

OVERCOMING CORRUPTION AS THE BASIS OF EFFECTIVE PUBLIC GOVERNANCE AND SUSTAINABLE ECONOMIC DEVELOPMENT OF THE COUNTRY

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Abstract. The *purpose* of the paper is to substantiate the means of overcoming corruption in order to ensure effective state governance and sustainable economic development of the country. *Methodology.* The research is based on a systematic approach to studying aspects of overcoming corruption as a basis for effective public administration and sustainable economic development of the country. The following methods are used: the method of induction (while determining the impact of corruption on society); the method of analysis (while determining the means for effective fight against corruption); synthesis (while generalizing the main causes of corruption in Ukraine), the method of hypotheses (while determining ways to support effective public administration in Ukraine). *Results.* The destructive effects of corruption are considered at two levels: at the state level (national level) and at the level of citizen (personal level). The state is formed by people, and their tolerance to corruption depends on their value systems and a vital position formed by society and family. The one can fight against corruption effectively, first of all, by forming the competence of “responsibility” in the citizens of the country, that is, their conscious attitude to the requirements of society, the ability to be responsible for their own lives and actions. Anti-corruption tools are investigated at the state level and at the level of personality formation. Effective governance under the influence of corruption pressure not only prevents the country from developing in a normal way, inhibiting foreign investment and reducing national wealth, but also activating the migration outflow of a responsible part of the population, the best part of the national gene pool, thereby destroying the nation. The fight against corruption at the state level should begin with the fight against corruption at the level of education of the individual, first of all, by forming the competence of the “responsibility” in the citizens of the country, that is, their conscious attitude to the requirements of society, the ability to be responsible for their own lives and actions. *Practical implications.* Using global experience in the fight against corruption, the following strategic measures are proposed: government data and information on tax revenues, as well as on funds from international organizations should be freely used by citizens (Ukrainian ministries’ websites contains no transparent and detailed data); create an active forum for government officials, civil society, private sector leaders, and other members of “Anticorruption Initiatives”, which will provide an opportunity to fight against corruption and protect interests of the population in many areas, including the most risky, such as medical procurement; publish all data on public expenditure on the Open Government Portal – the data warehouse of world-wide budgets created by the World Bank Group; to create information and technological infrastructure that will allow the widespread use of electronic services (from the payment of taxes through the Internet to filling out the prescriptions of doctors); provide the opportunity to send instant text messages from citizens’ mobile phones to a specified address in order to provide feedback, submitting suggestions, or reporting a problem related to public services. *Value/originality.* The means of overcoming corruption are substantiated in order to ensure effective public administration and sustainable economic development of the country.

Key words: responsibility, corruption, sustainable economic development, society, governance.

JEL Classification: H70, E60, I28

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1. Introduction

Effective public administration is relevant to all countries of the world, but it is of paramount importance to developing countries looking for their place in the world community. In the absence of decent public administration, governments cannot effectively provide public services; health and education services are often poor; bribery flourishes, as well as illegal appropriation of goods and services intended for public consumption, the giving of benefits to family members in hiring, lobbying at the approval of laws and regulations for the purpose of obtaining personal gain. All this leads to the fact that the country that receives funds for development from international organizations does not show any progress because it is necessary to overcome corruption in the government before reforming in any field.

In particular, in Ukraine, where the fight against corruption was declared the main priority, the Corruption Perceptions Index (SRI) for 2016 was 29 out of 100, which is only 2 points more than in 2015. Such a slight increase in the Corruption Perceptions Index cannot be considered a victory for democracy in the country since, in recent years, the Index did not reach even 30 points – the lower limit of the relative effectiveness of the fight against corruption (Corruption Perceptions Index, 2016). Therefore, it is important to determine the causal relationships of corruption and sustainable development of the state, to form a negative attitude towards corruption in society, as well as to form the competence of “responsibility” in the citizens and future civil servants at the mental level as a pledge of countering corruption.

2. Analysis of recent research and publications

Many aspects of the fight against corruption have been considered by many scholars. Thus, A.V. Solonar, I.I. Zymohliad (Solonar, 2016) have investigated international experience in identifying and overcoming both the phenomenon of corruption and its causes for further use in order to develop proposals for improving Ukraine’s legislation in the field of prevention and counteraction of corruption in public authorities.

V.O. Veklych defines in his writings the subjective and objective factors influencing the anti-corruption activity, fairly pointing out that the actual state of social relations, which precondition is not only material factors but also ideological ones, acts as an object of anti-corruption struggle. The author also notes that “further improvement in the context of the organization of anti-corruption struggle should be carried out with a clear understanding of the complex nature of the corruption environment, which requires further scientific developments and developments in this area. Only under such conditions, the fight against corruption can be truly effective and practically oriented” (Veklych, 2017).

Yu. Repilo, S. Tarasov (Repilo, 2016) consider corruption in the security and defence sector, where there are favourable conditions for its emergence, growth, and spread, the threat to the effectiveness of the preparation and use of military formations in armed conflicts, analyse corruption threats in a conflict environment, develop a classification of corruption threats by the appropriate types and categories, and offer a system of indicators of corruption threats.

T. Semkiv (Semkiv, 2017) studies the implementation of the institute of integrity inspections in Ukrainian legislation. One can agree with the author that the approach to the implementation of the Anti-Corruption Strategy for 2014–2017 as a part of the implementation of the institute of integrity inspections should be revised at the legislative level in order to ensure its functioning, and, taking into account the declaration of integrity inspections as an effective instrument for the fight against corruption, the implementation of this institution should have a systematic nature, extending to the employees of all law enforcement agencies, civil servants, other persons authorized to perform functions of the state or local self-government.

You should also agree with V.E. Bodnar (Bodnar, 2017), who points out that it is expedient to implement in the domestic legislation a positive foreign experience in carrying out anti-corruption measures to improve the theoretical, legal, and organizational principles for combating crime in the area of official activity, but this experience is considered by the author only regarding employees of the units of the National Police of Ukraine. Unsettled issues that are a part of a common problem. Thus, the problem of the awareness of the impossibility of coexistence of corruption and effective state administration and, accordingly, sustainable economic development of the state remains uncovered in the writings of scientists and requires in-depth study to develop measures to overcome corruption at the state level and citizen level.

3. Findings

According to a World Bank study, corruption is a major challenge for achieving the two main goals of sustainable development: to eradicate poverty by 2030 and improve overall prosperity for the poorest 40% of people in developing countries. Every year, the estimated amount of businesses and individuals spending on bribes is 1.5 trillion dollars (about 2% of world GDP). World Bank empirical studies have shown, for example, that in Paraguay poor people spend 12.6% of their income on bribes, high-income households spend 6.4% on the same purpose, in Sierra Leone these figures are 13% and 3%, 8% respectively. Each stolen dollar, euro, peso, yuan or hryvnia deprives poor people of equal opportunities in life (Worldbank, 2017).

Sustainable economic development of the state is characterized by economic growth, which provides a vital activity for citizens, is determined by the ability of ecosystems to recover and does not lead to their destruction. Ensuring sustainable economic development of the state is possible on condition of changing of the social relations and creation of a society that will not ruin the environment of its existence. One of the main conditions for creating such a social relationship is to overcome corruption. In poor countries and countries with economies in transition, such as Ukraine, it is impossible to make a leap towards sustainable development without proper anti-corruption governance. It is especially important if the country receives international assistance in different spheres of life since corruption reduces the effectiveness of such assistance and ultimately leads to international organizations distrust of the recipient state.

In determining the causal link between corruption and the sustainable economic development of the state, it should be noted that the damage of development caused by corruption is, in fact, multiple of bribes, with a significant reduction in the country's economic growth. The World Bank's research shows that when countries are engaged in combating corruption, government revenues increase 4-fold in the long run, in the conditions of reduction in corruption, the business can grow by 3% faster, and child mortality rates may drop by 75%.

Sustainable economic development of the state is impossible in the conditions of shadow economy growth, which allows corruption to occur, with a

reduction in government revenue as a result of tax evasion; accordingly, a reduction in the amount of funds that can be used for innovative programs, such as the restoration of ecosystems, is obvious.

Corruption can also significantly affect the fundamental problems of the functioning of institutions. This form of corruption's impact on the sustainable economic development of the state is often the most expensive in terms of overall economic outcomes. In the context of corruption in the state, winners of government contracts are unfairly determined, friends or relatives of civil servants are awarded, while contracts that win and receive financing may threaten with the depletion of natural resources, deterioration of the environment. All this reduces the favourable investment climate in the country, the riskiness of investments is increasing, investors distrust the country; under conditions of systemic corruption in the country, a part of the money of investors should be directed towards bribes. At the same time, the cessation of investments in the country directly affects the slowing down of its innovative development.

Corruption also reduces the quality of public service provision, for example, when police officers demand a bribe to fulfil their immediate responsibilities. Fighting each of these corruption forms is the basis for making progress and sustainable changes.

The destructive effects of corruption are to be considered at two levels: at the state level (national level) and at the level of citizen (personal level) (Fig. 1, 2).

Therefore, it should be mentioned that corruption not only prevents the country from developing in a normal

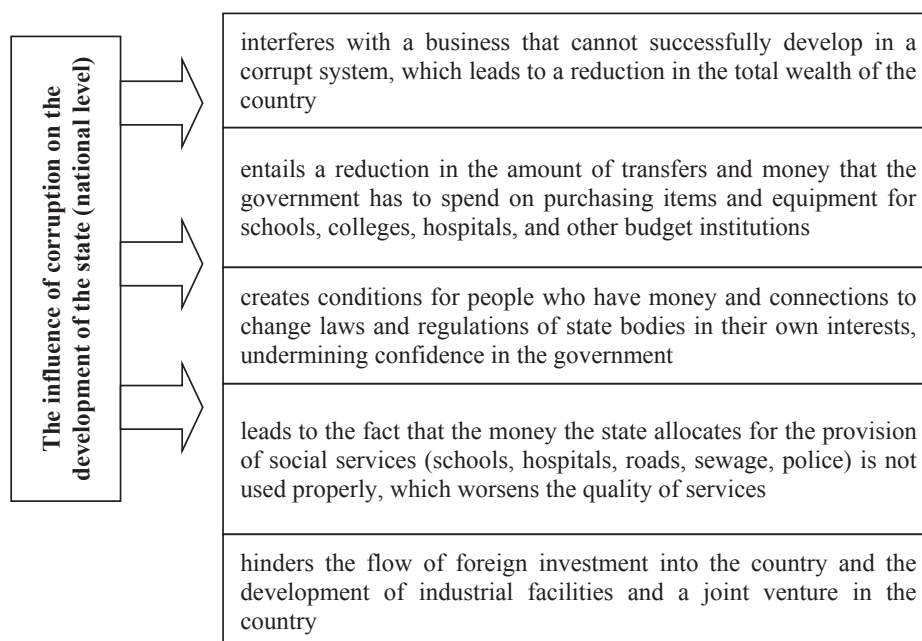


Fig. 1. Impact of corruption on society at the state level (national level)

Compiled by the authors

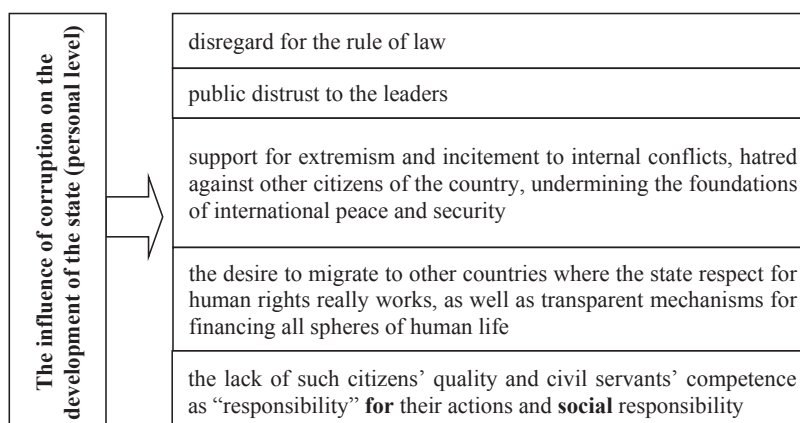


Fig. 2. Impact of corruption on society at the citizen level (personal level)

Compiled by the authors

way, inhibiting foreign investment, and reducing national wealth, but also activating the migration outflow of a responsible part of the population, the best part of the national gene pool, thereby destroying the nation.

According to the State Program on the Implementation of the Principles of State Anti-Corruption Policy in Ukraine (Anti-Corruption Strategy) for 2015–2017 (Decree No. 265 dated April 29, 2015), anticorruption examination of election legislation has been conducted and revised on the basis of conclusions on corruption-relatedness and European standards, the legislation on the implementation of the recommendations of the Group of States Against Corruption (GRECO) has been adopted in terms of establishing limits and ensuring transparency and accountability in the financing of political parties and election campaigns; legislation on the legal framework for lobbying has been adopted, legislation on strengthening public control over decision-making by elected officials, in particular, through the introduction of a mechanism for the preliminary public discussion of socially important decisions using positive domestic experience and on the basis of the best world practice has been adopted, the level of transparency of the activities of the Verkhovna Rada of Ukraine and local councils has been increased, in particular, by publishing information on the activities of the committees of the Verkhovna Rada of Ukraine and the local councils (in particular, protocols of meetings), the publication on the Internet of information on people's deputies of Ukraine and deputies of local councils (on their financing, business trips, assistants, their declarations of income, property, expenses and financial obligations, etc.), providing unimpeded access to information on estimates of representative bodies and reports on their use (On Approval of State Program on the Implementation of the Principles of State Anti-Corruption Policy in Ukraine (Anti-Corruption Strategy) for 2015–2017).

But taking into account that in 2016 Ukraine ranked 131st among 176 countries in the Corruption Perceptions Index (CPI), it should be noted that the

measures taken to combat corruption in Ukraine since the Revolution of Dignity have not given results and, accordingly, the effectiveness of international assistance in reforming of all areas of public life has been being very low. Often the most visible manifestation of corruption is the enrichment of public officials.

The main reasons for the ineffective fight against corruption in Ukraine are:

- lack of transparency (for example, government officials do not inform others about their actions, how and why they act, and do not explain their actions), corrupt civil servants can remit incomes from their crimes abroad and have accounts in foreign jurisdictions to avoid disclosure and make it easier to use their unlawful profits (Worldbank, 2017);
- low probability of exposure and impunity of illegal actions of officials;
- absence and disinterest of the higher authorities in reforming the judicial system;
- poverty, lack of goods, the need to receive something valuable yourself and disrespect to laws are instilled at the mental level;
- inefficiency of the system, which causes people to find a way to achieve their goals without taking into account the existing order and laws;
- lack of established competence of "responsibility" in the citizens and civil servants as a result of a long period of the destruction of individualism and the forced transition to collectivism in Soviet times.

The fight against corruption, on the one hand, is closely linked to the improvement of the country's system of governance or the improvement of the formation of the government and the management of its activities and, on the other hand, it depends on the education of the individual by all social institutions within the state.

Means of combating corruption on two levels are presented in Fig. 3, 4.

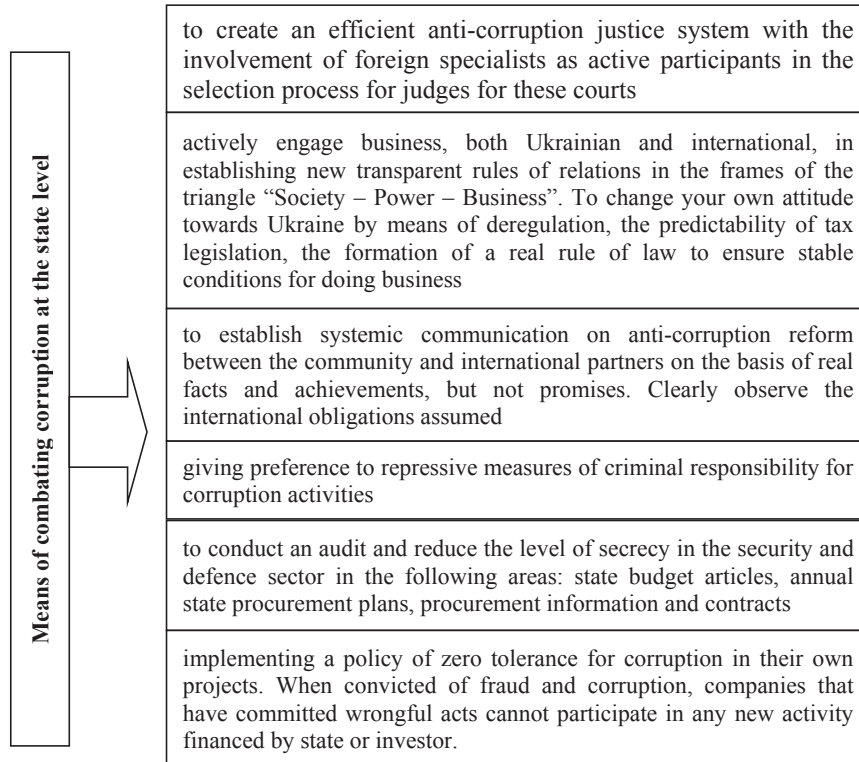


Fig. 3. Anti-corruption tools at the state level

Compiled by the authors based on Worldbank, 2017

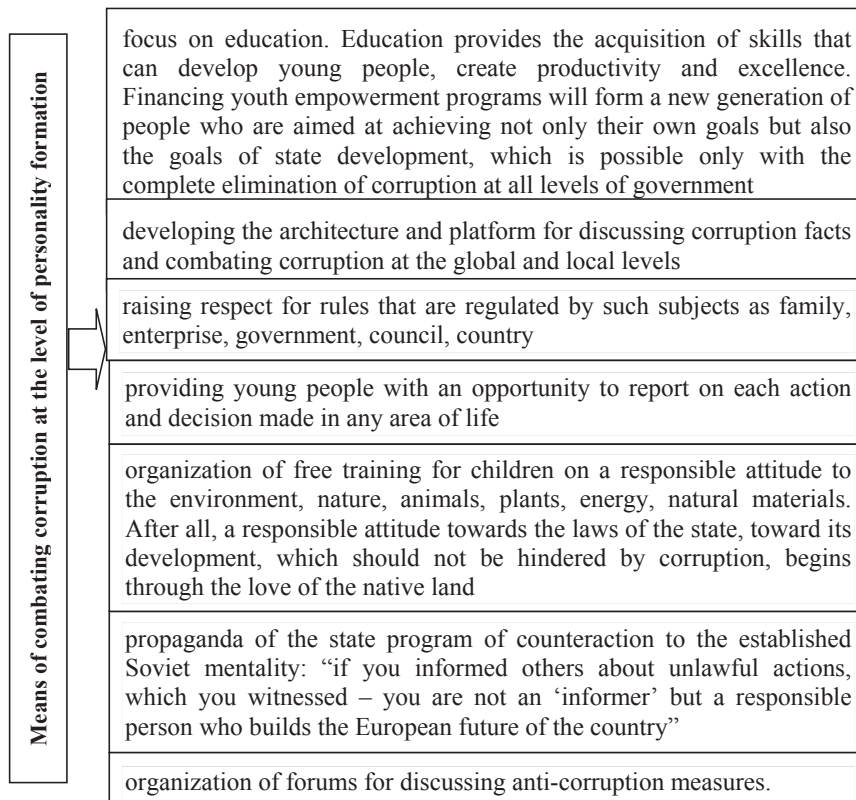


Fig. 4. Means of combating corruption at the personality formation level

Compiled by the authors

Fighting corruption at the state level is a derivative of combating corruption at the level of education of the individual. After all, the state is formed by people, and their tolerance to corruption depends on their value systems and a vital position formed by society and family. The one can fight against corruption effectively, first of all, by forming the competence of “responsibility” in the citizens of the country, that is, their conscious attitude to the requirements of society, the ability to be responsible for their own lives and actions.

At the same time, taking advantage of global experience in combating corruption, the following strategic measures should be proposed:

- government data and information on tax revenues, as well as on funds from international organizations should be freely used by citizens (Ukrainian ministries’ websites contains no transparent and detailed data);
- create an active forum for government officials, civil society, private sector leaders, and other members of “Anticorruption Initiatives”, which will provide an opportunity to fight against corruption and protect the interests of the population in many areas, including the riskiest, such as medical procurement;
- publish all data on public expenditure on the Open Government Portal – the data warehouse of world-wide budgets created by the World Bank Group;
- to create information and technological infrastructure that will allow the widespread use of electronic services (from the payment of taxes through the Internet to filling out the prescriptions of doctors);
- provide an opportunity to send instant text messages from citizens’ mobile phones to a specified address in order to provide feedback, submitting suggestions, or reporting a problem related to public services.

These anti-corruption measures will increase the efficiency of using international resources to support effective public administration in Ukraine will provide citizens with the opportunity to use the health and education services more effectively, while a dynamic private sector will be able to create jobs under conditions of reducing corruption, thus providing sustainable economic development of the state.

4. Conclusions

As a result of the study, the means of overcoming corruption have been substantiated in order to ensure effective public administration and sustainable economic development of the country. Effective governance under the influence of corruption pressure not only prevents the country from developing in a normal way, inhibiting foreign investment and reducing national wealth, but also activating the migration outflow of a responsible part of the population, the

best part of the national gene pool, thereby destroying the nation. The fight against corruption at the state level should begin with the fight against corruption at the level of education of the individual, first of all, by forming the competence of “responsibility” in the citizens of the country, that is, their conscious attitude to the requirements of society, the ability to be responsible for their own lives and actions. At the same time, it is proposed to focus on education to form a new generation of people who seek to achieve not only their own goals but also the state development goals; to raise respect for the rules that are regulated by such subjects as family, enterprise, government, council, country; to ensure the ability of young people to report on every action and decision taken in any area of life; propaganda of the state program of counteracting to the established Soviet mentality of irresponsibility formed by collectivism. It is also proposed to organize free training for children on responsibility for the environment, nature, animals, plants, energy, natural materials and the organization of forums for discussing anti-corruption measures.

Using global experience in the fight against corruption, the following strategic measures are proposed: government data and information on tax revenues, as well as on funds from international organizations should be freely used by citizens (Ukrainian ministries’ websites contains no transparent and detailed data); create an active forum for government officials, civil society, private sector leaders and other members of “Anticorruption Initiatives”, which will provide an opportunity to fight against corruption and protect the interests of the population in many areas, including the most risky, such as medical procurement; publish all data on public expenditure on the Open Government Portal – the data warehouse of world-wide budgets created by the World Bank Group; to create information and technological infrastructure that will allow the widespread use of electronic services (from the payment of taxes through the Internet to filling out the prescriptions of doctors); provide an opportunity to send instant text messages from citizens’ mobile phones to a specified address in order to provide feedback, submitting suggestions, or reporting a problem related to public services.

In further research, it is planned to analyse the interconnection of the dynamics of economic indicators of the development of Ukrainian regions and the implementation of measures of anticorruption strategy at the local level, as well as to propose a strategy for combating corruption considering the approach of forming a citizen’s personality based on the competence of “responsibility”.

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