

Governance and Legal Methods in Combating Administrative Corruption and Their Impact on Achieving Sustainable Development

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مجلة الدراسات القانونية والاقتصادية

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المستخلص

تعتبر مكافحة الفساد أولوية في مبادرات المملكة العربية السعودية لتحقيق التحديث وإنشاء اقتصاد مزدهر. تهدف هذه الدراسة إلى استكشاف الأساليب الحكومية والقانونية لمكافحة الفساد الإداري وتعزيز التنمية المستدامة. تشير الدراسات إلى أن الحوكمة الفعالة والحكومة الإلكترونية تعززان المساءلة والشفافية، مما يقلل من الفساد. يُبرز البحث الحاجة إلى المزيد من الأبحاث الأساسية في سياق المملكة العربية السعودية. في هذه المقالة سنتناول بالدراسة أربع نقاط رئيسية تتمثل في تأثير الحوكمة على الفساد الإداري، وتأثير الأساليب القانونية على الفساد الإداري، والفساد الإداري والتنمية المستدامة، بالإضافة إلى تأثير الحوكمة والأساليب القانونية على التنمية المستدامة. الكلمات المفتاحية: الحوكمة، الأساليب القانونية، الفساد الإداري، التنمية المستدامة

Abstract:

The mitigation of corruption is a priority in Saudi Arabia's initiative to modernize and create a thriving economy and achieving sustainable development. The aim of this article was to explore the governance and legal methods applied in the Kingdom of Saudi Arabia in combating administrative corruption and promoting sustainable development. In the published literature, researchers have supported that effective governance promotes combating corruption. Electronic (E) government, was reported in existing literature to have the capacity to enhance public service quality, accountability, and transparency, which reduces corruption. The relationship between corruption and e-governance was identified as significant. Researchers have argued that legal methods, specifically legislative amendments and institutional frameworks support in combating administrative corruption. In modern societies, sustainable development is a concern, and effective government and legal frameworks promote sustainable development. In essence, additional primary research is needed on the topic, specifically in the Saudi Arabia context to support providing transferable and generalizable policy recommendations. In this article, I will discuss four main points: Impact of Governance on Administrative Corruption, Impact of Legal Methods on Administrative Corruption,

Governance and Legal Methods in Combating Administrative Corruption and Their Impact on Achieving Sustainable Development

DR/ Maryam Almutairi

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Administrative Corruption and Sustainable Development and Influence of Governance and Legal Methods on Sustainable Development.

Keywords Governance, legal methods, administrative corruption, sustainable development

1. Introduction

The Kingdom has been implementing the Saudi Vision 2030 and National Transformation Plan. The economic blueprint is intended to diversify the Kingdom's oil-dependent revenue base and decrease the increasing budget deficits.¹ As such, achieving sustainable development in the Kingdom of Saudi Arabia is important. Governance and legal methods can impact administrative corruption, influencing sustainable development.

In this review article, the focus is on presenting evidence on the governance and legal methods applied in the Kingdom of Saudi Arabia in combating administrative corruption and their impact on achieving sustainable development. The need to conduct the study was supported by the limited understanding of the impact of the implemented governance and legal methods in Saudi Arabia on administrative corruption. Additionally, the review was conducted to explain the impact of governance and legal methods on sustainable development.

2. Impact of Governance on Administrative Corruption

¹ Daniel, Moshashai, Leber, Andrew M. and Savage, James D, 'Saudi Arabia plans for its economic future: Vision 2030, the National Transformation Plan and Saudi fiscal reform', (2020) 47|(3) BJMES accessed 5th June 2024

Effective governance is associated with less corruption.¹ Comparably, ineffective governance is attributed to more corruption. The Saudi Arabian Kingdom has focused on combating corruption through different approaches, one of them being leading high-profile corruption investigations.² It is estimated that in Vision 2030's fifth anniversary, 247 billion Saudi Riyals were recovered because of the anti-corruption initiatives implemented.³

Another governance-related approach for combating administrative corruption was the Electronic (E) government. E-government has been supported to decrease corruption by promoting accountability.⁴ In particular, e-government helps in combating corruption by enhancing transparency in public administration because it decreases discretionary power and improves the probability of exposure. The use of existing technologies can be transformative in decreasing corruption. In essence, fostering good governance for promoting accountability and enhancing regulation creates an environment that discourages any corrupt practices. In another study where researchers focused on Middle East and North African (MENA) countries, they identified that e-government has a positive impact on the control of corruption and the rule of law.⁵ Based on the

¹ Mamdouh Abdulaziz Saleh Al-Faryan, and Chandra Shil Nikhil, 'Governance as an interplay between corruption and polity: Conceptualizing from a national perspective', (2023) 11(2) *Economies*. accessed 5th June 2024

² Amonette Ahmed, 'The anti-corruption landscape in Saudi Arabia under Vision 2030', (2024). accessed 5th June 2024

³ Amonette Ahmed, 'The anti-corruption landscape in Saudi Arabia under Vision 2030', (2024). accessed 5th June 2024

⁴ Conceicao Castro, and Lopes Isabel Cristina, 'E-government as a tool in controlling corruption', (2023), accessed 5th June 2024

⁵ Mohammed Al-Refai, Ali Saad Mohamed, 'E-Government Development and Governance in MENA Countries: An Empirical Study', (2024), accessed 5th June

Governance and Legal Methods in Combating Administrative Corruption and Their Impact on Achieving Sustainable Development

DR/ Maryam Almutairi

مجلة الدراسات القانونية والاقتصادية

researchers' analysis, a 10% adoption of e-government caused a 1.1% decrease in corruption. The critical role of e-government in enhancing institutional quality in MENA countries is evident. The implementation of e-government approaches and modifying electronic operations can promote the rule of law and decrease corruption.

Investing in e-government infrastructure has been supported because it promotes accountability, transparency, and efficacy in public administration, consequently decreasing corruption.¹ E-government helps in combating corruption because the tool increases access to information, simplifies processes and rules, offers detailed transaction data for decision-making, fosters accountability, and decreases discretionary power by standardization. The adoption of e-government in delivering public sector services is a core factor in contributing to the reduction in petty corruption in the public sector.² The statistical significance of the impact of e-government on corruption implies that adopting the technology promotes economic growth and development, enhancing the quality of public service delivered. As such, well-managed e-government decreases opportunistic behavior such as corruption, which could improve national social capital results.³

In Saudi Arabia, e-government was adopted to improve the efficacy of the services delivered.⁴ In the Kingdom, e-government has four main groups: Government, citizens,

¹ Dina Ali Seiam, and Salman Doaa, 'Examining the Global Influence of E-Governance on Corruption: A Panel Data Analysis', (2024) 10(1), FBJ accessed 5th June 2024

² Elkhan Richard Sadik-Zada, Gatto Andrea, and Niftiyev Ibrahim, 'E-Government and Petty Corruption in Public Sector Service Delivery', (2022) 1(1) TASM accessed 5th June 2024

³ Elkhan Richard Sadik-Zada, Gatto Andrea, and Niftiyev Ibrahim, 'E-Government and Petty Corruption in Public Sector Service Delivery', (2022) 1(1) TASM accessed 5th June 2024

⁴ Nadrah Rahaj, Gambour Yara, Kurdi Rabea, Almansouri Renad, 'E-Government

employees, and businesses. As such, e-government programs need to be customer-oriented and focused. E-government enhances the relationship between citizens and the government, promoting accountability, democracy, and enhancing public services. E-government also promotes interactions between government and business, fostering electronic relations between government agencies and privately-owned organizations. Having e-governments supports electronic transaction programs, such as procurement. The opportunity to perform online transactions with the government simplifies regulatory procedures and decreases bureaucracy. Additionally, e-government supports government-to-government relationships, enabling the agencies and departments to share resources, as such fostering effectiveness and efficiency. Overall, researchers have supported the idea that good governance influences corruption. Additional research is needed in the context of Saudi Arabia.¹

3. Impact of Legal Methods on Administrative Corruption

The Kingdom of Saudi Arabia has introduced numerous legal amendments, such as the Royal Decree No. (M/4) of 2/1/1440 that mandates the criminalization of bribery of foreign public and international public organizations and institutions. Also, to penalize bribery in the private sector, a third paragraph of the ninth article of the anti-corruption system was added to the Royal Decree No. (M/4) of 2/1/1440. Legislative amendments were introduced to combat corruption in both the commercial and public sectors.

Since 2010, the Kingdom of Saudi Arabia has been a signatory of the G20 anti-corruption action plan and related high-level principles on issues of asset disclosure, whistleblower protection, and transparency. On a local level, Saudi Arabia has a comprehensive legal framework for addressing corruption

In the Kingdom, the New Anti-Bribery Law that was passed in 2019 criminalized bribery in the private sector. The law broadened the scope of public sector bribery too by expanding a public official's definition to include (a) private association employees who

Service in Saudi Arabia,' (2020) 18(16), PJAEE accessed 5th June 2024

¹ Nadrah Rahaj, Gambour Yara, Kurdi Rabea, Almansouri Renad, 'E-Government Service in Saudi Arabia,' (2020) 18(16), PJAEE accessed 5th June 2024

Governance and Legal Methods in Combating Administrative Corruption and Their Impact on Achieving Sustainable Development

DR/ Maryam Almutairi

مجلة الدراسات القانونية والاقتصادية

have public benefits and (b) workers of international institutions or non-governmental organizations.

Saudi Arabia on 28th March 2019 gazetted the Royal Decree M75/1440 on the approval of the Competition Law and Cabinet Decision No. 372/1440. The New Competition Law that took effect on 28th September 2019 explicitly criminalized bid-rigging and other corrupt or anti-competitive practices related to public tenders. Per the New Competition Law, the penalties for anti-competitive practices were increased by 10% of the total annual sales. In an instance where it is impossible to determine the annual sales, a fine of up to 10 million Saudi Riyals (USD 2.65 million) or three times the gains made because of the violation. The obstruction of a competition investigation can result in a 5% fine of the total annual sales value of the transaction implicated in the crime. In efforts to mitigate corruption, settlement agreements were introduced to incentivize people to come forward and report anti-competitive practices. The legislation applied in the Kingdom of Saudi Arabia has resulted in some transformative changes in corruption.

In the Kingdom, there are numerous institutional frameworks such as the Nazaha, Supreme Committee on Corruption, General Court Auditing, and Public Prosecutor's Office mandated by the law for tackling corruption. Conversely, all institutions report to the King, as such the organizations are not directly accountable to Saudi citizens. The Nazaha, which was established in 2011 focuses on the responsibility of fostering integrity, enhancing transparency, and countering both administrative and financial corruption.

The other institutional framework is the General Court Auditing and provided the responsibility for auditing the state's expenditure, revenue, and assets. The Public Prosecutor's Office has the power to investigate and prosecute criminal offenses. Notably, although the Kingdom of Saudi Arabia has institutional frameworks for mitigating fraud, additional research is needed to quantify the impact of the legal changes on administrative corruption in the Kingdom of Saudi Arabia.

4. Administrative Corruption and Sustainable Development

The approaches for mitigating administrative corruption differ, based on the countries' progress and capabilities. Administrative corruption is a significant impediment to achieving sustainable development because the societal issue hinders state agencies' capability to perform their duties and achieve their developmental role. Economic development and growth are impacted by corruption because it results in losses, misuse of assets, budget damages, and increased poverty.¹ Corruption, which involves the misuse of power for personal gain, undermines trust, economic progress.

Good governance is vital in promoting the effective management of resources.² Digital transformation is a core factor in promoting change in government, fostering transparency, enhancing accountability, and improving efficacy. In addition to helping mitigate corruption, e-government promotes the integration of policies and public services to enhance sustainable and inclusive economic growth and social development. The implementation of e-government fosters resource management. Higher e-government development is associated with improved sustainable development. As such, e-governance is a means for promoting sustainable development. Saudi Arabia's economy is successfully maintaining corruption under control by promoting pro-growth governance in the economy.³

Corruption negatively impacts economic growth because of the increasing production expenditure, resource misallocation caused by market failure, and uncertainty.⁴ In the Saudi Arabian context, there is limited literature on the association

¹ Van Cuong Dang, Khai Nguyen Quang, and Hang Tran Xuan, 'Corruption, institutional quality and shadow economy in Asian countries', (2023) 30(21), AEL. accessed 5th June 2024

² Conceicao Castro, Cristina Lopes, 'Digital Government and Sustainable Development', 2022, 13(2), JKE accessed 5th June 2024

³ Mamdouh Abdulaziz Saleh, Al-Faryan and Shil, Nikhil Chandra, 'Nexus between governance and economic growth: Learning from Saudi Arabia', (2022) 9(1) CBM, accessed 5th June 2024

⁴ Mounir Belloumi, Alshehry Atef Saad, 'The Causal Relationships Between Corruption, Investments and Economic Growth in GCC Countries', (2021) 11(4), SO, accessed

Governance and Legal Methods in Combating Administrative Corruption and Their Impact on Achieving Sustainable Development

DR/ Maryam Almutairi

مجلة الدراسات القانونية والاقتصادية

between administrative corruption and sustainable development, supporting the need for additional research.

5. Influence of Governance and Legal Methods on Sustainable Development

Governance significantly determines the economic growth and development of the country. Saudi Vision 2030 supports the need to promote development gains, reform the Kingdom's economy, and promote sustainable growth (1918). In Saudi Arabia, the National Strategy for the Protection of Integrity and Combating Corruption is founded on foundations, principles, and mechanisms related to enhancing transparency and integrity. The focus of the framework is combating corruption in all its different forms by consolidating moral, religious, and educational values.¹ Corruption has a negative link to growth and government revenue.² Corruption is likely to be more pervasive as economic resources decline, particularly during times of crisis. Accordingly, increasing government revenue requires addressing corruption. Effective governance is an effective tool for promoting economic growth in the long term.³ Accordingly, good governance is needed to promote economic growth in Saudi Arabia. The outcomes of governance effectiveness promote the rules and regulation enforcement in businesses, significantly impacting the country's economy.⁴ A positive relationship exists between governance efficacy and a

5th June 2024

¹ Feras Syah Matar Alshrafat, 'Transparency and Its Contribution to Reducing Administrative Corruption,' (2023) 11(6) IJHSS accessed 5th June 2024

² Zeljko Bogetic, Naeher Dominik 'Corruption and Government Revenue: Evidence of a Non-Linear Relationship Driven by Crises', (2024) 27(1), JAE. accessed 5th June 2024

³ Haider Mahmood, 'Oil prices, control of corruption, governance, and economic growth nexus in Saudi Arabia', (2021) 11(4) IJEEP. accessed 5th June 2024

⁴ Ghazala Aziz, and Sarwar Suleman, 'Revisit the role of Governance Indicators to

nation's economic growth.¹ The is limited literature on the impact of governance and legal methods on sustainable development in Saudi Arabia, supporting the need for additional research.

6. Conclusion

Corruption has an adverse impact on almost every component of national life, which arises from poor governance. As an outcome of poor governance, corruption is characterized by a lack of accountability, efficiency, transparency, and public participation. Combating corruption is vital in achieving sustainable development. The amendments in legislation to mitigate any possible ambiguity that cause corruption have supported the need for financial matters to be continuously modernized to achieve the desired outcome. Governance and legal approaches can affect administrative corruption and sustainable development, which makes it essential for them to be reinforced. Good governance has a positive impact on Saudi Arabia's sustainable development. E-government promotes transparency, decreasing the probability of corrupt behaviors because it supports monitoring activities. The transition to e-government practices is essential in decreasing corruption and improving the rule of law. E-government is a significant factor in promoting good governance because it combines modernization and rationalization of public administration with external factors of the association between citizens and governments. More research is needed on the topic to support providing recommendations specific to the Kingdom of Saudi Arabia.

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¹ Nayef, Alshammari, Alshuwaiee, Wael and Aleissa, N. 'Does "good" governance promote economic growth according to countries' conditional income distribution', (2019) 8 JRGE accessed 5th June 2024

Governance and Legal Methods in Combating Administrative Corruption and Their Impact on Achieving Sustainable Development

DR/ Maryam Almutairi

مجلة الدراسات القانونية والاقتصادية

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