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ABOUT THE CHEMISTRY OF CORRUPTION IN NORTHERN CYPRUS

This study aims to expose the factors which complement the reasons for corruption in Northern Cyprus to develop suggestions on anti-corruption measures. The related research outlines the following as the major criteria paving path to corruption: Lack or inefficiency of accounting for financial inspections, weakened justice and juridical institutions, unjust income distrubution, low income rates, unbalanced and unequal wages systems, no transparency in privatisation, cultural habits encouraging bribes, most official adminstrative and financial operations processed in secrecy. Perspectives for anti-corruption measures are to liberate and improve justice and court systems, increase the efficiency in administration, adopt transparency, accountability and reforms to establish democratic traditions in all major institutions.

Keywords: *Northern Cyprus; corruption; transparency; bribes.*

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ПРИРОДА КОРУПЦІЇ НА ПІВНІЧНОМУ КІПРІ

У статті розкрито чинники і причини корупції на Північному Кіпрі та запропоновано антикорупційні заходи. Виділено наступні основні критерії зростання корупції: недостатній або неефективний рівень звітності і фінансового нагляду, слабкі судові і юридичні інститути, несправедливий розподіл доходів, низький рівень доходів, незбалансована система оплати праці, відсутність прозорості при приватизації, укорінені традиції хабарництва, секретність більшості офіційних адміністративних і фінансових операцій. Антикорупційні заходи повинні торкнутися судової і правової реформи, поліпшення адміністративних заходів, прозорості, підзвітності і реформ для встановлення демократичних традицій у всіх основних інститутах.

Ключові слова: *Північний Кіпр; корупція; прозорість; хабарі.*

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СУЩНОСТЬ КОРРУПЦИИ НА СЕВЕРНОМ КИПРЕ

В статье раскрыто факторы и причины коррупции на Северном Кипре и предложить антикоррупционные меры. Выделено следующие основные критерии роста коррупции: недостаточный или неэффективный уровень отчетности и финансового надзора, слабые судебные и юридические институты, несправедливое распределение доходов, низкий уровень доходов, несбалансированная система оплаты труда, отсутствие прозрачности при приватизации, укоренившиеся традиции взяточничества, секретность большинства официальных административных и финансовых операций. Антикоррупционные меры должны коснуться судебной и правовой реформы, улучшения административных мер, прозрачности, подотчетности и реформ для установления демократичных традиций во всех основных институтах.

Ключевые слова: *Северный Кипр, коррупция, прозрачность, взятки.*

Introduction. Discovering and penalising a corrupt person is not a sufficient match for anti-corruption tasks and targets. It should be similar to destroying the

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mosquitos of a swamp by destroying the swamp drying it. Thus the major task is to dry and destroy the "swamp of corruption". No problematic issue can be solved unless the criteria and factors reasoning it are dealt with. Experiments not related to diminishing the reasons and factors will only lead to new and further issues and ongoing search for new measures. New and contemporary technology in eliminating problem issues is "the chemistry of the problem" method. Similar to diagnosing any mass in respect to its components and composing elements the problem issues are also investigated to find out the elements and the reactions composing the problem issue and the combinations and their interractions to define the structure of the issue. Filtering and eliminating the secondary reasons will lead to the primary problem (TEPAV, 2006, p.49).

The following study uses "the chemistry of corruption" method to unveal the principal reasons of corruption in Northern Cyprus. The study is done amongst the citizens eligible to vote in the capital city of Nicosia.

1. The concept of corruption.

1.1. Definitions. Even though no unique definition of corruption exists, the following ones shed light on the understanding of the concept.

- "Corruption is a kind of behavior which deviates from the norm actually prevalent or behaved to prevail in a given context, such as the political. It is deviant behavior associated with a particular motivation, namely that of private gain at public expense." So the concept of corruption can be stated in a way that constitutes a break of law or of standards of high moral conduct (Fredrich, 1972, p.18).

- It is seen as "the use of public office for private advantage" (Palmier, 1983, p.207).

- It is a "transaction between private and public sector actors through which collective goods are illegitimately converted into private payoffs" (Heidenheimer et al., 1989, p.6).

- It is "behavior that deviates from the formal duties of a public role (elective or appointive) because of private-regarding (personal, close family, private clique) wealth or status gains" (Nye, 1967, p.416).

- It is "behavior that deviates from the formal rules of conduct governing the actions of someone in a position of public authority because of private-regarding motives such as wealth, power, or status" (Khan, 1996, p.12).

- It is seen as "a form of secret social exchange through which those in power (political or administrative) take personal advantage, of one type or another, of the influence they exercise in virtue of their mandate or their function" (de Sardan, 1999, p.49).

1.2 Causes. Institutional structure of organization is the key element that opens gate for corruption. 3 dimensions of institutional structure are considered as the most critical in bearing the opportunities for corruption (Klitgaard, 1998): 1) The monopoly power of officials; 2) The degree of discretion that officials are permitted to exercise; and 3) The degree to which there are systems of accountability and transparency in an institution.

Economic and political opportunities also play important role in motivating cases of corruption. Where political opportunities are scarce, corruption occurs as people use wealth to buy power, and where economic opportunities are few, corruption occurs when political power is used to pursue wealth (Huntington, 1968).

When the chemistry of corruption is considered, administrative, economic and social dimensions of it should be referred (TEPAV, 2006, pp. 50-72). Bureaucratic problems in administrative aspect are: official secrecy hindering communication with citizens (Weber, 1946, p. 233) and the lack of administrative methods which respect the above statement; complications in employment of civil servants, transparency related issues (OECD, 2003; WTO 2002); lack of accountability (TUSIAD, 2002); inefficiency in public inspections (DPT, 2002); and the problems related to the justice and court systems. Economic reasons are composed of the inflation related to corruption (Braun and Tella, 2000), controlling power of state on economy, grey economy, unjust income distribution, relations between media and business and the funding of politics. Finally, the social reasons are lined up as lack of education (TUSIAD, 2002); lack of civic values, inadequate organizing of NGOs; public attitude denying the significance of reporting witnessed corruption incidents (Wertheim, 1970).

1.3. Impacts. Corruption has been blamed for the failures of certain "developing" countries to develop, and recent empirical research has confirmed a link between higher perceived corruption and lower investment and growth (Mauro, 1995; World Bank, 1997). In the words of Transparency International, "corruption is one of the greatest challenges of the contemporary world. It undermines good government, fundamentally distorts public policy, leads to the misallocation of resources, harms the private sector and private sector development and particularly hurts the poor"[2]. At the same time, corruption is viewed as one of the main obstacles that post-communist countries face in attempting to consolidate democratic institutions and open, market economies (Shleifer,1997). Mostly in developing countries, national, communal, economic and political improvements are recorded to slow down. These conditions discourage foreign capital needed for investments, projects are delayed, production slows down, management efficiency lessens and the political systems come across the issue of legality (Klitgaard, 1988).

2. Research methodology. The main target of this research is to define the basic reasons for corruption in the perception of the citizens. The study is done with participation of the residents of Nicosia during January 2011. By using convenience sampling and face-to-face interview methods 282 valid questionnaires are obtained. The questionnaire is composed of 2 sections. Section1 enquired the demographic situation of the interviewed such as sex, age, education and profession, while Section 2 measured the perception of the interviewed to reasons of corruption by using 1(not at all significant) to 5 (very significant) Likert scale.

The sources used to define and to measure their level of significance for corruption in Northern Cyprus are the contents of following table (Warigi, 2001; Tahran et al., 2006, p.13; Luo, 2005, p.121; UNICRI, 2006).

The percentage analysis is used as statistics method to explain the demographic structure of the interviewed. "One-sample t-test" is used to rate the significance of the reasons for corruption. The reliability of the research is confirmed by Cronbach alfa coefficient.

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[2] Transparency International, http://www.transparancy.de/mission.html (Dec. 15th, 1998).

Table 1. **Main Reasons for Corruption**

Administrative Reasons	Economic Reasons	Social Reasons
• Centralized bureaucratic structure • Excess red tape and secrecy • Underpaid employees and unjust wages • Overcrowded by staff public services • High staff turnover in top administration • Inadequate accountability and financial inspections • Underdeveloped legal and court systems.	• High inflation rates • Controlling power of state on economy • Gray economy • Inequitable distribution of wealth • Media–business partnerships • Financing politics • Lack of transparency in privatization	• Lack of education • Underdeveloped civic conscious • Inadequacy of NGOs • Negative social perceptions • Cultural habits not denying bribes.

The 19 variables above are subjects to "factor analysis"in order to reduce these variables into a smaller and therefore more manageable (easier to analyze and interpret) set of underlying dimensions, called factors. Finally, one-way ANOVA test will be applied to determine if there are statistically significant relationships between the factors and the demographic characteristics.

3. Research findings and discussion. The basic findings related to demographic characteristics of the respondents examined in the survey are given in Table 2. Male interviewed are 51,4%, and 80% are under 46, Those who posses university education are 57.3% and almost half are private sector employees.

Table 2. **Demographic Findings**

Factor	Category	Percentage
Gender	Male	51,4
	Female	48,6
Age group	25 and below	23,8
	26-35	35,9
	36-45	19,9
	46 and above	20,3
Education	Not literate	1,8
	Primary education	5,3
	High school	35,6
	Bachelor	45,6
	Master degree and Doctorate	11,7
Profession	Public employees	17,7
	Private sector employee	51,8
	Retired	11,7
	Unemployed	5,7
	Student	13,1

One-sample T-test is used to measure the significance level of the factors serving corruption. 282 respondents were asked to grade 19 suggestions and the average of 1-5 grading is considered. This may be evaluated as the variable with the highest average grade is defined as the most significant factor effecting corruption. According to one-sample T-test, 18 out of 19 factors have statistically higher average than 3 in their average value ($p < 0.05$). Only one factor Cultural habits not denying bribes had a neutral average equaling 3, ($p > 0.05$ " 424 >0.05) which leads us to evaluate that the respondents are indecisive about the effects of the criteria on corruption.

Table 3. **One-Sample Statistics and Test for Varaibles Leading to Corruption in Northern Cyprus**

Variables	Mean	Std. Deviation	Sig. (2-tailed) Test Value = 3 (*p*)
Weak accountability and monitoring mechanisms	4,51	0,763	,000
A weak judicial system	4,26	0,904	,000
Inequitable distribution of wealth	4,14	0,93	,000
Underpaid employees and unjust wages	4,08	0,866	,000
Lack of transparency in privatization	3,98	1,024	,000
Cultural habits not denying bribes	3,95	1,094	,000
Excess red tape and secrecy	3,88	0,985	,000
Inadequacy of NGOs	3,78	1,147	,000
Financing politics	3,77	1,077	,000
Centralised bureaucratic structure	3,64	1,216	,000
Controlling power of state on economy	3,61	1,108	,000
Gray economy	3,56	1,159	,000
Insufficiency in education	3,56	1,374	,000
High staff turnover in top administration	3,48	1,271	,000
Overcrowded by staff public services	3,43	1,238	,000
Underdeveloped civic consciousness	3,41	1,307	,000
Media–business partnership	3,17	1,075	0,008
Inflation	3,16	1,165	0,019
Negative social perceptions	**2,94**	**1,27**	**0,424**

Scale values: 1 = no effect, 2 = least effect, 3 = indecisive 4 = effects, 5 = highly effects

As shown in Table 3, all of the factors that can cause corruption are present in Northern Cyprus except one factor. However, the factors differ in efficacy. Weak accountability and monitoring mechanisms, weak judicial system, unequal distribution of wealth; underpaid employees and unjust wages are the most important causes for corruption. Factors like inflation, media-business partnerships, lack of well-developed civic consciousness are placed at lower levels amongst the factors effecting corruption.

Overall alpha coefficient as the reliability analysis for the scale of corruption items is 0.778. Reliability coefficient above 0.7 is considered sufficient (George and Mallery, 2001, p. 217).

19 variables forming the chemistry of the factors effecting corruption in the Northern Cyprus are subjected to factor analysis to determine the basic ones. After the "one-sample t-test" for the factors serving corruption, the factor analysis was conducted using varimax rotation (Table 4). Regarding the pre-analysis testing for the suitability of the entire sample for factor analysis, the Kaiser-Meyer-Olkin measure of sampling adequacy was 0.701 being greater than .6 (Pallant, 2005, p.182) and the Bartlet test of sphericity (835,164) was significant at p<0.01, thus, indicating that the sample was suitable for factor analytic procedures. According to the analysis, the factors with eigen values greater than 1.0 and factor loadings that are all equal or greater than 0.50 were retained (Saruhan and Ozdemirci, 2005, pp. 151-156). Therefore, 14 variables (from the total of 19), loading under 5 dimensions were extracted from the analysis and these 5 factors explained 65.41% of the overall variance. The reached value of each factor explains the comparative significance of the given factor.

The mentioned 5 factors above are lined in Table 4 according to the specifications of variables in descending order as 1) economic stability; 2) perception of statesmanship; 3) transparent and democratic structure; 4) judicial and administrative audit effectiveness; and 5) income and equitable distribution levels.

Table 4. **The results of factor analysis on 14 variables and 5 dimensions**

Factors and Variables	Eigenvalues	Factor loadings	% of Variance
Factor 1 - Economic Stability	**3.064**		**14.039**
Media-business partnership		.765	
Gray economy		.758	
Inflation		.596	
Factor 2 - Perception of Statesmanship	**2.281**		**13.666**
Underdeveloped civic conscious		.854	
Insufficient education		.834	
High staff turnover in top-level administration		.592	
Factor 3 - Transparent and Democratic Structure	**1.543**		**13.195**
Excess red tape and secrecy		.865	
Centralist structure and status quo		.837	
Sources financing politics		.537	
Factor 4 - Insufficient judicial and Administrative Auditing	**1.247**		**12.987**
Loose accountability and transparency		.764	
Weak judicial system		.742	
Cultural habits not denying bribes.		.722	
Factor 5 - Justice in Income and Income Levels	**1.022**		**11.525**
Insufficient, unjust and unfair wages		.809	
Unequal wealth distribution		.799	

Referring to the demographic characteristics of the respondents in Northern Cyprus at Table 2 independent samples t-test and one-way ANOVA test were used to determine if the means of factors being effective on corruption varied among different demographic characteristics (Table 5). The findings are as follows:

- The effects of the factors that increase the level of corruption do not differentiate between genders.

- According to different age groups, F1 and F2 scores significantly differ at the 0.05 level. This is to say that the age group 26-35 stated that F1 and F2 factors effect the corruption more when compared with the way the 36-45 age group responded.

- According to different levels of education, F4 significantly differs at the 0.05 level. According to the respondents who are post-graduate, masters and PhDs, the effects of F4 to corruption is significantly higher compared to the perception of the respondents with lower level of education.

- According to different professions, F1 scores significantly differ at the 0.05 level. The retired interviewed stated that economic stability is a more significant factor for corruption when related with what the public servants responded.

4. Conclusion. The biggest common mistake in the fight against corruption is the myopic approach focusing only on the capture of the corrupted. In other words, focusing on the results of corruption, rather than on the causes of it cannot produce an efficient outcome in this fight. In this manner, the approach "the chemistry of the problem" will deliver a more comprehensive success.

Table 5. **The impact of demographic variables on the effective factors leading to occurrence of corruption using analysis of variance**

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Gender					
Female	3,3563	3,5563	3,7705	4,2160	4,1643
Male	3,2313	3,3966	3,7475	4,2617	4,0515
(F)	.001	.024	2.225	.008	.000
Age group					
25 and below	3,3433	3,5721	3,7020	4,3737	4,1288
26-35	3,4040	3,6330	3,7579	4,2000	4,1970
36-45	2,9702	3,1818	3,7857	4,1905	4,0268
46 and above	3,3571	3,3743	3,7976	4,1914	4,0088
(F)	3.468*	2.652*	.144	1.129	1.023
Education					
Not literate	2,6667	2,9333	3,5333	4,2000	4,0000
Primary education	3,2444	4,0000	3,7143	4,0667	4,1333
High school	3,3131	3,5051	3,6633	4,0556	4,0000
Bachelor	3,2441	3,3990	3,7849	4,3255	4,1400
Master, Doctorate etc.	3,6146	3,5104	4,0625	4,5051	4,3182
(F)	1.946	1.519	1.380	3.827*	1.246
Profession					
Public	3,0067	3,5200	3,8333	4,2867	4,0204
Private	3,3657	3,4196	3,7938	4,2145	4,1215
Retired	3,5354	3,6061	3,6768	4,0313	4,1364
Unemployed	3,0208	3,5625	3,6222	4,2083	4,2500
Student	3,3241	3,4955	3,6577	4,4630	4,0946
(F)	2.790*	.287	.426	1.820	.331

** $p<0.01$, * $p<0.05$
Note: Means are represented in terms of average score of the effective factors on corruption

The environment, which accommodates and causes corruption, is the 'chemistry of corruption'. Only improvements in administrative, economic and social structures that are the 'breeding grounds of corruption' can help diminish the corruptive exercises.

Major way to fight against corruption comes across with measures to reach the stage that the state complies with a "Law State" where transparency, democracy and accountability are widely practiced. Justice system and court decisions must meet with the expectations of public conscious. Civic consciousness and responsibility levels and education to create sensitivity and alertness against corruption must elevate. Unequal wealth distribution and unjust wages must be leveled.

This study shows that almost all the factors feeding corruption exist in Northern Cyprus. Inadequate accountability and lack of efficient public auditing, a weak judiciary system, unequal distribution of wealth and unjust wages are in the top.

When we group the variables reasoning corruption with the factors, which they share common specifications, the most important group appearas to be: Economic stability, perception of statesmanship, transparent and democratic structure, judicial and administrative justice and the level of income.

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