validity of the measurements, we have run correlation analysis for the three indicators of people's perceptions of the government's anti-corruption effort. The results show that there is moderately positive association between them (their spearman coefficients range from 0.24 to 0.30). Thus, we do not need to worry about collinearity problems in the regression analysis.

Additional control variables are included as well, as reported in Table 1. For example, how citizens perceive the causes of corruption may affect their willingness to report corruption. If corruption is considered as deeply rooted in the culture and is therefore difficult to prevent, then people may be less likely to report corruption. Five frequently mentioned causes of corruption are controlled for in our regression models: close connection between politics and business (Connection), weak anti-corruption enforcement (Enforcement), the culture of “old boy” networks (Culture), lack of transparency (Transparency), and individual greed and selfishness (Greed). All these controls are dummy variables. A majority of respondents thought that the close connection between politics and business and individual greed were the main causes of corruption in Hong Kong, as well as the lack of transparency. Demographic variables (education level, monthly income, work status, age and gender) are also controlled for. Corruption experiences may affect the willingness to report corruption, too. But without knowing if those who experienced corruption were victims or beneficiaries of corruption transactions, it would be difficult to predict how they might respond when confronting corruption.⁵ Last but not least, the extent to which citizens are familiar with reporting

⁵ Our survey reveals that those respondents who have corruption experiences are less willing to report corruption. Spearman correlation analysis demonstrates that they are more likely to doubt the effectiveness of

procedures may have an impact on reporting. The more familiar with the procedures, the more likely people will report corruption.

Table 1. Descriptive Analysis

Variables	Mean	S.D.	Min	Max
Report corruption (2=yes, 1=not sure, 0=no)	1.61	0.66	0	2
Connection (1=yes)	0.56	0.50	0	1
Lack of enforcement (1=yes)	0.34	0.47	0	1
Culture (1=yes)	0.34	0.47	0	1
Lack of transparency (1=yes)	0.39	0.49	0	1
Individual greed (1=yes)	0.51	0.50	0	1
Education level (6=highest)	3.04	1.74	1	6
Corruption experience (1=yes)	0.04	0.19	0	1
Income (7=highest)	2.89	2.15	1	7
work (1=yes)	0.47	0.50	0	1
Ln(age)	3.88	0.38	2.89	4.53
gender (1=male)	0.46	0.50	0	1
Report procedure (2=Yes)	1.07	0.93	0	2
ICAC (3=very much deserves)	2.53	0.62	1	3
Anti-corruption effectiveness (4=very effective)	2.52	0.77	1	4
Confidence in enforcement (5=increase)	3.04	0.96	1	5

reporting (coefficient=0.065 at the 5% significant level) and are more concerned about the potential harm reporting corruption might do to their friends (coefficient=0.085 at the 1% significant level). However, because only 4% of respondents reported that they or their relatives had experienced corruption, the statistical results may not be very meaningful.

General tolerance (10=highly tolerant)	1.24	2.32	0	10
Justifiable (5=strongly tolerant)	1.79	1.09	1	5

Source: Compiled by authors.

Empirical results and discussion

We adopt ordinal logistic regression in our data analysis because the dependent variable, willingness to report corruption, is coded as an ordinal variable. In addition, because the respondents are from different CAs and some omitted variables related to specific CAs may affect their propensities to report corruption, we report the robust standard errors in the regression by clustering the errors at the CA level. The regression results are presented in Table 2.⁶

Models 1 and 2 include the two indicators of tolerance for corruption respectively. The impact of general tolerance is reported in Model 1, while tolerance in a hypothetical situation is introduced in Model 2. As expected, the coefficients are both negative with statistical significance at 1%, showing they have a negative relationship with the propensity to report corruption; that is, a higher level of tolerance towards corruption makes it less likely for people to report suspected corruption. Even in Model 6, where all variables are included, the two coefficients only slightly change and their significant levels remain the same. The results provide strong and solid evidence supporting hypothesis 1. Social tolerance of corruption is

⁶ We conducted some regression diagnostics. For example, a multicollinearity test was performed with all variables included, which showed the variance inflation (VIF) ranging from 1.07 to 6.27. Our models do not have multicollinearity problems (Gujarati, 2015: 86). Link tests for model specification also showed that these models do not suffer from omitted variables. Besides, we presented the robust standard errors in parentheses by clustering respondents' CAs in all models. Thus, we believe the impact of omitted variables is insignificant.

generally low in Hong Kong, which explains why citizens in Hong Kong are more willing to report suspected corruption than people in many other regions.

Models 3-5 introduce three indicators of people's perceptions of the government's anti-corruption performance. Empirical results show that all three indicators are positive and statistically significant at the 5% level. These significant coefficients demonstrate that citizens' perceptions of the government's anti-corruption performance matter. If they think the ICAC deserves their support, they would be more likely to report corruption when encountering it. Moreover, if they consider the government's anti-corruption effort in the past is effective, they would be more willing to take action against suspected corruption. Likewise, if citizens have a high level of confidence in the government's future effort at controlling corruption, the likelihood for them to report corruption would increase. Since these three variables only have moderate correlation with one another, the statistical results confirm our hypothesis that citizens' positive evaluation of the government's anti-corruption performance makes them more likely to report corruption when they are confronted by it. When Model 6 takes all the variables into consideration, the coefficient of the anti-corruption effectiveness slightly increases and is still statistically significant at the 5% level. Although the other two variables do not reach the conventional significant level, the estimated coefficients are still positive as our hypothesis expects. The regression results, therefore, provide partial evidence supporting hypothesis 2; that is, the positive perception of the government's anti-corruption effort encourages citizens to report suspected corruption cases.

Table 2. Regression Analysis of Reporting Corruption

Dependent variable: reporting corruption. All models are ordinal logistic regression.

VARIABLES	(1)	(2)	(3)	(4)	(5)	(6)
Connection	-0.268	-0.337*	-0.303	-0.334*	-0.194	-0.412**
(1=yes)	(0.176)	(0.200)	(0.190)	(0.179)	(0.174)	(0.210)
Lack of						
Enforcement	0.219	0.168	0.232	0.147	0.240	0.156
(1=yes)	(0.149)	(0.162)	(0.169)	(0.148)	(0.149)	(0.206)
Culture	-0.337**	-0.386***	-0.444***	-0.384***	-0.403***	-0.581***
(1=yes)	(0.144)	(0.147)	(0.146)	(0.135)	(0.145)	(0.178)
Lack of						
Transparency	0.228	0.260	0.286	0.114	0.205	0.163
(1=yes)	(0.162)	(0.174)	(0.186)	(0.158)	(0.172)	(0.213)
Individual						
Greed	-0.369***	-0.354**	-0.503***	-0.424***	-0.400***	-0.594***
(1=yes)	(0.138)	(0.141)	(0.162)	(0.132)	(0.145)	(0.185)
Education	-0.006	-0.004	0.052	0.005	0.039	0.044
	(0.054)	(0.051)	(0.060)	(0.056)	(0.056)	(0.066)
Corruption						
experience	-1.262***	-1.375***	-1.030***	-1.289***	-1.303***	-0.956***
(1=yes)	(0.261)	(0.281)	(0.328)	(0.256)	(0.266)	(0.359)
Income	0.104	0.110	0.109	0.083	0.084	0.063
	(0.081)	(0.085)	(0.099)	(0.086)	(0.083)	(0.095)
Work	-0.457	-0.411	-0.509	-0.369	-0.341	-0.301
	(0.296)	(0.314)	(0.385)	(0.311)	(0.326)	(0.382)
Ln(age)	-0.456	-0.423	-0.409	-0.547*	-0.381	-0.659**
	(0.285)	(0.273)	(0.281)	(0.281)	(0.271)	(0.257)
Gender	0.045	0.060	0.117	0.132	0.065	0.290
(1=male)	(0.178)	(0.193)	(0.176)	(0.173)	(0.185)	(0.190)
Report	0.402***	0.428***	0.365***	0.396***	0.439***	0.385***
procedure	(0.076)	(0.080)	(0.087)	(0.083)	(0.078)	(0.076)
Anti-corruption			0.317**			0.338**
effectiveness			(0.131)			(0.143)
ICAC				0.247**		0.133
				(0.103)		(0.118)
Confidence in					0.212**	0.129
enforcement					(0.085)	(0.102)

General tolerance	-0.127*** (0.021)					-0.098*** (0.028)
Justifiable		-0.284*** (0.062)				-0.276*** (0.071)
Prob > chi2	0.000	0.000	0.000	0.000	0.000	0.000
Pseudo R2	0.057	0.060	0.051	0.046	0.050	0.080
Observations	827	807	766	810	797	718

Note: Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1.

Source: Compiled by authors.

As a whole, the two hypotheses about the respective impact of people's tolerance for corruption and perception of the government's anti-corruption effort on their propensity to take action against corruption are both confirmed. When comparing the empirical results concerning hypotheses 1 and 2, we find that the level of corruption tolerance seems to have a stronger impact on reporting corruption than the perception of the government's anti-corruption performance. In Model 6, the two measurements of corruption tolerance are both statistically significant at the 1% level, while for the variable of the perception of anti-corruption performance, only one of the three measurements, anti-corruption effectiveness, remains at the same significant level in comparison with Model 3. This finding may imply that statistically a low level of tolerance of corruption is a more robust and reliable predictor than citizens' perception of the government's anti-corruption performance in people's willingness to report corruption.

However, caution should be exercised with this argument. As reported in Figures 4 and 6, the majority of the respondents stated that the ICAC deserved their support and that their confidence in the government's anti-corruption enforcement would continue in the coming

year. Put together, these findings suggest that Hong Kong citizens generally think highly of the government's anti-corruption effort and particularly the work of the ICAC. The mutual trust and the joint effort between the government and the public have played, and will continue to play, a major role in making Hong Kong a clean society (Scott, 2013; Scott and Gong, 2015). Our findings thus confirm the reciprocity of two critically important components of socially-embedded anti-corruption governance: effective anti-corruption enforcement and low social tolerance of corruption.

What explains Hong Kong's success?

Hong Kong is one of the very few clean societies in the world and its anti-corruption experience, especially its success in enlisting public support in combating corruption as confirmed by our survey results, has attracted worldwide attention. Hong Kong suffered from endemic corruption as recently as the 1970s to the extent that corrupt activities were found in every segment of society (Lethbridge, 1985). Yet, it subsequently achieved “spectacular success in overcoming flagrant institutionalized corruption” (Manion, 2004: 2) in the next decades. This may be attributable to the timely creation of the ICAC and the development of a rule-based integrity framework in the civil service. The “[e]xplicit choices of institutional design explain much of Hong Kong's successful transformation from widespread corruption to clean government” (Manion, 2004: 200). Equally, if not more, important is the fact that the ICAC has been able to receive widespread public support for its anti-corruption work. The question is how and why it has been able to do so.

We believe that behind Hong Kong's success in fighting corruption lies its strong yes social-

embedded governance capability, particularly its ability to enlist strong public support.

Generally speaking, governance capacity has two major dimensions: one is institutional and the other relational (Bell and Hindmoor, 2009). The institutional dimension is reflected in formal organizations, rules, norms, and sanctions of government (North, 1990; Thelen and Steinmo, 1992). The relational dimension, on the other hand, concerns how the government understands and works together with citizens and non-government organizations (Evans, 1997). Hong Kong's anti-corruption governance is both institutional and relational.

Institutionally, the ICAC and its three-pronged integrity-management framework – law enforcement, corruption prevention, and community education – have worked effectively.

The ICAC has been praised as the “gold standard” of anti-corruption institutions (Batory, 2012), which other countries have sought to adopt in their anti-corruption practice though not always with success (Lethbridge, 1985; De Speville, 2010; Scott, 2011).

Particularly noteworthy is that the ICAC has also vigorously pursued a relational approach which goes beyond the top-down, rule-based, and bureaucratic-style enforcement to emphasize public engagement in its anti-corruption work. The ICAC created a Community Relations Department (CRD) in 1975, immediately after the Commission itself was established, exclusively for the purpose of enlisting public support. It was a timely effort because, despite initial public enthusiasm toward the creation of the ICAC, survey results indicated a considerable drop in public confidence in its work in January 1978 after the Governor, Sir Murray MacLehose, granted a partial amnesty to some police officers in 1977⁷ (ICAC, 1979a: iii; 1979b: 15). A further indication of low public confidence was that the total number of corruption reports received by the ICAC dropped significantly after the

⁷ The partial amnesty restricted ICAC investigations to offences that occurred after 1 January 1977 except for those who had already been dismissed from the Force, or had already been issued warrants, or were outside Hong Kong.

partial amnesty (Scott, 2013).

In order to win back the much-needed public support, the ICAC adopted a step-by-step strategy in early years, involving an incremental process of *awareness, penetration, and involvement*. The very first step was to make the public aware of the ICAC's presence and its effort at fighting corruption through various means of publicity, such as TV/radio announcements of public interest, posters and pamphlets. This was followed by intensive outreach campaigns of "penetrating" into every corner of society for face-to-face contacts with local residents in order to solicit their support for the government's anti-corruption work. Special efforts were made to reach the "at risk" or "hard-to-reach" groups, such as hawkers and fishermen, who were particularly vulnerable to corruption (Scott and Gong, 2015). Encouraging and involving citizens in the fight against corruption was the third step of the ICAC's engagement strategy. The ICAC has sent a clear and straightforward message to the public; that is, fighting corruption is a social undertaking that requires as well as deserves public assistance with, for example, reporting suspected corruption cases. At the same time when encouraging the public to report, the ICAC has taken various measures to protect complainants by guaranteeing confidentiality and prioritizing witness protection. The ICAC's Witness Protection and Firearms section acts quickly on any suspected cases of interference. The ICAC has also kept its promise on handling reports of corruption responsively and sensibly by responding to complaints within 48 hours and completing investigations of pursuable reports within 12 months in most cases.

The three-pronged engagement strategy of awareness, penetration, and involvement fares well in fostering informal institutions as well as formal ones in combatting corruption. As Skoog (2005) suggests, informal institutions tend to develop as a result of social interactions

based on certain moral norms or codes which all or most actors in society find beneficial to adhere to. The ICAC's efforts have not only boosted public confidence in the government's anti-corruption work but also cultivated a zero-tolerance culture towards corruption. Public willingness to report corruption quickly resumed after the setback in the early years. Statistics show that the percentage of the people who would report corruption by which they were victimised jumped from 60.9% to 87.6% in ten years from 1977 to 1986 (ICAC, 1979c, 1986) and has remained high since then. Even today when living in a relatively clean social environment, people in Hong Kong still remain on high alert for possible corruption. The ICAC receives thousands of corruption reports each year and its anti-corruption enforcement has benefitted from the high corruption reporting rates, as many of them are pursuable (ICAC, 2015). Our correlation analysis based on the ICAC data shows that the correlation coefficient between the total corruption reports and persons arrested was 0.782 (significant at 1% level) for the period of 1995 to 2015.⁸ We have also found from an earlier survey that young people in Hong Kong who have been exposed to a relatively clean social environment since their early life tend to be less tolerant of corruption and more willing to report suspected cases. On the contrary, new immigrants to Hong Kong seem to be a bit more tolerant of corruption and somewhat reluctant to lodge complaints against corrupt behaviour (Gong and Wang, 2013).

Hong Kong's success in controlling corruption testifies to the importance of a socially-embedded anti-corruption strategy. It indicates that to succeed in fighting corruption, governments should involve citizens as partners to co-produce clean society, while the public are expected to engage themselves and provide assistance proactively. Reporting corruption is both an indicator of citizens' willingness to fight corruption and a measurement of their

⁸ Corruption report figures are from the ICAC website: http://www.icac.org.hk/en/useful_information/cr/index_enlarge.html (2 November 2016 accessed), while data about arrests are from the ICAC annual reports of various years.

trust in the government's anti-corruption work. Higher reporting rates increase the actual and potential cost of corruption and prevent it from happening. Reporting corruption by the public may also exert social pressure on the government to make it more determined and more proactive in fighting corruption. Practically, rich and reliable information provided by citizens enables the government to detect corruption quickly and with relative ease. Higher reporting rates against corruption, therefore, enhance the effectiveness of governance.

In many developing countries, the failure in controlling corruption is attributable to the fact that stakeholders are reluctant to report corruption (Persson et al., 2013). Some citizens may believe that reporting corruption would not bring any change and they may also fear negative consequences such as retaliation (van Vuuren, 2003). Even in some more advanced economies, insufficient legal protection may prevent public sector employees from reporting workplace transgression (Zipparo, 1999). The implications of the Hong Kong experience for policy makers and practitioners in other regions lie not only in institutional engineering by creating anti-corruption agencies but also in the ways in which close interactions between the agencies and the public are developed and maintained. Some developing countries may have neither an effective anti-corruption agency nor a social environment where people consider corruption as unacceptable. For them, developing effective and powerful anti-corruption agencies may be the first step, just as what Hong Kong did in its early years of combating corruption. By saying so, we nevertheless do not mean that in regions where governments have performed poorly in controlling corruption, the public cannot take proactive actions. The ineffectiveness of the government in curbing corruption may compel citizens to take matters into their own hands and fight corruption in other ways than simply following the instructions of authorities.

However, low tolerance of corruption alone may not necessarily translate into the propensity to fight corruption. In a survey conducted in a capital city in Mainland China, respondents were asked about their tolerance of corruption using similar questions we used in this research. The mean tolerance score was 1.18 (“0” as the lowest and “10” as the highest) with a standard deviation of 2.06, which was rather close to the results we got in Hong Kong. Nonetheless, when asked about whether they would report corruption if they encountered it, 32% of the respondents said “yes”, as compared to 70% in Hong Kong (Yuan, 2016). The findings support our assumption that both intrinsic and extrinsic factors matter in influencing people's decision to report corruption. Because of the lack of protection for whistle-blowers or because of low trust in the government's sincerity in fighting corruption, low levels of tolerance of corruption often do not translate into the propensity to report corruption. If the public does not report corruption because the government has performed poorly in controlling corruption, the government's effort may encounter even more difficulties. This will then cause a vicious circle of poor anti-corruption performance and lack of support for the government to fight corruption.

Having powerful anti-corruption agencies is a necessary condition but not a sufficient one. Social desire for controlling corruption should manifest itself in the public's willingness to report corruption, so that top-down anti-corruption enforcement can work effectively. Therefore, how to translate citizens' low tolerance into their propensity to take action to combat corruption remains crucial. For this to happen, anti-corruption agencies must gain citizens' trust and support. This will in turn have a positive impact on public willingness to report corruption as they consider political institutions trustworthy and sincere in fighting corruption. As demonstrated in this study by both a narrative account of the ICAC's community-relations efforts and the statistical evidence of its success, Hong Kong provides a

good example in promoting zero tolerance for corruption in society and building strong public trust and support for its anti-corruption work.

Conclusion

While most recent studies focus on broad macro-level institutional reforms as keys to success in controlling corruption, this study, by contrast, focuses on combating corruption at the societal level by examining the possibilities of civic engagement. We are particularly interested in how to promote citizens' willingness to report suspected corruption. We find that two necessary conditions influence people's decision to report corruption: a low level of tolerance towards corruption and a positive perception of the government's anti-corruption performance. These two factors underlie Hong Kong's success in controlling corruption in past several decades. Our recent survey data collected in Hong Kong provide strong evidence supporting the conclusions. This study is about Hong Kong, but its conclusions may apply to other regions. As our findings show, controlling corruption requires not only institutional engineering at the macro level, as evidenced in the rule of law and highly effective anti-corruption agencies, but also relational endeavour to raise public awareness and cultivate low social tolerance for corruption at the micro level. The macro and micro approaches to preventing corruption have gone hand in hand in Hong Kong and their interplay enables the society to remain clean. This is exactly what the Hong Kong experience has illustrated.

Our study has policy implications for other developing societies and particularly Mainland China. Facing rampant corruption, China has engaged in an intensified anti-corruption battle for decades. Another yet even more fierce campaign has been underway since late 2012 after

the Xi Jinping government took office. Many new and stringent anti-corruption rules and regulations have been enacted (Gong and Xiao, 2016). It was reported that by the end of 2016, more than 140,000 government officials had received legal and disciplinary penalties for breaching rules.⁹ This demonstrates strong political will in fighting corruption but still the campaign is carried out in a top-down fashion with the Central Discipline and Inspection Commission, the chief ACA in China, performing an all-inclusive role. Little effort has been made to engage citizens to play a proactive role in fighting corruption and, as a result, anti-corruption work has largely appeared to be a black box to the public. In order to obtain citizens' trust in the anti-corruption endeavour, the Chinese ACAs should reach out to the general public, promote transparent and fair anti-corruption procedures, and develop more inclusive mechanisms for citizen engagement.

Hong Kong's success has also illustrated the importance of low tolerance for corruption for other societies. Citizens in Hong Kong are sensitive to corruption and are generally willing to report suspected cases when encountered. The low tolerance is a result of the ICAC's public engagement strategy discussed in this study and civil education efforts mentioned by other scholars (e.g., Marquette, 2007). Thus, to learn from the ICAC's "universal" model which aims for zero tolerance of corruption on all fronts, it is imperative for ACAs to work together with other social organizations to promote public awareness of anti-corruption laws, rules and regulations, keep citizens informed of reporting procedures, facilitate the convenience of reporting, and enhance witness protection programmes. Only by doing so can ACAs and civil society build an optimal reciprocal relationship in controlling corruption.

⁹ For more information, refer to: <http://www.chinanews.com/gn/2016/12-22/8102041.shtml> (accessed 17 March 2017).

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