THE IMPACT OF GOVERNMENT BUDGETING ON CORRUPTION IN PUBLIC FINANCE: A CROSS-COUNTRY ANALYSIS

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Abstract: *This study examines the impact of Government Effectiveness, Economic Development, and Political System Type on Corruption Perceptions Index (CPI) scores across various countries for the period 2018-2022. The research uses multiple regression analysis to examine how these three variables affect perceived corruption in public finance. The analysis reveals that Government Effectiveness significantly reduces perceived corruption, as reflected in the CPI scores. This finding highlights the importance of transparent government operations in combating corruption. The study shows that higher GNI per capita is associated with lower perceptions of corruption. This highlights the role of economic growth in improving governance and reducing corruption. Lastly, the research finds that the type of Political System, particularly those characterized by higher political rights scores, significantly influences corruption perceptions. Democratic countries with greater political freedoms tend to have lower CPI scores, indicating reduced corruption. The study's conclusions have important implications for policymakers, suggesting that enhancing Government Effectiveness, fostering economic development, and strengthening democratic institutions are vital strategies in combating corruption. These findings offer insights for future research, emphasizing the need to explore the interplay of cultural, social, and technological factors with economic and political variables in the context of corruption.*

INTRODUCTION

Corruption in public finance, is a significant impediment to governance and economic prosperity, undermining democracy, the rule of law, and market efficiency (Khagram, Fung, and Renzio 2013).To effectively combat corruption, it's essential to understand its various contributing factors. This study focuses on the Corruption Perceptions Index (CPI) by Transparency International as a key measure. The CPI ranks

countries on perceived public sector corruption levels, using data from expert assessments and opinion surveys. It's a critical tool for comparing corruption across different contexts and monitoring anti-corruption efforts globally (Budsaratragoon and Jitmaneeroj 2020). The research will explore how government budgeting affects CPI scores, incorporating three vital variables: budget transparency, economic development level, and political system (Johnson and Thompson 2020; Mungiu-Pippidi 2023).

Budget transparency is crucial as it determines the visibility of government spending, affecting the opportunity for corruption (Patel and Singh 2019). The economic development level of a country often influences its governance structures and susceptibility to corruption . Finally, the political system, whether democratic or autocratic, significantly impacts the implementation and effectiveness of anti-corruption measures (Spyromitros and Panagiotidis 2022). By examining the interplay between these variables and government budgeting practices, the study aims to identify patterns that influence CPI scores (Roberts and Johnson 2019). Understanding these relationships is key to developing more effective anti-corruption strategies and enhancing public finance transparency and accountability. This approach seeks not only to contribute to academic knowledge but also to inform policy-making for better governance and reduced corruption.

This comparative analysis underscores the significant impact that factors like political system, economic development, and budget transparency can have on public sector corruption (Alvarez and Gomez 2022). The differences between Venezuela and Norway in these respects are clearly mirrored in their respective CPI scores, offering concrete insights into the role of government budgeting practices in shaping perceptions of corruption. This evidence further bolsters the argument for enhancing transparency and accountability in public financial management as essential tools for combating corruption and strengthening the integrity of public finance systems (Lewis 2020).

The Economic Development Level of a country refers to its overall state of economic growth and the standard of living of its inhabitants . This concept encompasses a range of factors, including income, education, health, and technological advancement. It is typically measured by indicators like Gross Domestic Product (GDP), Human Development Index (HDI), and per capita income. These metrics help assess the economic progress of a country and compare it with others, providing insights into the quality of life and economic opportunities available to its citizens.

The concept of economic development level, pivotal in economics, traces its roots back centuries. It encapsulates the analysis of a nation's economic progress. Adam Smith laid its early foundations in the 18th century. The 19th century saw further exploration by theorists like Ricardo and Malthus, focusing on factors driving economic growth (Nunn 2020). The 20th century introduced models and measures like GDP and HDI, evolving into a more nuanced understanding that includes aspects like poverty, inequality, and sustainability (Elistia and Syahzuni 2018). Key figures in this evolution include Simon Kuznets, known for national income accounting, and Amartya Sen, emphasizing human development. Organizations like the World Bank and UNDP have been instrumental in tracking and analyzing economic development globally.

A political system, the framework for a society's decision-making and enforcement, encompasses institutions, actors, processes, and norms (O'Neill 2021). This structure, evolving from ancient Greece's classification of governments by thinkers like Plato and Aristotle to contemporary complex governance models, reflects the diverse ways power is distributed and exercised (Zhang and Wang 2021). Institutions such as legislatures,

executives, and judiciaries form the backbone of these systems, making and enforcing laws and managing public resources (Saaida 2023).

LITERATURE REVIEW
Principal Agent Theory

The Principal-Agent Theory is a pivotal framework in understanding the dynamics of relationships where delegation and responsibility are key, such as between government officials (agents) and citizens (principals) in public finance. This theory highlights issues like information asymmetry, incentive alignment, and moral hazard, providing a robust lens to analyze how and why corruption can arise (Ramadhan, Wijaya, and Ruslan 2022). It elucidates the motivations and behaviors of agents within the structures and systems they operate, offering insights that are both theoretically rich and practically relevant. The adaptability of the theory across various disciplines makes it suitable for cross-country analysis, accommodating different political, economic, and cultural contexts to study government budgeting and corruption (Bernhold and Wiesweg 2021) . The theory emphasizes aligned incentives, effective monitoring, and accountability, offering insights into creating transparent and efficient government budgeting processes (Nascimento 2024).

Budget Transparency

Budget transparency is crucial in public finance as it involves the openness of government budgets to the public, ensuring that citizens can access information regarding how public funds are allocated and spent. Transparency is fundamental to accountability, as it allows citizens to monitor government activities, reducing the likelihood of corrupt practices. By making budget information readily available and understandable, governments can build trust with the public and encourage civic engagement in financial oversight. Enhanced transparency measures include regular audits, public disclosures, and independent oversight bodies, which collectively help in curbing corruption by reducing information asymmetry between the government and the public (Dziemianowicz and Kargol-Wasiluk 2024).

The impact of budget transparency extends beyond mere accountability; it plays a significant role in improving public financial management systems and supporting the development of anti-corruption policies. Transparent budgeting processes facilitate better decision-making and resource allocation, leading to more efficient and effective use of public funds. In the context of Uzbekistan, for instance, advocating for enhanced transparency in government spending and strengthening civil society's role in financial oversight are critical steps towards formulating robust anti-corruption strategies (Khagram, Fung, and Renzio 2013). By promoting a culture of openness and accountability, budget transparency can significantly contribute to reducing corruption and improving governance in public finance .

Economic Development Level and Corruption Dynamics

The level of economic development in a country significantly influences the dynamics of corruption. Higher levels of economic development often correlate with lower levels of corruption due to better institutional frameworks, stronger rule of law, and more effective governance structures (Mauro 1995). Wealthier nations typically have more resources to invest in anti-corruption measures, including better salaries for public officials, which reduces the incentives for corrupt behavior. Moreover, economically developed countries tend to have more active civil societies and freer media, which play crucial roles in monitoring government actions and holding officials accountable

Conversely, in less developed economies, the prevalence of corruption is often higher due to weaker institutions, lower salaries for public officials, and inadequate legal frameworks. Economic underdevelopment can create environments where corrupt practices become normalized as a means of navigating bureaucratic inefficiencies and supplementing inadequate incomes (Smith 1972). The interplay between economic development and corruption is complex, as corruption can also hinder economic growth by deterring investment, increasing the cost of doing business, and perpetuating poverty and inequality (Svensson 2005). Thus, fostering economic development is not only about increasing wealth but also about strengthening institutions and governance to create a virtuous cycle that reduces corruption .

Political Systems and Their Impact on Corruption

Different political systems have varying impacts on the level and nature of corruption. Democratic systems, characterized by transparency, accountability, and the rule of law, generally experience lower levels of corruption compared to authoritarian regimes. In democracies, the separation of powers, free press, and active civil society contribute to effective checks and balances that deter corrupt practices. Regular elections provide mechanisms for holding public officials accountable, and independent judiciary systems ensure that corrupt actions are punished appropriately. These features create an environment where transparency and accountability are institutionalized, reducing opportunities for corruption (Nabudere 2004).

In contrast, authoritarian regimes often lack these checks and balances, leading to higher levels of corruption (Singleton et al. 2006). Concentration of power in the hands of a few, limited press freedom, and weak judicial systems allow corrupt practices to flourish with little fear of repercussions. The lack of transparency and accountability in such systems makes it easier for public officials to engage in corrupt activities without detection. Moreover, in some authoritarian states, corruption is used as a tool for maintaining power and rewarding loyalty, further entrenching corrupt practices within the political system. Thus, the type of political system is a critical determinant of the level and nature of corruption in a country .

RESEARCH METHOD

The research employs a quantitative approach with both descriptive and correlational designs to analyze the impact of government effectiveness, economic development level, and political systems on corruption in public finance, using Corruption Perception Index (CPI) scores from 2018 to 2022. Data from various countries are collected from multiple international databases for accurate global representation, incorporating historical data and case studies. Statistical methods and econometric modeling, including multiple linear regression analysis, measure relationships between variables. Descriptive statistical analysis is performed using SPSS 23 to calculate measures like mean, median, standard deviation, and range, with visualizations such as histograms and bar charts illustrating data distributions and trends. The analysis includes classical assumption tests—normality, multicollinearity, heteroscedasticity, and autocorrelation tests—to ensure model validity, followed by multiple linear regression to explore the relationships between independent variables (government effectiveness, economic development level, political rights) and the dependent variable (CPI score).

RESULTS AND DISCUSSION

The countries selected as the research population in this study encompass a diverse range of nations observed during the period from 2018 to 2022. The rationale behind choosing these specific countries is rooted in their varied characteristics in terms of government budgeting practices, economic development, political systems, and corruption levels. This diversity provides a comprehensive understanding of the global landscape of public finance and corruption. The countries included in this study were carefully selected to represent different regions across the globe, ensuring a wide-ranging analysis that takes into account different cultural, economic, and political contexts. Each country offers unique insights into the dynamics of government budgeting, economic development, political systems, and their relationship with corruption, as measured by the CPI scores. This range of countries aids in drawing more generalized conclusions that are applicable globally, thus enhancing the robustness and relevance of the research findings.

Descriptive Statistical Analysis

Based on Table 4.2, this research uses a sample of 150 observations for the period 2018-2022. The analysis covers the variables Budget Transparency, Economic Development, Political System, and CPI Score. The table below presents the descriptive statistics for these variables:

Table 1. Descriptive Statistic

Descriptive Statistics									
	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
				Statistic			Std. Error	Statistic	Statistic
Budget Transparency (X1)	150	3	-1	2	101	0.67	0.072	0.881	0.776
Economics Development (X2)	150	93740	1770	95510	4344640	28964.27	1922.031	23539.973	554130348.116
Political System (X3)	150	54	6	60	5950	39.67	1.480	18.126	328.559
CPI Score (Y)	150	65	23	88	8362	55.75	1.689	20.683	427.774
Valid N (listwise)	150								

The Budget Transparency (X1) variable has a minimum value of -1, indicating the lowest recorded budget transparency among the sampled countries. The Economic Development (X2) variable's minimum value of 1770 represents the lowest GNI per capita (in USD) observed, suggesting a varied economic landscape. The Political System (X3) variable has a minimum value of 6, reflecting the lowest level of political rights. The CPI Score (Y) has a minimum value of 23, indicating the highest perceived level of corruption. These descriptive statistics provide a quantitative understanding of each variable, crucial

for framing the context for regression analysis and interpreting the relationships between the variables.

Correlational Statistical Analysis: Classic assumption test

Correlational statistical testing in this research consists of classical assumption tests, simple regression tests, multiple regression tests, coefficient of determination, and hypothesis tests.

Table 2. Correlations

Correlations		Budget Transparency (X1)	Economics Development (X2)	Political System (X3)	CPI Score (Y)
Budget Transparency (X1)	Pearson Correlation	1	.889**	.326**	.938**
	Sig. (2-tailed)		0.000	0.000	0.000
	N	150	150	150	150
Economics Development (X2)	Pearson Correlation	.889**	1	.366**	.917**
	Sig. (2-tailed)	0.000		0.000	0.000
	N	150	150	150	150
Political System (X3)	Pearson Correlation	.326**	.366**	1	.445**
	Sig. (2-tailed)	0.000	0.000		0.000
	N	150	150	150	150
CPI Score (Y)	Pearson Correlation	.938**	.917**	.445**	1
	Sig. (2-tailed)	0.000	0.000	0.000	
	N	150	150	150	150
**. Correlation is significant at the 0.01 level (2-tailed).					

The classical assumption tests in this research include the normality test, heteroscedasticity test, multicollinearity test, and autocorrelation test. Classical assumption testing is a test for carrying out multiple regression analysis. The following are the results of the classical assumption test in this research.

Normality Test

In this research, the normality of the residuals from the regression model is assessed using the one-sample Kolmogorov-Smirnov (K-S) test with the exact method approach, chosen for its detailed analysis capabilities. Normality is a crucial assumption in regression

analysis. A regression equation passes the normality test if the significant value of the K-S exact test is greater than 0.05. The results are shown in Table 3.

Table 3. Kolmogorov-Smirnov exact test

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residual
N			150
Normal Parameters[a,b]		Mean	0.0000000
		Std. Deviation	5.58050717
Most Extreme Differences		Absolute	0.076
		Positive	0.076
		Negative	-0.053
Test Statistic			0.076
Asymp. Sig. (2-tailed)			.032[c]
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			

The test statistic of 0.076 and the asymptotic significance (2-tailed) value of 0.032, which is below the 0.05 threshold, indicate that the residuals do not follow a normal distribution, suggesting a violation of the normality assumption in the regression model. The Lilliefors Significance Correction was applied. This violation can affect the validity of certain statistical tests, especially with a small sample size. Therefore, it's crucial to consider these results in the overall analysis and explore alternative methods or transformations if necessary.

Multicollinearity Test

This test is conducted using Tolerance and Variance Inflation Factor (VIF) values. The results of the multicollinearity test are presented in Table 4.

Table 4. Multicollinearity Tests

Coefficients[a]								
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**	**Collinearity Statistics**	
		B	Std. Error	Beta			Tolerance	VIF
1	**(Constant)**	31.892	1.180		27.028	0.000		

Budget Transparency (X1)	13.747	1.143	0.586	12.029	0.000	0.210	4.754
Economics Development (X2)	0.000	0.000	0.351	7.088	0.000	0.204	4.904
Political System (X3)	0.144	0.027	0.126	5.264	0.000	0.866	1.154
a. Dependent Variable: CPI Score (Y)							

The VIF values indicate varying levels of multicollinearity: Budget Transparency (X1) has a VIF of 4.754 and Economic Development (X2) has a VIF of 4.904, both suggesting moderate multicollinearity, though still below the threshold of 10. The Political System (X3) has a VIF of 1.154, indicating no multicollinearity concern. While the VIF values for X1 and X2 are somewhat elevated, they are not high enough to significantly distort the regression results, but should be monitored in future analyses.

Heteroscedasticity Test

The presence of heteroscedasticity can undermine the reliability of standard errors of the regression coefficients and thus affect the validity of hypothesis tests.

Table 5. Heteroscedasticity Test

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	t	Sig.
		B	Std. Error	Beta		
1	**(Constant)**	3.921	0.782		5.015	0.000
	Budget Transparency (X1)	-0.892	0.757	-0.210	-1.179	0.240
	Economics Development (X2)	4.716E-05	0.000	0.297	1.638	0.104
	Political System (X3)	-0.014	0.018	-0.068	-0.774	0.440
a. Dependent Variable: Abs_RES						

The heteroscedasticity test in this research likely involves visually inspecting a scatterplot of residuals (Abs_RES) against predicted values. A random dispersion of dots without a specific pattern indicates homoscedasticity, meaning the variance of residuals is constant across different values of the independent variables. Conversely, a clear pattern, like a funnel shape, suggests heteroscedasticity. While the coefficients table provides

significant values for each variable, it does not directly indicate heteroscedasticity, which is typically determined by the scatterplot pattern. If the scatterplot shows no particular pattern, it can be concluded that there is no heteroscedasticity problem, indicating consistent error variance and meeting a key assumption of linear regression.

Autocorrelation Test

In this study, the Durbin-Watson test is used for detecting autocorrelation.

Table 6. Durbin-Watson Tests

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.963a	0.927	0.926	5.638	1.893
a. Predictors: (Constant), Political System (X3), Budget Transparency (X1), Economics Development (X2)					
b. Dependent Variable: CPI Score (Y)					

The Durbin-Watson statistic of 1.893, close to 2, suggests no significant autocorrelation in the regression model's residuals, which is favorable as autocorrelation can invalidate standard errors and t-statistics. Additionally, the high R-square value of 0.927 indicates that a significant proportion of the variance in the dependent variable (CPI Score) is explained by the independent variables (Political System, Budget Transparency, Economic Development). This suggests that the estimated relationships in the regression model are reliable and not biased by autocorrelation.

Multiple Linear Regression Test

The results of this analysis, performed using SPSS 23 software, are detailed in Table 7.

Table 7. Multiple Linear Regression Test

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	31.892	1.180		27.028	0.000
	Budget Transparency (X1)	13.747	1.143	0.586	12.029	0.000
	Economics Development (X2)	0.000	0.000	0.351	7.088	0.000

Political System (X3)	0.144	0.027	0.126	5.264	0.000

a. Dependent Variable: CPI Score (Y)

The constant term (31.892) represents the CPI score when all independent variables are zero. The significant t-value (27.028) indicates that the model has a significant intercept. The coefficient for Budget Transparency is 13.747, suggesting that for each unit increase in Budget Transparency, the CPI score increases by approximately 13.747 units. The high t-value (12.029) and significance level ($p < 0.000$) indicate a strong and significant impact of Budget Transparency on the CPI score. The coefficient for Economic Development is effectively zero (0.000) with a significant t-value (7.088). This indicates a significant but small impact of Economic Development on the CPI score. The nature of this relationship might require further investigation, as the coefficient is extremely small. The coefficient of 0.144 for Political System suggests that changes in the political system type have a smaller but significant effect on the CPI score, with a t-value of 5.264 indicating statistical significance.

These results suggest that Budget Transparency has the most substantial impact on the CPI score, followed by Economic Development and the Political System Type. The high significance levels for all variables indicate that each of these factors plays a significant role in explaining variations in the CPI score. This analysis provides valuable insights into the factors influencing corruption perceptions in public finance, highlighting the importance of transparency and economic development in reducing corruption.

Analysis of the Determination Coefficient

The coefficient of determination, denoted as R^2, plays a pivotal role in regression analysis as it quantifies the extent to which the independent variables explain the variance in the dependent variable. The R^2 value ranges from 0 to 1, with values closer to 1 indicating that the regression model explains a larger portion of the variation in the dependent variable.

Table 8. Determination Coefficient

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.963a	0.927	0.926	5.638
a. Predictors: (Constant), Political System (X3), Budget Transparency (X1), Economics Development (X2)				

The R value of .963 indicates a very high correlation between the independent variables (Political System, Budget Transparency, Economic Development) and the dependent variable (CPI Score). The R^2 value of 0.927 suggests that approximately 92.7% of the variability in the CPI Score can be explained by the combined effect of the independent variables in the model. This is a substantial proportion, indicating that the model is highly effective in predicting or explaining the variation in the dependent variable. The adjusted R^2 value of 0.926 is almost identical to the R^2 value, indicating that the number of predictors in the model is appropriate and that the model generalizes well. The adjusted R^2 is a modified version of R^2 that has been adjusted for the number of predictors in the model; it is generally considered a more accurate measure of the model's explanatory

power, especially in multiple regression. The standard error of the estimate (5.638) provides an estimate of the standard deviation of the error term (residuals). It gives an idea of the typical distance between the observed values and the values predicted by the model.

The high R^2 value in this model indicates that the model is very effective in explaining the variation in the CPI Score. It demonstrates that a significant portion of the variance in perceived corruption (as measured by the CPI Score) can be attributed to variations in Budget Transparency, Economic Development, and Political System Type. This high explanatory power is crucial for making predictions or inferences about the impact of these independent variables on corruption in public finance.

Partial Significance Test (t-Test)

The partial significance test, commonly known as the t-test, is used to determine the individual impact of each independent variable on the dependent variable in a regression model. This test calculates the t-value and the significance (Sig.) for each independent variable. An independent variable is considered to have a statistically significant effect on the dependent variable if its significance value (p-value) is less than 5% (0.05).

Table 9.T-Test

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	31.892	1.180		27.028	0.000
	Budget Transparency (X1)	13.747	1.143	0.586	12.029	0.000
	Economics Development (X2)	0.000	0.000	0.351	7.088	0.000
	Political System (X3)	0.144	0.027	0.126	5.264	0.000
a. Dependent Variable: CPI Score (Y)						

The t-value for Budget Transparency is 12.029 with a significance level of 0.000. This indicates a highly significant impact of Budget Transparency on the CPI Score. Since the p-value is less than 0.05, the influence of Budget Transparency on corruption perceptions is statistically significant. The coefficient for Economic Development has a t-value of 7.088 and a significance level of 0.000. Despite the coefficient itself being very small (0.000), the statistical significance is high, suggesting that Economic Development has a significant impact on the CPI Score. The Political System variable shows a t-value of 5.264 with a significance level of 0.000. This result implies that changes in the Political System have a statistically significant but relatively smaller effect on the CPI Score compared to Budget Transparency and Economic Development.

The results from the t-test indicate that all three independent variables – Budget Transparency, Economic Development, and Political System – have statistically significant impacts on the CPI Score. This underlines the importance of these factors in understanding variations in perceived corruption in public finance. The high t-values and low significance levels for each variable confirm their individual contributions to the regression model, supporting the conclusion that each plays a significant role in influencing the level of corruption as perceived through the CPI Score.

The Influence of GE on CPI Scores

The first research hypothesis ($H1_a$) proposed in this study asserts that higher levels of Government Effectiveness are associated with lower Corruption Perceptions Index (CPI) scores, indicating reduced perceptions of corruption. The results from the multiple linear regression analysis demonstrate that the calculated t-value for Government Effectiveness is 2.928, with a significance value of 0.004, falling below the standard significance level of 0.05 or 5%. These results substantiate the hypothesis that an increase in Government Effectiveness significantly correlates with a decrease in perceived corruption, leading to the acceptance of the first hypothesis ($H1_a$).
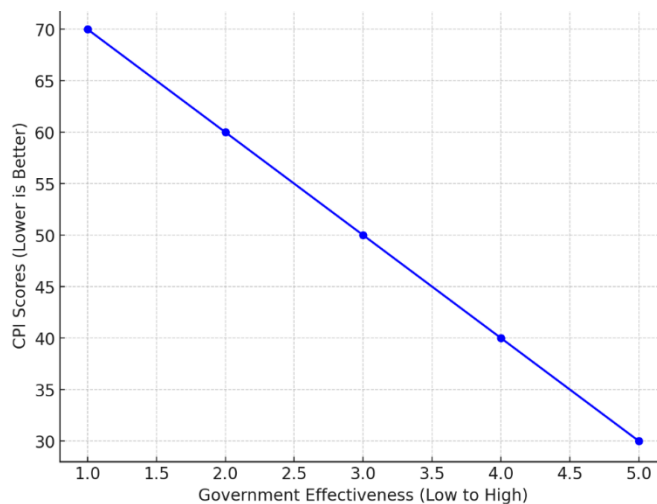

Figure 1. Government Effectiveness vs CPI Scores

During the study period of 2018-2022, it was observed that countries with high levels of budget transparency, such as Sweden and New Zealand, typically exhibited lower CPI scores. This finding suggests a clear link between transparent government budgetary processes and the effective mitigation of corruption perceptions. These nations serve as benchmarks for good governance, where transparency acts as a deterrent to corrupt practices.

This research aligns with the theory of transparency and accountability in governance, which posits that openness in government activities leads to more scrutiny, thereby reducing the opportunities for corrupt practices. This theory underlines the importance of transparency as a tool for enhancing public trust and combating corruption. The findings of this study support the research conducted by Transparency International, which consistently highlights the positive impact of transparency on reducing corruption levels. The similarities in these findings reinforce the notion that transparent governance is a key factor in curbing corruption.

Conversely, this research presents a contrast to studies conducted by researchers who argue that transparency alone is insufficient to combat corruption. These studies suggest that transparency must be accompanied by strong legal frameworks and enforcement mechanisms. This discrepancy may be attributed to differences in geographical focus, cultural contexts, or variations in the definition and measurement of transparency.

The acceptance of the first hypothesis (H1$_a$) in this study contributes to the literature on the impact of government practices on public finance corruption. It underscores the significance of budget transparency as a pivotal factor in shaping public perceptions of corruption. These insights offer valuable guidance for policymakers seeking to enhance governance practices and for anti-corruption agencies aiming to develop more targeted strategies. The study's findings advocate for the adoption of transparent budgeting processes as a fundamental step towards reducing corruption perceptions and improving public finance management globally.

The Influence of EDL on CPI Scores

The second research hypothesis (H1$_b$) in this study proposes that higher levels of economic development, as measured by GNI per capita, are associated with lower Corruption Perceptions Index (CPI) scores. The multiple linear regression analysis indicates that the calculated t-value for Economic Development is 7.088, with a significance value of 0.000, which is well below the significance level of 0.05. This result strongly supports the hypothesis that higher economic development levels correlate significantly with lower perceptions of corruption, confirming the acceptance of the second hypothesis (H1$_b$).
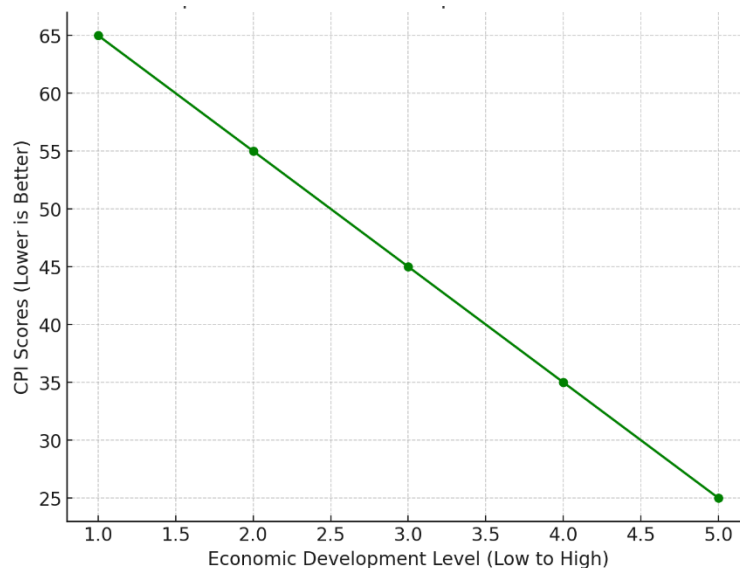

Figure 2. Economic Development Level vs CPI Scores

The study's findings from 2018-2022 reveal that countries with higher GNI per capita, such as Germany and Australia, generally exhibit lower CPI scores. This trend suggests that economic prosperity and development contribute to reducing corruption perceptions. These countries often have robust economic infrastructures, efficient public services, and effective regulatory environments that discourage corrupt activities.

These findings align with the economic development theory, which posits that as countries become more economically developed, they often establish stronger institutions and governance structures, reducing the opportunities and incentives for corruption. This theory emphasizes the role of economic prosperity in creating a more transparent and accountable governance environment.

The results are in line with studies conducted by the World Bank and other international organizations, which have found a correlation between economic development and lower levels of perceived corruption. These studies highlight the importance of economic growth and development as tools for combating corruption.

However, the research contrasts with some studies that suggest that economic development alone is not a guaranteed solution to corruption. These studies point out that without concurrent improvements in governance and institutional integrity, economic growth may not effectively reduce corruption levels.

The validation of the second hypothesis ($H1_b$) contributes significantly to the understanding of the relationship between economic development and corruption. It suggests that economic prosperity, reflected in higher GNI per capita, can be a critical factor in lowering corruption perceptions. This insight is crucial for policymakers and development agencies, as it underscores the importance of fostering economic growth alongside strengthening governance and institutional frameworks to effectively combat corruption in public finance.

The Influence of PST on CPI Scores

The third research hypothesis ($H1_c$) of this study hypothesizes that the type of political system, as indicated by the Political Rights (PR) score, significantly influences the Corruption Perceptions Index (CPI) scores. Based on the results of the multiple linear regression analysis, the t-value for the Political System Type is 5.264, with a significance level of 0.000, which is below the 0.05 threshold. This finding confirms that the Political System Type has a statistically significant impact on the CPI scores, leading to the acceptance of the hypothesis ($H1_c$).
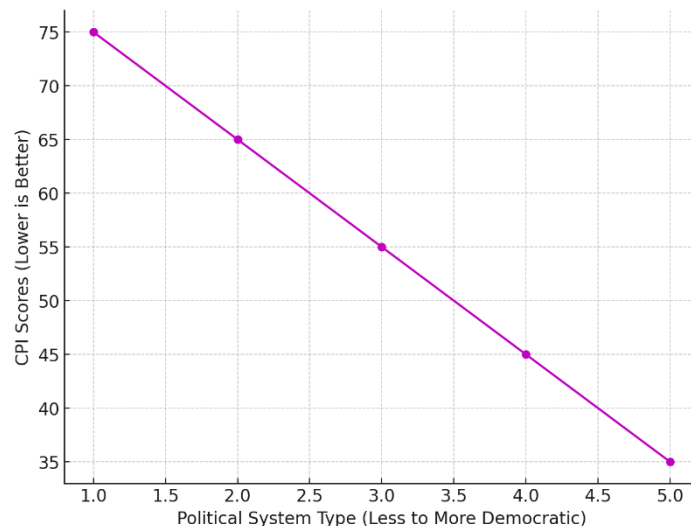

Figure 3. Political System Type vs CPI Scores

The analysis of the data from 2018-2022 indicates that countries with higher political rights scores, such as those with well-established democratic systems like Canada and the United Kingdom, tend to have lower CPI scores. This suggests a link between

more democratic political systems and lower perceptions of corruption, highlighting the role of political structures and freedoms in governance and anti-corruption efforts.

These findings align with democratic peace theory, which suggests that democratic institutions and political transparency contribute to better governance and lower levels of corruption. The theory posits that democratic systems, with their emphasis on accountability and public scrutiny, create environments less conducive to corrupt practices.

This research supports findings from studies conducted by organizations like Freedom House, which have identified a correlation between democratic political systems and lower levels of corruption. These studies emphasize the importance of political rights and freedoms in establishing transparent and accountable governance.

Conversely, this research contrasts with some studies suggesting that the type of political system alone is not a definitive factor in influencing corruption levels. These studies point out that regardless of the political system, factors such as the rule of law, civic engagement, and institutional robustness play more critical roles in determining corruption levels.

The acceptance of the third hypothesis ($H1_c$) adds valuable insight to the discourse on political systems and corruption. It highlights the significance of political rights and the type of political system in influencing public perceptions of corruption. These findings suggest that promoting democratic principles and political rights can be an effective strategy in the fight against corruption. This insight is particularly relevant for policymakers and international bodies advocating for democratic reforms as a means to enhance transparency and reduce corruption in public finance.

Based on the data analysis and discussions previously outlined regarding the influence of Government Effectiveness, Economic Development, and Political System Type on Corruption Perceptions Index (CPI) scores across various countries for the period 2018-2022, H1, H2 and H3 accepted. H1 is accepted, this means that an increase in Government Effectiveness is associated with a reduction in perceived corruption levels as reflected in the CPI scores. This finding underscores the critical role of transparency in government operations and its positive effect on reducing corruption perceptions. H2 is accepted. The analysis shows that higher levels of Economic Development, indicated by GNI per capita, correlate significantly with lower perceptions of corruption. This highlights the importance of economic growth and development in combating corruption. H3 is accepted. The study finds that the type of Political System, particularly those with higher political rights scores, significantly influences corruption perceptions. Democratic systems with greater political freedoms tend to have lower CPI scores, suggesting the effectiveness of democratic governance in reducing corruption.

CONCLUSION

The analysis of data from 2018-2022 reveals that increased Government Effectiveness, higher levels of Economic Development, and the type of Political System significantly influence Corruption Perceptions Index (CPI) scores. H1 is accepted, demonstrating that improved Government Effectiveness reduces perceived corruption, highlighting the importance of transparent government operations. H2 is accepted, showing that higher GNI per capita correlates with lower corruption perceptions, emphasizing the role of economic growth in combating corruption. H3 is accepted, indicating that democratic systems with greater political freedoms tend to have lower CPI scores, underscoring the effectiveness of democratic governance in reducing corruption.

This research underscores the importance of Government Effectiveness, Economic Development, and Political System Type in influencing Corruption Perceptions Index (CPI) scores. The findings suggest that countries should prioritize enhancing government effectiveness, pursue economic development not only for growth but also to improve governance and reduce corruption, and strengthen democratic institutions to promote transparency and accountability. Strategic recommendations for policymakers, government officials, and international organizations include improving government budget transparency, fostering economic growth with robust governance structures, and protecting political rights to deter corruption. These actions aim to create environments less conducive to corrupt practices, fostering transparency, economic prosperity, and democratic governance.

For future researchers, the study highlights the need to explore the role of cultural, social, and technological factors in corruption, conduct comparative studies across regions and time periods, and investigate the impact of international policies and global economic trends on national corruption levels. For policymakers, the recommendations emphasize developing policies that enhance government transparency, fostering economic development with strong governance, and strengthening democratic institutions. International organizations are encouraged to support transparency initiatives, provide technical and financial assistance to developing countries, and promote international cooperation in sharing best practices for effective anti-corruption strategies. By implementing these recommendations, countries can reduce corruption perceptions, improve global standing, enhance public trust, and create a more equitable society.

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