

## Causes of Corruption and Its Measures

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### ABSTRACT

*There is no silver bullet for fighting corruption. Many countries have made significant progresses in curbing corruption; however practitioners are always on the lookout for solutions and evidence of impact. It is also very difficult to claim that the average low level of education is due to corruption or, conversely, that corruption is a result of low education. Corruption is also strongly influenced by the low salaries of public administration employees (state officials), who are therefore trying to improve their financial position by receiving bribes, and consequently, the socio-economic situation of the government officials also affects the*

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*phenomenon of corruption. This interdependence will surely continue to be the subject of numerous researches in the future, for the only way to be successful in the fight against corruption is if we know the causes and begin to eliminate them. Nevertheless, there remains something that needs to be emphasized. Almost all of the studies ignore the fact that the top of the most corrupt countries consists of countries with one of the various forms of armed conflict (civil war, intertribal conflicts, inter-religious wars or some other form of aggression), which means that peace in the country is a prerequisite for a successful fight against corruption.*

### INTRODUCTION

The word corruption is derived from the Latin word "corruptus," which means "corrupted" and, in legal terms, the abuse of a trusted position in one of the branches of power (executive, legislative and judicial) or in political or other organizations with the intention of obtaining material benefit which is not legally justified for itself or for others [1]. However, the history of corruption is in fact related to the beginning of the creation of law and the state and was already in the antiquity considered an evil, which negatively affects the public administration and the functioning of the political system [2]. The earliest records of corruption date back to the thirteenth century BC, to the time of the Assyrian civilization. From the found plates, written in cuneiform, the archeologists managed to discern how and who accepted bribes [3]. Under the Roman law, the criminal offense of corruption was defined as giving, receiving or claiming benefits in order to influence an official in connection with his work. Due to the prevalence of corruption in the country, this law was supplemented by a new law, which

predicted compensation for damage in double value of the damage, and the loss of political rights for the perpetrator of the corruptive act. However, this did not help alleviate corruption, especially due to the fact that corruption was most practiced by the members of the Senate and senior state officials, both in Rome itself and in the remote Roman provinces [4].

The early feudalism was familiar with various laws that punished the bribing of courts also with death. Later, when the developed feudalism again turned to the Roman law, a number of laws (Dušan's Code, Mirror of the Swabians) discussed the abuse of position [5]. Then, in late Feudalism, countries became virtually helpless in the fight against corruption, as illustrated by the case of France, which in 1716 established a special court in which should rule in cases of abuse of royal finances; however, these abuses (embezzlement, extortion, bribery, scams, etc.) were so extensive that the court was abolished and a general amnesty introduced in 1717 made some forms of corruption quite a tradition.

The corruption was also widespread during the time of the Spanish Inquisition, where the victim of the accusation could make amends with money, which made the corruption, especially among the inquisitors, extensive [6].

Throughout the history, many intellectuals dealt with corruption or theorized about it one way or another. Machiavelli 1930, had a low opinion on republics, considering them even more corrupt than other regimes, and according to him, corruption leads to moral degradation, bad education and bad faith. On the other hand, however, the great philosopher, diplomat and lawyer Sir Francis Bacon 1987, was known both for receiving bribes and taking them [7]. When he reached the highest judicial position in England, he was caught in as many as 28 cases of accepting a bribe and defended himself before the parliament by saying that he usually accepted a bribe from both parties involved and that the dirty money therefore did not affect his decisions. The parliament did not accept these arguments and sent him to the jail where he spent only a few days as he was able to bribe the judge.

Thus, although the corruption has been occurring in society ever since, it has only been given more attention in the recent period—the researches on the phenomenon and its negative impacts have become more common after 1995, when countries and international institutions began to be aware of this problem. The attitude of the public toward corruption was, until then, neutral. In 1998, Kaufmann and Gray, found that: Bribery is widespread, especially in the developing and transition countries; there are, however, significant differences between and within regions. Bribery increases transaction costs and creates insecurity in the economy [8]. Bribery usually leads to ineffective economic results, in the long term impedes foreign and domestic investments, reallocates talents due to income and distorts sectorial priorities and technology choices (for example, it creates incentives for contracting major defense projects or unnecessary infrastructure projects, but does not encourage investments in rural

specialist health clinics or in preventive health care). This pushes companies into the “underground” (outside the formal sector), weakens the state’s ability to increase revenue and leads to ever-increasing tax rates (as too little tax is taken), which is levied on less and less taxpayers, consequently diminishing the state’s ability to provide enough public goods, including the rule of law [9].

Bribery is unfair, as it imposes a regressive tax, which heavily burdens in particular commercial and service activities performed by small businesses. Corruption destroys the legitimacy of the state. Many other researchers and institutions (the World Bank Institute—WBI, the European Commission, the United Nations, the EBRD) have investigated corruption and its impact on macro-economic and micro-economic indicators through various forms of corruption, as well as its connection with local customs and habits, and how it affects the everyday lives of people [10]. Most studies are therefore mainly the analyses of the effects of corruption on various economic indicators, such as GDP growth, investments, employment, tax revenues and foreign investments, or the study of various forms of corruption in relation to politics and the economic environment, the research of its social condition and various manifestationS. Dobovšek 1995 agrees with the negative effects, i.e. high economic, political and social costs, and adds that corruption is not a weakness of people but of institutions (supervisory and other), as they should be the ones to obstruct the greed and temptation of individuals within them [11].

### Causes

Although corruption differs from country to country, it is possible to identify some of the key common driving forces that generate it. What is common to all countries, which are among the most corrupt, has been identified by Svensson 1989; all of them are developing countries or countries in transition, with rare exceptions, low-income countries, most countries have a closed economy, the influence of religion is visible (Protestant countries have far the lowest level of corruption),

low media freedom and a relatively low level of education [1].

Regardless of the above, corruption cannot be assessed unambiguously, since there is never only one phenomenon that is responsible for the occurrence and the development of it; corruption always arises from an array of several, interrelated factors, which can differ considerably from one another. Among the most commonly mentioned factors that influence the development of corruption are: political and economic environment, professional ethics and legislation, as well as purely ethnological factors, such as customs, habits and traditions [3].

#### **Political and Economic Environment**

The phenomenon of corruption is strongly influenced by the political and economic environment. The more is the economic activity in the country regulated and limited, the higher the authority and the power of officials in decision making and the greater the possibility of corruption, since individuals are willing to pay or offer payment in order to avoid restrictions. A great potential for corruption is especially there where the officials are under the regulation given the opportunity to decide on the basis of discretion. [4].

The level of corruption is also affected by the monetary policy. Goel and Nelson 1993 in their research found a strong link between monetary policy and corruptive activity in the States. The States that have a well-regulated financial sector, not a lot of informal economy or black market are also less corrupt than those where the opposite is true. They also find that there is less corruption in the countries with higher economic and political freedom [7].

Dimant 1984 puts it well in his claim that the level of efficiency of public administration determines the extent to which corruption can find fertile soil and sprout. Such efficiency is determined by the quality of the regulations and permits, since ineffective and unclear regulations help to increase the level of corruption in at least two different ways: The artificially created monopoly of power that enables civil servants to obtain bribes is based

on their superior position and embedded in the system [8].

On the other hand, however, ineffective and unclear regulations cause inhibition and therefore encourage natural persons to pay bribes in order to speed up the bureaucratic procedure. Corruption is also strongly influenced by the low salaries of public administration employees (state officials), who are therefore trying to improve their financial position by receiving bribes, and consequently, the socio-economic situation of the government officials also affects the phenomenon of corruption. This is demonstrated also by Allen et al.1980 in their study where they find that corruption arises because agencies, institutions and the government can no longer control corruption effectively due to underpaid officials, which is a problem especially in the developing countries, where they do not have the sufficient tax revenue to properly reward the local officials [10]. However, low wages are not the only cause of corruption; the poor state of the public administration, which is a consequence of political "overcrowding" of officials, due to which loyalty usually prevails over professional standards, also strongly affects the corruption. As an important factor influencing corruption, some authors also indicate satisfaction with the work done by officials—the more they are dissatisfied with their work or place of work, the higher the degree of corruption, which is confirmed by Sardžoska and Tang 1992 in their studies. The mentioned authors find that the private sector has higher ethical values, in particular those that affect satisfaction with work, than the public sector and is therefore less unethical (especially regarding thefts and corruption). Indirectly, Svenson 1997 also affirms this and states that in principle, the salary level of civil servants affects the receipt of a bribe (the higher it is, the smaller the chance that the person will act corruptly). However, he continues on that a higher salary also strengthens the negotiating power of the official, which leads to higher bribes and he also states that, on the basis of existing research, it is very difficult to determine whether a higher

salary causes less corruption, which means that the level of salary is not a decisive factor, but merely one of many [11].

The economy is unfortunately largely dependent on politics and often reflects the rule of law; various options for eliminating competition are exploited, and bribery is just one of the possible weapons in the struggle to gain a job. At the same time is the mentality of the economy sometimes: "The cost of a bribe is only a substantial business cost, an integral part of the contract," or "Even if we stop the bribery, our rivals will not, so we must bribe in order to remain competitive, "or" bribery and misleading behaviour are not really crimes, they are just part of the old business practice. They are part of the game and everyone does it." On the other hand is the point sometimes simply the "lubricating" of the bureaucratic wheel by the private sector to do certain things faster or easier [5].

The political influence of corruption is also manifested through the proverb: examples are attractive! If the top of the politics (government, parties and leading politicians) is corrupt, then corruption shows at all levels, and this evil at the same time spreads among the ordinary population, as nobody trusts the institutions or the rule of law. Johnston 1976 thus points out useful thinking in terms of two types of equilibrium—the balance between the openness and the autonomy of the institutions and elites it leads and the balance between political and economic power and opportunities for cooperation. Ideally, the institutions should be open to influences and feedback from different sources, yet at the same time sufficiently independent to effectively carry out their work. Where the openness and independence of the institutions are in balance, the officials are accessible, but not excessively exposed to private influences; if they can make authoritative decisions, while not using their power to arbitrate, the corruption is relatively low. But where the official power is poorly institutionalized, too exposed to private influence, and the officials' independence is reflected in excessive exploitation of their power—

they can do as they please—the possibility for extreme corruption is again high [6].

#### **Professional Ethics and Legislation**

Lack of professional ethics and deficient laws regulating corruption as a criminal offense, and the prosecution and sanctioning of it are also an important cause for the emergence and spread of corruption. A great influence comes also from the ineffective sanctioning of corruption, which only increases the possibility of continuing the corruptive actions of those involved, creating at the same time a strong likelihood that others will join in the corruption due to this inefficient sanctioning.

The sole lack of professional ethics is a particular issue, as the administration requires different amounts of time to develop or change its ethics and professional standards, which is well known in transition countries (in some, ethics and professional standards changed overnight and approached the equivalents in the developed democracies, and in some, they remained the same as in socialism). It is precisely in the transition countries that the "softer" acts of corruption are often considered to be acceptable and justifiable. Therefore, due to lack of professional ethics in some countries that otherwise manage illegal corruption well, there is nevertheless a widespread form of legal corruption [7].

Corruption also generates a lack of transparency and a lack of control by supervisory institutions. Therefore, where there is insufficient legal basis or sufficient political will to control, which enables a non-transparent functioning of both politics and the economy, corruption flourishes. Corruption is also affected by the extensive, non-transparent or incomplete legislation, where laws can be interpreted in different ways (for the benefit of the one who pays).

#### **Habits, Customs, Tradition and Demography**

Different countries have different attitudes to corruption. In Europe alone, we can find two extremes; from completely corruption intolerant North to the warm South, where corruption is an almost normal, socially acceptable phenomenon. Or the difference between

countries with a democratic past, which traditionally prosecute corruption, and former socialist countries, where the corruption in the state apparatus was a part of folklore tradition. Then, there are also different customs; in some cases, a “thank you” in the form of a gift for a service (for which this person has already been paid with a salary) is an expression of courtesy, and elsewhere it is considered corruption. Everything is only a matter of ethics and morality; however, they can be very different in different areas and different countries.

Some forms of corruption also relate to an informal form of social security, where the family or the immediate community takes care of its members. Such forms of informal social security prevail in less developed countries, where there is no legal regulation of formal social security and in the countries of Southern Europe where the influence of the broader family (patriarchate<sup>5</sup>) is still very strong, like for example in Italy, Greece, Albania, Bosnia, etc. These countries are known for nepotism, cronyism and patronage, since the family as well as the wider community provide social security. The family or community takes care of their members, who, in return, must be loyal and in a way also repay the benefits they receive from it. The same is true of faith. While the southern, predominantly Catholic, very hierarchically organized part of Europe, encourages the cult of the family (also joint and several community) and several liability, the northern, mainly Protestant part, emphasizes individualism and individual responsibility (which means less forms of corruption). The corruption also prospers better in countries where Islam and Orthodoxy are the main religion. The influence of the dominant religion in the country is thus important [8].

The influence of majority Protestantism has been tested several times and has proven to be an important factor for the low level of corruption in a country. However, the relationship between Protestantism and good governance is probably rooted more in history than in today's practice. Today, there are many nominally Protestant countries that are de facto secular, while also many non-

Protestant countries fight effectively against corruption. Thus, the influence of Protestantism appears to emerge from its egalitarian ethos, which could indirectly function as a support to the general orientation toward ethical universalism, literacy and the promotion of individualism. Its role is therefore important, as it at certain stages of the development explains why the first countries that were well managed were predominantly Protestant. This does not mean that other religious traditions are incompatible with good governance, but only that they have not succeeded in compiling this particular array of factors at the right moment[ 9].

Similarly, the research by North et al. 1991 showed that, according to the authors, the least corrupt countries or those countries where the rule of law is the strongest were predominantly Protestant in 1900 and those who are most corrupt were predominantly Orthodox in the same year. The results of their research have shown that there is a link between religion and corruption on one hand, and respect for the rule of law on the other, but not that the link is causative. The questions therefore arise: Why do some religions respect the rule of law more than others and control corruption? Do the characteristics of a particular religion themselves lead to the results? Are there any differences in religious doctrines, practices or cultures that lead to such results? Are there other links that are not rooted in the religious culture, but are related to religious affiliation?

A study titled Perception of corruption by authors Melgar et al. 1985 tried to find out which groups of people are more likely to pay for corruption. They found that those who think that there is a lot of corruption also perceive it so and are consequently more willing to pay for it (as they think or expect the society to function that way). By using a wide and very heterogeneous set of data and econometrics, it has been shown that the social status and personal characteristics also play an important role in the shaping of corruption perception at the micro level. While divorced women, unemployed persons, persons working in the private sector or

the self-employed are considered to be in positive correlation with the perception of corruption (corruption is perceived more and they are more willing to pay bribes), the opposite applies to married persons, full-time employees, people who frequently attend religious ceremonies and people with at least secondary education (they perceive less corruption and are also unwilling to pay). According to the classification of countries, they find that it can be proved that all African and Asian countries are in the upper half of the table, and the same applies to the former socialist countries and most of the East Asian countries. People living in these countries perceive more corruption than others. On the contrary, most European countries and some of the former English colonies show lower perceptions than the average (there are also exceptions) and rank in the lower half, the same as half of the richest countries. They also added that the geographical classification of countries has been strongly correlated with the corruption perception index (CPI), which shows that individual characteristics and social conditions are specific factors that influence the perception of corruption. However, they have also found that better economic results reduce the perception of corruption, while the macroeconomic instability and income inequalities have precisely the opposite effect. With Mahič 1994, we also found a similar influence on the perception of corruption; in the economic crisis (high unemployment and low purchasing power), the perception of corruption is rising [10].

A very important factor that affects corruption is also demographics. A number of studies have shown that patriarchal society is more prone to corruption. This is confirmed by several researches that actually explore to what extent are men women corrupt. Several earlier, especially econometric contributions to the debate on who is more corrupt, men or women, argued that there is a link between a higher representation of women in government and lower levels of corruption. An influential study of 150 countries in Europe, Africa and Asia by the World Bank 1990 confirmed this and

concluded that women are more reliable and less prone to corruption. The subsequent findings were later reinforced by further research. Rivas 1981 also affirms this in his research and notes that, according to the results of the survey, the conclusion could be that women are less corrupt than men and that the increase in the number of women on the labor market and in politics would help fight corruption. [11], in the survey: Engaging in corruption—the influence of cultural values and the contagion effects at the micro-level also raised the question of whether men are more corrupt than women. The findings of the research support the thesis that women are less susceptible to corruption than men, especially in cultures that require men to be ambitious, competitive and materially successful, as these factors significantly contribute to unethical behavior. This was surprisingly well shown also in practice 1993 when, due to gender equality, the Peruvian government a decade ago decided to involve more women in the police units. When the 2,500 female police officers were joined as traffic police officers, something unexpected happened; bribery was drastically reduced, and people welcomed the female police officers on the streets [6].

#### **Preventive Measures**

**End Impunity:** Effective law enforcement is essential to ensure the corrupt are punished and break the cycle of impunity, or freedom from punishment or loss. Successful enforcement approaches are supported by a strong legal framework, law enforcement branches and an independent and effective court system. Civil society can support the process with initiatives such as Transparency International's Unmask the Corrupt campaign [8].

**Reform Public Administration and Finance Management:** Reforms focussing on improving financial management and strengthening the role of auditing agencies have in many countries achieved greater impact than public sector reforms on curbing corruption. One such reform is the disclosure of budget information, which prevents waste and misappropriation of

resources. For example, Transparency International Sri Lanka promotes transparent and participatory budgeting by training local communities to comment on the proposed budgets of their local government [8].

**Promote Transparency and Access to Information:** Countries successful at curbing corruption have a long tradition of government openness, freedom of the press, transparency and access to information. Access to information increases the responsiveness of government bodies, while simultaneously having a positive effect on the levels of public participation in a country. Transparency International Maldives successfully advocated for the adoption of one of the world's strongest rights to information law by putting pressure on local MPs via a campaign of SMS text messages [10].

**Empower Citizens:** Strengthening citizens demand for anti-corruption and empowering them to hold government accountable is a sustainable approach that helps to build mutual trust between citizens and government. For example, community monitoring initiatives have in some cases contributed to the detection of corruption, reduced leakages of funds, and improved the quantity and quality of public services.

#### DISCUSSION AND CONCLUSION

Corruption is, in fact, a multidirectional process. On one hand, the provider benefits, on the other the recipient, and both are aware of the deed that remains hidden. The third link in the chain is everyone else, the victims. Although not every act of corruption is yet a criminal offense, it is, however, unethical and detrimental to the economic and political development of a society [7]. Usually, there are persons involved with political, economic and decision-making power, and as the philosopher Karl Popper wrote in his book, *The Open Society and its Enemies*, that the greatest problem is not the question of who should give orders, but how to control the one who gives them [8]. How to organize the political and social institutions in order to prevent the weak and incompetent rulers from doing too much harm? However, as there is no general and unmistakable way of preventing the tyranny or corruptions of

To monitor local elections, Transparency International Slovenia produced an interactive map that the public populated with pictures and reports of potential irregularities in the election. As a result, cases of public funds being misused to support certain candidates were spotted [7].

**Close International Loopholes:** Without access to the international financial system, corrupt public officials throughout the world would not be able to launder and hide the proceeds of looted state assets. Major financial centres urgently need to put in place ways to stop their banks and cooperating offshore financial centres from absorbing illicit flows of money.

The European Union recently approved the 4th Anti-Money Laundering Directive, which requires EU member-states to create registers of the beneficial owners of companies established within their borders. However, the directive does not require these registers to be made public. Similarly, the Norwegian, UK, and Ukrainian governments have all approved legislation requiring companies to disclose information about their owners, although these have yet to come into force [6].

the heavyweights, the price of freedom is eternal alertness. Greediness, ambition, rapacity and immorality have been known to the human society ever since the emergence of civilization and use every tool available to them: kinship, common past, school contacts, common interests, friendship and, of course, political as well as religious ties. In a study b [9], we did an analysis of countries, taking into account their ranking on the Corruption Perception Index published every year by Transparency International, and identified the main factors affecting the level of corruption in a particular group of countries, or rather, we tried to find similarities and differences between individual groups of countries in terms of what affects the level of corruption in these groups. We have established a basic model of three factors (risk, benefit and consciousness) that was created on the basis of the merger of

several known, scientifically proven factors that cause or reduce corruption or affect its level in the individual country. According to this degree of corruption, we have identified five groups, classified the countries and analyzed their common characteristics. The findings were as follows: Corruption is linked to the level of GDP (the higher the GDP, the lower the rate of corruption).

Corruption is related to the level of education (the higher the average level of education, the lower the level of corruption). Corruption is strongly linked to the geographical location. The highest level is in Asia (mainly in Central Asia), Africa (North and Central Africa) and South America (according to the Transparency International map).

Corruption is strongly linked to the country's prevailing religion. Corruption is linked to freedom in the country (personal freedom, freedom of speech, economic freedom, etc.), with respect to the rule of law in a country and inefficiency of public administration, which is often also locally limited or is inherently corrupt.

The lower the country is ranked, the more dominant is the patriarchal society. Many researchers are still involved in corruption. The findings show that there is a link between corruption and its negative effects, but from most of the studies it is not possible to determine what the cause is and what the consequence. Whether is the level of corruption lower due to high GDP, or is it vice versa, cannot be directly identified, since the corruption depends on economic indicators, while at the same time affecting them [7]. It is also very difficult to claim that the average low level of education is due to corruption or, conversely, that corruption is a result of low education. Similarly goes for the rule of law and

(in) efficiency of public administration. This interdependence will surely continue to be the subject of numerous researches in the future, for the only way to be successful in the fight against corruption is if we know the causes and begin to eliminate them.

Nevertheless, there remains something that needs to be emphasized. Almost all of the studies ignore the fact that the top of the most corrupt countries consists of countries with one of the various forms of armed conflict (civil war, intertribal conflicts, inter-religious wars or some other form of aggression), which means that peace in the country is a prerequisite for a successful fight against corruption. The least corrupt countries are countries that have a lasting peace on their territory (most since the Second World War or even longer), which is confirmed by the above fact. Peace is therefore one of the prerequisites for a successful fight against corruption [10].

The answer to the question of how to deal with corruption is not unambiguous; some countries have achieved great success in dealing with it in a relatively short time (Singapore, Estonia and Georgia) and some have been struggling for a long time (the most famous example is Italy). The first condition is in any case to ensure freedom (personal freedom, economic freedom, freedom of speech, freedom of the press, etc.) and democracy, and then education and awareness of people. However, at this point, it is not about introducing the Western type democracy, as our culture knows it, for it has often proven that, especially with the help of the army, more harm than benefit was caused. It is necessary to start using good practices of countries that are similar to each other (religion, habits, tradition, ethics and morality) and that have common history [6].

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