



Review Article

The dilemma of corruption and its impact on Public Administration

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Abstract

Corruption is a global menace that affects corporate credibility and economic sustainability as well as personal security. There is a rising admission that corruption is prevalent within the construction industry and the procurement process in particular. There is ample evidence across the world that corruption hinders economic development; reduces social services; diverts investments in infrastructure and social services and impacts the poor disproportionately. Several studies have exposed considerable inefficiencies in the procurement process and concludes that value for money is not achieved in the procurement of public infrastructure as a result of corruption. This study is an attempt to highlight the global dilemma of corruption and its impact on public administration. The paper will suggest some measures in order to combat corruption at the global as well as national level

Keywords: *Corruption, impact, public administration, dilemma.*

1. Introduction

Corruption is the misuse of public power, office or authority for private benefit. This misuse manifests in many ways: bribery, extortion, influence peddling, nepotism, fraud, or speed money. Petty corruption is frequently found where public servants who may be grossly underpaid depend upon small kickbacks from the public to pad their pockets and feed their families. Grand corruption involves high officials who make decisions on large public contracts for their personal benefit, or to the benefit of organized group interest. Corruption is a multifaceted phenomenon supported by differing historical and socio-economic conditions in each country. It exists at all levels of society. Although in the past it could have been considered a largely domestic issue, corruption now often transcends national boundaries. Its consequences are global; its hidden costs immense. The private sector has responded by implementing ethics and compliance standards and regulations, while the public sector benefits from the ratification of recent laws and international conventions. Oversight bodies and mechanisms have been created to ensure the smooth running of efforts in both sectors. Nevertheless, corruption remains rampant in many countries, continuing to siphon off valuable resources and economic gains. Corruption undermines everything the law enforcement community works towards. It impoverishes whole communities, and threatens the safety and security of the many for the benefit of a very

few. A person is corrupt when he is dishonest in his intentions and actions. So corruption means dishonesty in thinking and action. Bribery using one's official position improperly and using money or material of others without their permission are some very common forms of corruption. Political corruption means cheating in elections, buying the loyalty of members of assemblies, offering ministries to them to win their support and so on.

Bribery is the most common form of corruption in different countries and societies. We find so many people offering and giving money and things to government servants to get their work done. We see students giving money to the staff in examination halls to copy, which can be called educational corruption. It brings down the standards of education. Selling good in black market is a serious form of corruption. Many businessmen sell those things at very high prices that are in short supply. Today we find several other forms of corruption all around. Corruption is the result of wide gap between rich and poor in our society. Poor government servants like policemen and clerks sometimes have to take bribes to meet the expenses of their families. Government should try to improve their economic condition by increasing their salaries. Political corruption during elections, bribery and use of recommendation and connections to get jobs should be checked through strict rules. In many parts of the world, a major part of the problem in dealing with public sector or government

bodies is corruption. No doubt, corruption has been around since time immemorial and indeed, may well be an engrained trait of human nature; nevertheless, most governments and technologists are interested in figuring out what means may be created to combat it. Public corruption can be largely attributed to government intervention in the economy. Therefore, policies aimed at liberalization, stabilization, deregulation, and privatization can sharply reduce the opportunities for corruption (Ndou, 2004 & Dong and Tae, 2007). High levels of corruption are present where institutional mechanisms to combat corruption are weak or not used, and where a system of simple internal checks and balances does not exist. In such cases, entrenched political elite dominates and exploits economic opportunities, manipulating them in return for personal gains (Fangzheng, 2010).

2. Methodology

Research data is collected from both primary and secondary sources in order to make an objective and systematic study of the problem. Primary source include data collected by undertaking field visits and by interacting with general public, administrative officials and political leaders in the state. Secondary sources comprised of data collected from research papers, official gazettes, journals, periodicals, news papers, magazines, internet, official documents, reference books, government documents, reports, J&K economic surveys, magazines and periodicals have been consulted thoroughly for the present study. The data collected has been systematically analyzed and a well-organized report has been written.

3. Corruption a threat to Public Administration.

Corruption is a manifestation of institutional weakness, poor ethical standards, skewed incentives and insufficient enforcement. When corrupt officials slowly drain the resources of a country, its potential to develop socially and to attract foreign investment is diminished, making it incapable of providing basic services to or enforcing the rights of its citizens. Furthermore, corruption fuels transnational crime. Terrorists and organized criminals could not carry out their illegal activities without the complicity of corrupt public officials. It threatens security and damages trust in systems which affect people's daily lives. It is a particular concern for the world's police and judicial systems, as corruption in one country can compromise an entire international investigation. Corruption itself does not produce poverty, but it does have a direct and immediate impact on economic growth and good governance, which in turn raises poverty levels. It remains a major obstacle to the achievement of the UN's eight Millennium Development Goals, whose primary aim is to reduce poverty. The most recent analyses indicate that corruption continues to thrive globally. But as the awareness of corruption increases, so too does the understanding of its negative effects on political, economic and social reforms. Transparency

International's 2006 report shows that corruption is rampant despite improved legislation and counter efforts. More than US\$1 trillion is paid in bribes alone each year, according to a World Bank Institute report – compared to the estimated size of the world economy at that time of just over US\$30 trillion. Economists know quite a bit about the causes and consequences of corruption. An important body of knowledge was acquired through theoretical research done in the 1970s by Jagdish Bhagwati, Anne Krueger, and Susan Rose-Ackerman, among others (Mauro, 1996). A key principle is that corruption can occur where rents exist—typically, as a result of government regulation—and public officials have discretion in allocating them. The classic example of a government restriction resulting in rents and rent-seeking behaviour is that of an import quota and the associated licenses that civil servants give to those entrepreneurs willing to pay bribes. More recently, researchers have begun to test some of these long-established theoretical hypotheses using new cross-country data. Indices produced by private rating agencies grade countries on their levels of corruption, typically using the replies to standardized questionnaires by consultants living in those countries. The replies are subjective, but the correlation between indices produced by different rating agencies is very high, suggesting that most observers more or less agree on how corrupt countries seem to be. The high prices paid to the rating agencies by their customers (usually multinational companies and international banks) constitute indirect evidence that the information is valuable. These indices are obviously imperfect owing to their subjective nature, but can yield useful insights.

4. Causes of corruption

Since the ultimate source of rent-seeking behaviour is the availability of rents, corruption is likely to occur where restrictions and government intervention lead to the presence of such excessive profits. Examples include trade restrictions (such as tariffs and import quotas), favoritist industrial policies (such as subsidies and tax deductions), price controls, multiple exchange rate Practices and foreign exchange allocation schemes, and government-controlled provision of credit. Some rents may arise in the absence of government intervention, as in the case of natural resources, such as oil, whose supply is limited by nature and whose extraction cost is far lower than its market price. Since abnormal profits are available to those who extract oil, officials who allocate extraction rights are likely to be offered bribes. Finally, one would expect that corruption is more likely to take place when civil servants are paid very low wages and often must resort to collecting bribes in order to feed their families. While all of the hypotheses described above are empirically testable, in the sense that data are available for that purpose, only a few have actually been tested. What empirical studies have been done support certain hypotheses: namely, that there is less

corruption where there are fewer trade restrictions; where governments do not engage in favoritist industrial policies; and perhaps where natural resources are more abundant; and that there is somewhat less corruption where civil servants are paid better, compared with similarly qualified workers in the private sector (Van Rijckeghem and Weder, 1997).

5. Suggested Measures

While there is a well-established body of theoretical knowledge, as well as some tentative results on the causes and consequences of corruption, several more questions need to be answered to enable governments to design effective policies aimed at curbing corruption.

If the costs of corruption are so high, why don't governments get rid of it?

A possible answer is that once a corrupt system is in place, and a majority of people operate within that system, individuals have no incentive to try to change it or to refrain from taking part in it, even if everybody would be better off if corruption were to be eliminated. Consider the following examples:

- You live in a society where everybody steals. Do you choose to steal? The probability that you will be caught is low, because the police are very busy chasing other thieves, and, even if you do get caught, the chances of your being punished severely for a crime that is so common are low. Therefore, you too steal. By contrast, if you live in a society where theft is rare, the chances of your being caught and punished are high, so you choose not to steal.

- You are a new junior civil servant in an administration where everybody, including your superiors, is very corrupt. Somebody offers you a bribe to help him avoid paying taxes. You decline the offer. A few hours later, you receive a telephone call from your boss, who would have liked a cut of your bribe. Your boss suggests that if you treat a friend nicely (by accepting the bribe), you may be promoted, while if you don't, you will be transferred to a remote provincial office. You then take the bribe and share it with your boss and colleagues. If, instead, the administration in which you work is very honest, you are likely to behave honestly to avoid the risk of being fired.

- Individuals *A* and *B* are members of the same government. Suppose, on the one hand, that *A* is very corrupt and has established a private bribe-collection system for her own gain. The need to pay substantial bribes reduces entrepreneurs' incentives to invest and imposes a significant burden on economic growth. Citizens realize that economic growth is being harmed by the corrupt government, though they may not know exactly who is soliciting bribes. Therefore, they decide not to re-elect the government. This shortens *B*'s horizon, making him more inclined to extract a large proportion of current output and to disregard any ensuing adverse effects on future output. In other

words, *B* will seek to obtain a large slice of the cake today since he knows that the government that he participates in will soon be ousted. On the other hand, following a similar line of reasoning, if *A* does not collect bribes, then *B* will also refrain from doing so.

6. Conclusions

This paper concludes that there is need to define "concrete results" might appear to be a tall order in an area where quantification is difficult. A place to begin, however, could be the well established body of knowledge on the causes of corruption. For example, efforts to curb corruption could be assessed on the basis of how effective they were in bringing about the implementation of policies known to reduce corruption, such as the elimination of government restrictions that create rents. This paper has concluded that there is evidence that corruption lowers economic growth, thereby breeding poverty over time. At the same time, poverty itself might cause corruption, perhaps because poor countries cannot devote sufficient resources to setting up and enforcing an effective legal framework, or because people in need are more likely to abandon their moral principles. Researchers have begun to analyze the link between civil servants' wages and the extent of corruption. It has been suggested that reasonable wages are necessary condition for avoiding corruption, though not a sufficient one.

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