

# Unlocking the Principal Agent and Collective Action Debate: Implications for Anticorruption Policies

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**Abstract**—*Conventional academic literatures have framed corruption primarily as a Principal-Agent Problem which stems from two assumptions that the Principal and Agent have divergent interests and the Agent possesses more information than the Principal. Owing to information asymmetry, the Principal is unable to monitor the actions of the Agent, and so the Agent has some discretion to pursue its own interests. But recently scholars have argued that the phenomenon may be more accurately described as a Collective Action Problem founded on the Collective Animal Behaviour Hypothesis which postulates that what Agents do depends on what they think most other Agents will do. If almost all Agents are defecting, then it might be habitual for each Agent also to defect, but if almost all Agents are cooperating, then in this setting, cooperation is actually preferred by most Agents. This dichotomy has not only infuriated heat among academicians but also perplexed policy makers in policy choice approaches. Keeping this hypothesis in view, this paper seeks to examine three core issues: firstly, it attempts to elaborate the Principal-Agent Problems and Collective Action Problems of corruption separately; secondly, it revisits the debate between the two theories with evidences from extant literatures; and thirdly, it moves towards resolving the debate with Integration Principle. The basic objective of the paper is to argue that neither of the two theories falls within Absolute Idealism but within Relativism. The applicability of these theories is determined by the alignment between cultures and social values and administrative norms on the one hand, and on the other, the power structure of a polity. Distancing from the hurry-and-strife of the Principal Agent and Collective Action debate, this paper suggests mutual integration of the two theories for effective anticorruption policies.*

**Keywords:** *Corruption, Principal-Agent, Collective Action, Integration.*