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Administrative and financial corruption: Analyzing concepts, causes, manifestations, and key global anti-corruption strategies

Hamidat Amar

PhD in Economics Sciences, Faculty of Economic and Commercial Sciences and Management Sciences, University of Ghardaia, Algeria

Email: Hamidat.amar@univ-ghardaia.dz

ORCID ID; 0000-0002-5332-3829

Louifi Ilyas

D in Economics Sciences, Faculty of Economic and Commercial Sciences and Management Sciences, University of Ghardaia, Algeria

Email: louifi.ilyas@univ-ghardaia.dz

ORCID ID; 0000-0002-0918-1974

Abstract---The present study, entitled "*Administrative and Financial Corruption: Analyzing Concepts, Causes, Manifestations, and Key Global Anti-Corruption Strategies*," aims to explore the nature of administrative and financial corruption, examining its primary causes, manifestations, and resulting impacts. Additionally, it reviews significant international experiences in combating corruption. Using a descriptive approach, the study presents various concepts related to administrative and financial corruption. The findings reveal that while some countries have successfully mitigated the risks of such corruption, complete eradication remains challenging. Notably, Singapore stands out for its success in significantly reducing administrative and financial corruption.

Keywords---Corruption, financial corruption, Transparency International, United Nations.

Introduction

Corruption is a pervasive global issue affecting countries worldwide, regardless of location or political system. It is present in both developing and developed nations, though its extent and severity may differ. This phenomenon has inflicted

significant harm on societies, with detrimental impacts on both the economy and social fabric. Corruption is one of the most severe threats facing nations, as its spread can severely hinder economic progress and social development.

Acknowledging the presence of corruption openly and transparently is the crucial first step in combating and addressing it, with the ultimate goal of eradicating it from the highest levels of leadership down to the grassroots. Corruption is a destructive force, much like wildfire, that spares nothing in its path. As this phenomenon continues to spread across societies, it has raised alarm, prompting the need for coordinated international efforts to tackle it. This has led to the establishment of anti-corruption organizations and bodies, with Transparency International being a leading example. However, strategies for combating corruption vary widely across countries.

Based on this context, the following central research question arises:

What are the key manifestations of administrative and financial corruption, and what are the most notable international approaches to combating it?

From this main question, the following sub-questions can be derived:

- What are the primary causes of administrative and financial corruption?
- What are the most prominent manifestations of administrative and financial corruption?
- What are the most significant international experiences and strategies in combating corruption?

Study Hypotheses:

1. Administrative and financial corruption is a widespread negative phenomenon affecting many countries globally. Bureaucracy and the weakening of regulatory institutions are the main drivers behind its prevalence.
2. Bribery and embezzlement are the most common manifestations of administrative and financial corruption.
3. Singapore and China represent notable examples of successful international efforts in combating corruption. Their approach includes implementing policies that offer incentives to deter individuals from engaging in corrupt practices, such as increasing wages and enhancing the standard of living.

Study Objectives:

This study aims to:

- Examine the nature of administrative and financial corruption.
- Analyze the main causes and manifestations of administrative and financial corruption.
- Explore the most successful international experiences in combating corruption.

Importance of the Study:

The significance of this study stems from:

- The increasing global attention and importance given to the issue of administrative and financial corruption in recent years.

- Ongoing international efforts to combat corruption effectively.
- The growing impact of corruption on various societies highlights its negative role in hindering development and progress.

2 The theoretical framework of administrative and financial corruption

2.1. The concept of administrative and financial corruption

In its linguistic meaning, the term *corruption* comes from the verb “to corrupt,” indicating that something has become spoiled or damaged. The term implies the opposite of “interest” or “integrity.” Linguistically, it can refer to unjustly taking money or signify loss, harm, drought, or famine.

In a purely scientific context, *corruption* refers to the organic decomposition of matter, typically caused by the action of microorganisms, leading to decay. Conceptually, the term implies a shift from a state of goodness or order to a state of deterioration or badness.¹

Linguistically, *corruption* is defined as “immorality, disregard for customs and laws, or behaviors leading to damage and destruction.” It can also denote conditions of drought, famine, or widespread disaster.

According to Transparency International, corruption is defined as “the abuse of public office for private gain.” This definition emphasizes that private gain often involves government officials accepting bribes or engaging in unethical practices for personal benefit.²

Both administrative and financial corruption have been defined in various ways, though the underlying meaning remains consistent across definitions:

- Administrative Corruption refers to the deviation or distortion of administrative processes from their intended purpose. It involves an employee exploiting their professional authority to serve personal interests or gain financial benefits. Administrative corruption often precedes financial corruption and is considered an inevitable precursor to it.
- Financial Corruption involves violations of financial regulations, rules, and oversight mechanisms. It manifests in activities such as bribery, kickbacks, embezzlement, favoritism, and nepotism, reflecting a broader pattern of financial misconduct and exploitation.³

2.2 Manifestations and forms of administrative and financial corruption⁴

The forms of administrative and financial corruption are diverse and have evolved alongside their underlying causes. The main types include:

¹ Falah Mubarak Bardan, Muhammad Hardan Ali, *Financial and Administrative Corruption and its Impact on Development in Iraq after 2003*, Algerian Journal of Human Security, Issue 4, 2017, p. 04.

² Khairani Al-Eid, *The extent of the contribution and adequacy of Algerian auditing standards in reducing administrative and financial corruption practices - A field study of the opinions of auditors in Algeria*, Journal of Economics and Environment, Issue 01, 2022, p. 04.

³ Asia Saadane, Souad Chaabania, *Mechanisms for Reducing Administrative and Financial Corruption - Corporate Governance as a Model* -, First National Forum on Corruption and its Impact on Economic Development, Faculty of Economics, Business and Management Sciences, University of Guelma, 2018, p. 02.

⁴ Aati Yamina, *Administrative and Financial Corruption: Its Concepts, Causes, Forms and Effects on Economic Development*, First National Forum on Corruption and its Impact on Economic Development, Faculty of Economics, Business and Management Sciences, University of Guelma, 2018, pp. 4-5.

1. **Bribery:** This involves an agreement between two parties where one offers an action or benefit, and the other accepts it in exchange for performing or abstaining from a task related to their official duties.
2. **Money Laundering and Embezzlement:** Officials illicitly acquire public funds and transfer them abroad, disguising the illegal origin of the money. Embezzlement, specifically, is a breach of trust by a public employee who illegally appropriates funds under their control that belong to the state or others.
3. **Favoritism:** This refers to giving undue advantages or preferences to relatives, friends, or close associates when awarding positions, promotions, grants, or raises. The consequences of favoritism include discrimination against other qualified individuals, widening socio-economic gaps, and contributing to poor organizational and administrative management.
4. **Forgery and Fraud:** This involves an employee abusing their position to secure illegal gains, such as tampering with or concealing documents for personal benefit. It may also involve the falsification of official records, certificates, or currency.
5. **Fraud:** Fraud entails the deliberate violation or circumvention of legal regulations by an employee or official to obtain personal benefits. This often comes at the expense of public resources or the integrity of the administrative system. A common example is tax evasion.
6. **Blackmail:** Blackmail involves using threats of harm—whether to a person's safety, property, reputation, or family members—to coerce the victim into providing money or services unlawfully. This form of corruption has become increasingly prevalent in recent years.

2.3. Causes of the emergence of administrative and financial corruption⁵

Negative phenomena, such as administrative and financial corruption, cannot be addressed effectively unless their root causes are diagnosed and thoroughly examined. The World Bank has identified several key factors contributing to the emergence of corruption, including:

1. **Marginalizing the Role of Regulatory Institutions:** Regulatory bodies may be undermined or even corrupted, preventing them from fulfilling their intended role in overseeing public affairs.
2. **Bureaucracy in State Institutions:** Excessive bureaucracy within government institutions can lead to inefficiency, delays, and opportunities for corruption.
3. **Weakness of Civil Society Institutions:** When civil society organizations are weak or sidelined, there is limited public oversight, which can enable corrupt practices to flourish.
4. **Political Power Vacuums:** A power struggle for control of state institutions often creates a governance vacuum, providing fertile ground for corruption.

⁵ Sakak Murad, *Administrative and Financial Corruption and Mechanisms to Combat It with Reference to the Case of Algeria*, Journal of Finance, Investment and Sustainable Development, Issue 02, 2019, p. 04.

5. **Favorable Social and Political Environment:** A social and political climate that allows corruption to thrive, either through lax enforcement of laws or the normalization of corrupt behaviors, supports its persistence.
6. **Low Official Wages for Government Employees:** Insufficient pay for government officials can encourage them to engage in corrupt activities to supplement their income.
7. **The Nature of Society:** Societies that place a high value on personal relationships and patronage networks often see a rise in nepotism and favoritism, further perpetuating corruption.

2.4. Reasons for the failure of attempts to eliminate administrative and financial corruption⁶

Throughout history, countries and governments have made numerous attempts to combat and reduce corruption, yet many of these efforts have failed. The primary reasons for these failures include:

1. **Lack of Commitment at the Political Leadership Level:** Some leaders may be committed to change but are hindered by a lack of support from the political leadership. This can occur when leaders are either not convinced of the need for reform or are more interested in maintaining their power. Conversely, a head of state may be unable to address corruption if the executive branch does not cooperate, often because it serves their interests.
2. **Overly Ambitious Reform Promises:** Sometimes leaders make reform promises that are overly ambitious and unrealistic, leading to expectations that cannot be met. When these promises fail, leaders quickly lose the trust of the public and those around them.
3. **Partial, Uncoordinated, and Discontinuous Reforms:** Efforts to fight corruption can falter if the reforms are piecemeal, lack coordination, or are implemented inconsistently, making them ineffective in the long term.
4. **Overreliance on Legal Approaches:** Focusing only on legal reforms without addressing the moral and ethical aspects of corruption can lead to limited success. A comprehensive approach must include both legal measures and strong moral or religious deterrents.
5. **Focusing on Lower-Level Corruption:** If anti-corruption efforts primarily target corruption at lower levels, while leaving higher-level corruption unaddressed, it can lead to frustration among the working class, who see the problem as being only partially tackled.
6. **Lack of Institutional Mechanisms for Long-Term Implementation:** Reforms may fail if they are not backed by strong institutional mechanisms to ensure their continued implementation and enforcement.
7. **Lack of Integrity in Elections:** Corruption can be perpetuated by a lack of integrity in local, legislative, or presidential elections, undermining the democratic process and contributing to a cycle of corruption.

⁶ Katoush Ashour, Korin Haj Kouaider, *Administrative and Financial Corruption in the Algerian Financial and Banking Sector and Methods of Combating It*, International Conference on Reforming the Algerian Banking System, Faculty of Economics, Business and Management Sciences, University of Ouargla, 2008, p. 06.

2.5. Economic effects of administrative and financial corruption⁷

Corruption has far-reaching effects on various aspects of a country's life, with significant economic consequences. The most notable economic impacts include the depletion of national resources through tax and customs evasion, as well as the acceptance of bribes and commissions, which contribute to rising prices and inflation. Corruption also leads to the mismanagement of public funds, impairing the government's ability to fulfill its responsibilities. Additionally, the smuggling of capital weakens local investment capacity and fosters monopolies controlled by corrupt groups, limiting access to goods and services.

The economic effects of corruption are especially profound, leading to a decline in both domestic and foreign investment, including foreign direct investment. Corruption often shifts government spending from productive to less productive activities, exacerbating economic inefficiency. Furthermore, countries plagued by corruption are more vulnerable to currency crises and devaluation.

2.6. Anti-Corruption Administrative and Financial Actions ⁸

The complexity of administrative and financial corruption, along with its potential to infiltrate various aspects of administrative life and its detrimental effects, has led to the development of several mechanisms aimed at combating, containing, and ultimately eliminating it. These mechanisms include:

1. **Administrative Reform:** This involves eliminating corrupt administrative practices and improving public administration by establishing a fair system for appointing, evaluating, and promoting employees and officials. It also includes raising employee salaries, improving the standard of living, and reforming the civil service system to address the root causes of administrative and financial corruption.
2. **Activating Oversight Institutions:** Strengthening the role of institutions responsible for supervising and monitoring cases of administrative and financial corruption is crucial. These institutions must work to enhance accountability for public officeholders through an independent and fair judicial system that upholds the rule of law.
3. **Enacting Clear Laws and Regulations:** Governments should enact explicit laws and advanced administrative regulations, establishing efficient executive and supervisory agencies. These agencies, backed by strong political will, must diligently pursue cases of corruption to ensure compliance and accountability.
4. **Monitoring and Accountability:** Monitoring government employees, questioning their performance, and holding them accountable to their superiors is essential. Superiors must, in turn, be responsible to higher authorities according to the administrative hierarchy, ensuring a clear chain of responsibility.
5. **Social Reform:** Raising public awareness about the dangers of corruption is key to fostering a culture of integrity. Emphasizing the role of families and

⁷ Khaled Laitim, Abdelhafidh Maskin, *The Economic Effects of Administrative and Financial Corruption and Algeria's Efforts to Combat It – Referring to Algeria's Ranking in Corruption Perceptions*, Maaref Magazine, Issue 24, 2018, p. 09.

⁸ Kasim Aloun Saeed, Souhal Adel Ahmed, *Administrative and Financial Corruption: Concept, Causes, Effects, and Means of Combating It*, Journal of Historical and Civilizational Studies, Issue 18, 2014, p. 11.

schools in instilling values such as honesty, integrity, loyalty, and professionalism can contribute to this effort. Additionally, cultivating role models who practice these values and expose corruption can help reduce its prevalence in society.

3 Global Experiences in Combating Corruption

3.1. Singapore Experience⁹

Singapore's experience in combating corruption is considered pioneering and unique, positioning the country among the global leaders in corruption control. It has successfully eradicated corruption, ranking alongside countries like Finland, New Zealand, and Denmark as some of the least corrupt nations. Singapore's Corruption Perceptions Index (CPI) reached 8.7 in 2021, 8.5 in 2015, and briefly fell to 8.4 in 2017. The country's journey from being one of the most corrupt nations to its current status as a global model for anti-corruption efforts spans over three decades.

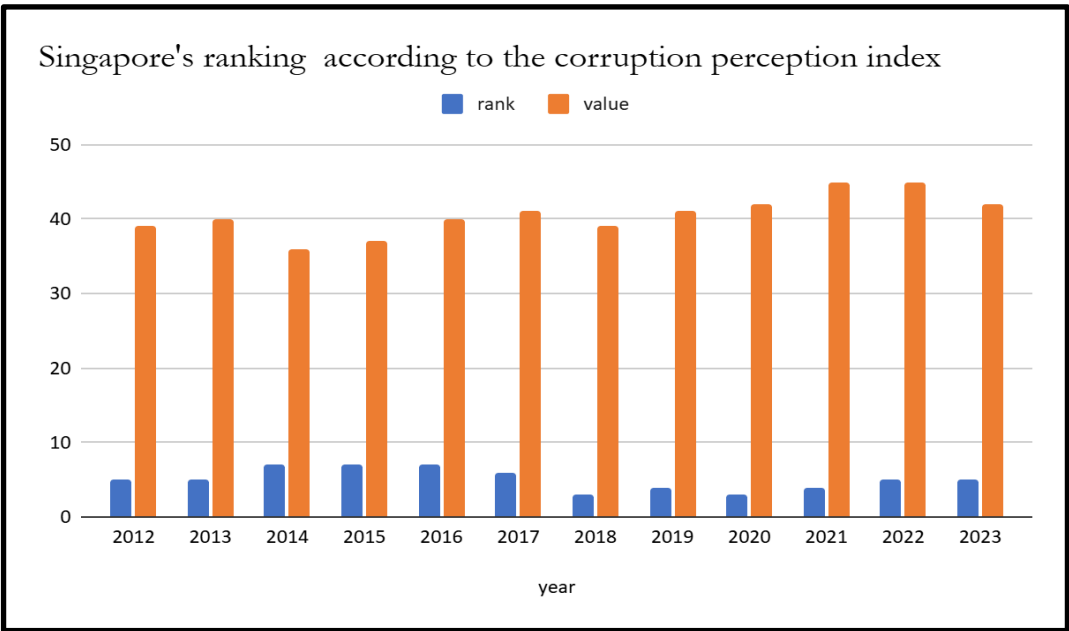
Key to Singapore's success was its implementation of a comprehensive set of reforms that included simplifying and clarifying laws, rules, and procedures. By reducing the number of regulations and making all procedures more transparent and straightforward, the government eliminated loopholes that could lead to corruption, ensuring that no deviations or violations of the law were possible. These measures were crucial in creating a corruption-free environment.

Table 1:
Singapore's ranking on the Corruption Perceptions Index

Value	Rank	Year
39	5	2012
40	5	2013
36	7	2014
37	7	2015
40	7	2016
41	6	2017
39	3	2018
41	4	2019
42	3	2020
45	4	2021
45	5	2022
42	5	2023

Source: Designed by researchers based on Transparency International report

⁹ Honorary Classification, International Experiences in Combating Corruption, Journal of Humanities and Social Sciences, Issue 01, 2018, p. 18.



A preliminary review of corruption indicators reveals that Singapore has consistently ranked among the top seven countries in terms of combating corruption for the past 11 years, cementing its status as a leader in anti-corruption efforts. This success is attributed to the stringent anti-corruption system implemented by the Singaporean government and its diversified economy, which is not reliant on oil revenues. This diversification reduces the opportunities for corruption, especially when compared to rentier economies that depend heavily on natural resources.

The table showing the Corruption Perceptions Index (CPI) for Singapore from 2012 to 2023 highlights that the country's score has consistently ranged between 36 (as the minimum) and 45 (as the maximum). Singapore ranked seventh in the CPI for three consecutive years (2014-2016), which marked a two-place drop compared to its performance in 2012 and 2013. However, in the past seven years (2017-2023), Singapore has consistently remained in the top six, with its highest ranking of third place achieved in 2018 and again in 2020, with a score of 42.

This sustained high ranking is largely due to Singapore's proactive prevention policies, which include raising and improving workers' salaries, promoting electronic transactions to reduce direct cash dealings, and enhancing transparency in administrative contracts. Additionally, the country has implemented severe penalties, including imprisonment and high fines, for corrupt activities. These measures have played a significant role in maintaining Singapore's position among the least corrupt countries globally.

Notably, Singapore stands out as the only Asian country in the top ten of the CPI, underscoring the effectiveness and efficiency of its government policies in combating corruption. This distinction reflects the success of Singapore's

comprehensive and rigorous approach to curbing corruption compared to its regional counterparts.

3.2. The Tanzanian Experience ¹⁰

Tanzania's government has launched an intensive anti-corruption campaign in recent years, significantly improving the country's ranking in Transparency International's Corruption Perceptions Index. A unique element of this campaign has been the involvement of school students in the fight against corruption, which began as an experiment in 2015. This initiative aimed to foster a culture of integrity and ethics among the younger generation, with anti-corruption clubs established in schools and tertiary institutions across the country.

Holly Makungu, a senior official at the Prevention and Anti-Corruption Bureau (PCCB), explained that these student clubs have been instrumental in instilling values of integrity and ethical behavior. By targeting students, the campaign seeks to enhance their understanding of ethics and integrity, encouraging them to adopt moral standards from an early age. Makungu emphasized that the clubs not only raise awareness but also promote the development of moral integrity in the younger generation.

The initiative has shown positive results. In 2018, Tanzania ranked 99th out of 180 countries in the Corruption Perceptions Index (CPI), improving to 96th in 2019, a positive shift of four places. According to Mariama, a program officer at HakiElimu, an education-focused volunteer group, the anti-corruption clubs have contributed significantly to promoting integrity in Tanzanian schools. She noted that teaching children to reject corruption at a young age increases the likelihood that they will maintain high moral standards as adults.

In addition to promoting ethical behavior, these clubs also emphasize the importance of open and responsible governance, empowering students with the values needed for future leadership. Despite these efforts, many experts believe that tackling corruption in Tanzania remains a difficult challenge that requires tough decisions and sustained commitment across all sectors of society.

4- Spreading awareness

Holly Makungu highlighted that student anti-corruption clubs in Tanzania have not only been effective in raising awareness about corruption but have also taken on the role of watchdogs, reporting instances of graft. "We have received hundreds of calls to our hotlines that people use to report corruption, and we have investigated these whistleblowers, often prosecuting those involved in bribery," she stated. This initiative has empowered students to actively participate in the fight against corruption and hold individuals accountable for corrupt practices.

¹⁰ Anadolu Agency, Tanzania's successful experience in combating corruption begins from school benches, www.aa.com.tr/ar, 01-22-2023.

Sultan Ngaladezi, head of the Bureau of Prevention and Anti-Corruption, shared that approximately 7,788 anti-corruption clubs have been established, with 55,770 members in primary and secondary schools across Tanzania. These clubs play a critical role in the ongoing battle against corruption in the country.

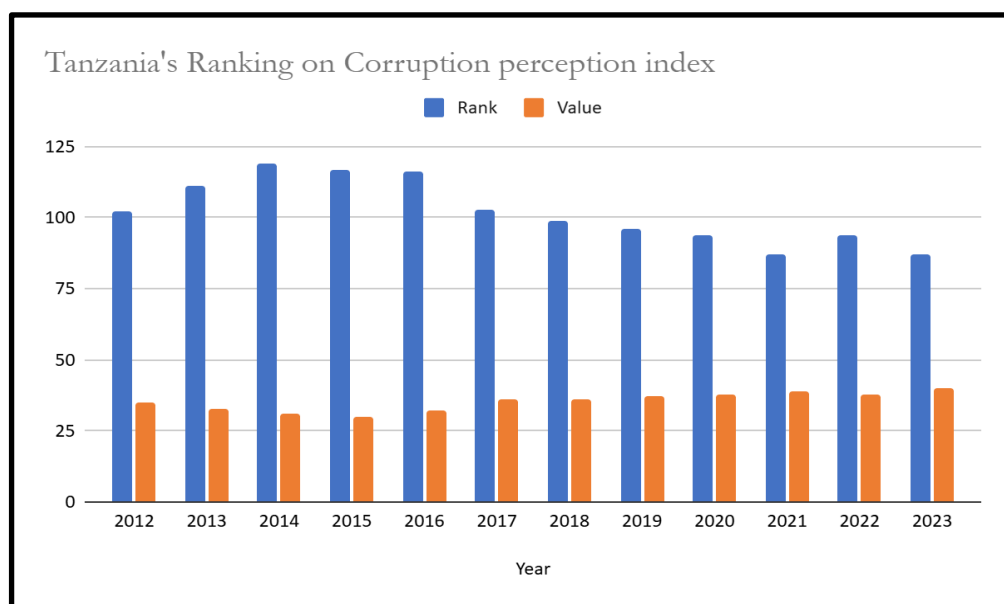
Makungu further explained that the Anti-Corruption Bureau has been engaging young people through a variety of activities, including seminars, discussions, public meetings, drawing and writing competitions, and even using radio and television programs to spread anti-corruption messages. These efforts aim to create a culture of integrity and ethical behavior among the younger generation.

Beyond addressing corruption, the student clubs also monitor educational institutions to ensure that teachers are delivering lessons as expected and that students are attending classes regularly. This holistic approach encourages students not only to combat illicit gain but also to contribute to improving the overall functioning of their schools and communities.

Table 2:
Tanzania's ranking according to the Corruption Perceptions Index

Value	Arrangement	Year
35	102	2012
33	111	2013
31	119	2014
30	117	2015
32	116	2016
36	103	2017
36	99	2018
37	96	2019
38	94	2020
39	87	2021
38	94	2022
40	87	2023

Source: Designed by researchers based on Transparency International report



Based on the data presented, it is evident that Tanzania's ranking in the global Corruption Perceptions Index has steadily improved over the years, signaling its emergence as a key player in the fight against corruption. Since 2015, Tanzania has seen a continuous upward trajectory in its rankings, reflecting the success of the government's policies and preventive measures.

Despite Tanzania's economy being largely dependent on agriculture, which can create opportunities for corruption, the government has implemented effective strategies to curb this issue. The country's consistent efforts have helped mitigate the impact of corruption, even in a relatively vulnerable economic environment.

Looking at the period from 2012 to 2023, we observe that Tanzania's corruption perception score fluctuated between 30 and 36, with an average score of 33. During this time, the country's ranking ranged from 102nd to 119th, with occasional improvements and setbacks. However, from 2015 onwards, there has been a clear and consistent improvement in both the perception score and ranking. By 2021, Tanzania reached its highest position, ranking 87th with a score of 39. Between 2018 and 2023, the country consistently ranked below 99th, outperforming many of its African counterparts.

This improvement in Tanzania's ranking was not a coincidence. It was the result of a strategic and intensive anti-corruption campaign initiated by the government, which notably included the involvement of school students in the fight against corruption starting in 2015. This initiative has played a crucial role in raising awareness and promoting ethical behavior, ultimately contributing to Tanzania's rise in the global rankings.

Tanzania's progress is particularly notable when compared to its neighbors in Africa, with the exception of Rwanda. The country's efforts to combat corruption have placed it ahead of many regional peers, demonstrating the effectiveness of its

government-led initiatives and the growing commitment to transparency and accountability.

Conclusion

The experiences of Singapore and Tanzania are among the most important international efforts in combating corruption, with Singapore's model considered a global benchmark for other countries and organizations. The success of both countries in fighting corruption is due to their effective policies. Singapore's success is attributed to its political, preventive, and criminal measures, along with the establishment of the Office of Investigation into Corruption Practices, which has helped it achieve high levels of performance in the integrity index. Tanzania, on the other hand, relied on the educational system, using school students to fight corruption and illicit gain, combined with deterrent and preventive policies for those engaging in corrupt practices. This approach has contributed to improving Tanzania's global corruption rankings.

The study reached the following conclusions:

- Arab and international efforts to combat administrative and financial corruption are significant.
- Singapore's experience is considered a pioneering model in combating corruption.
- Administrative and financial corruption deters foreign investment.
- Financial corruption thrives due to a lack of transparency and the emergence of bureaucracy.
- Tanzania is one of the least corrupt countries in Africa.

Recommendations

- Promoting media awareness campaigns to highlight the dangers of financial and administrative corruption.
- Introducing a new educational subject titled "Corruption and Work Ethics" to instill values of integrity and professionalism from an early age.

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