

Management Aspects of Building Integrity and Countering Corruption in Defense

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Corruption in defense is much more than a moral issue. Cases of corruption impact negatively the efficiency of defense establishments, while defense budgets are under ever increasing pressures. Further, unchecked corruption reduces the level of defense capabilities, impacts the operational effectiveness of the armed forces and puts soldiers lives at increased risks. It lowers the military's standing in society and the level of respect by international partners. In its extreme manifestation, corruption may threaten democratic governance mechanisms and even the foundations of a modern state.

The increasing understanding of problems associated with defense-related corruption led, *inter alia*, to the launch of the NATO *Building Integrity Initiative* in 2008. Its first phase focused on the development of a training course, a defense integrity self-assessment tool, and a compendium of good practices in building integrity and reducing corruption in defense, published jointly by NATO and the Geneva Center for the Democratic Control of Armed Forces (DCAF) [1].

These efforts helped to understand better and structure the areas of defense activities with high corruption risks, as well as the specific reasons that increase corruption risks in defense-related activities. Not surprisingly, the list of most corruption prone activities included:

- Personnel policies and management.
- Defense budgeting and financial management.
- Defense procurement.
- Offset arrangements.
- Outsourcing, privatization, and public-private partnerships.
- Utilization of surplus weapon systems, equipment, and infrastructure.
- Involvement of defense personnel in economic activities and, more generally, the functioning of state-owned defense companies.
- Outsourcing of services in ongoing military operations.
- Defense activities in countries with unresolved territorial disputes.

The search for good practices followed a strategic approach, elaborated by Prof. Francois Melese, Director of the Defense Resource Management Institute at the Naval Postgraduate School in Monterey [2]. It combines the ethical with the economic perspective and builds on the Nobel Prize winning work of Gary Becker [3], accepting that elected officials, military and civilian employees, contractors and other defense actors are rational players that weigh marginal costs and benefits before choosing to get involved into an act of corruption or not.

Thus, the approach goes beyond internationally mandated norms, such as the conventions of the United Nations [4] and the Organization for Economic Cooperation and Development (OECD) [5], to incorporate important aspects of defense management, such as:

- Transparency of defense decision making processes.
- Accountability for implementation and results.
- Integrity of organizations, business processes and individual behavior.

The implementation of the approach in a given defense establishment requires rational assessment of corruption risks, identification of areas to be urgently addressed, and elaboration of a strategy and action plan, taking into account own experience and good practices available internationally [6].

National and international integrity building efforts already contributed to the understanding of the problem of defense corruption and the awareness of available good practices and tools to remedy it.

One persisting challenge is how to prevent corruption in defense, distinguishing in advance a discrepancy between allocated resources and anticipated output. Another one is to provide a clear linkage between defense policy objectives, capability targets, defense programs, procurement decisions and actually delivered output, and to preserve this audit trail in changing circumstances.

Thus, defense management research can greatly facilitate further efforts in enhancing integrity, transparency and accountability. Studies on capability planning, analysis of alternatives in force structuring, programming and procurement, process integrity and process improvement could be replicated elsewhere and thus contribute to increasing efficiency in a defense organization.

On many other issues, however, national experience is often unique and reference models are lacking. Hence, analysts should seek relevant examples in the experience of other defense organizations. Of considerable utility might be international studies comparing across several countries approaches, models and data and creating benchmarks for:

- Measuring results, e.g. defense capability levels.
- Estimating capability costs [7].
- Measuring performance of defense organizations.
- Efficiency of outsourcing and public-private partnerships.

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- Integrity of resource allocation processes.
- Structures and career models for military and civilian personnel, etc.

And although research findings will not allow to distinguish with certainty a case of actual or potential corruption, they would indicate areas of low performance that may be a result of either corruption or poor management, and provide recommendations to enhance the integrity of defense organizations. Thus, management can add substantially to ethical, legislative, and law enforcement measures in countering corruption in defense.

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