

# Investigating the Causal Relationship Between Corruption and Institutional Weaknesses A Research Paper in Partial Fulfillment of POSC 508

S. Darlington Quaye

University of Liberia Ibrahim Badamasi Babangida (IBB) Graduate School of International Studies P.O  
Box 1920, Capitol Hill, Monrovia Republic of Liberia

DOI: <https://dx.doi.org/10.47772/IJRISS.2025.903SEDU0258>

Received: 19 April 2025; Accepted: 02 May 2025; Published: 07 June 2025

## ABSTRACT

To address a crucial problem that threatens governance and economic development in many nations, this research paper examines the causal relationship between institutional inadequacies and corruption. The pervasive nature of corruption and its detrimental effects on institutional integrity are the focus of this study, raising the question of how these two phenomena interact. The main objective of this research is to inform policymakers about viable reform initiatives by demonstrating the extent to which institutional flaws contribute to corrupt practices and vice versa. This investigation is guided by the following research questions: (1) Does corruption lead to institutional weaknesses? (2) To what extent do institutional flaws contribute to corruption? The hypothesis suggests a reciprocal relationship between increasing incidences of corruption and greater degrees of institutional flaws. To determine the causal relationships between corruption and institutional weaknesses, this study employs a quantitative methodology that includes structured data collection through surveys of a balanced sample of twenty (20) respondents, statistical analysis, and synthesis of findings. Secondary data sources, such as Transparency International's Corruption Perceptions Index (CPI) and the Worldwide Governance Indicators (WGI), provide strong empirical support for the research. Institutional theory, which posits that institutions influence behavior and outcomes in societies, serves as the theoretical foundation for this study and offers a lens through which to examine the relationship between institutional quality and corruption. This research aims to contribute empirical data on the link between institutional inadequacies and corruption to the existing literature, ultimately providing insights for enhancing governance institutions globally.

## INTRODUCTION

Corruption continues to be a pervasive issue that undermines governance and development globally. The relationship between corruption and institutional weaknesses has garnered significant attention from scholars and policymakers, as understanding this dynamic is essential for developing effective anti-corruption strategies. Institutional weaknesses, characterized by inadequate legal frameworks, a lack of accountability, and ineffective enforcement mechanisms, cultivate an environment conducive to corrupt practices (Khan, 2020). The focus of this study is to investigate the causal relationship between corruption and institutional weaknesses, emphasizing how inefficiencies in institutions can lead to heightened levels of corruption.

Theoretical frameworks suggest that weak institutions fail to deter corrupt behavior due to insufficient checks and balances (Acemoglu & Robinson, 2012). For example, when public officials are not held accountable for their actions or there is a lack of transparency in government processes, opportunities for corruption increase. Furthermore, empirical studies show that countries with strong institutions tend to have lower levels of corruption (Mauro, 1995). This research will utilize a mixed-methods approach to analyze data from various countries and case studies to clarify the intricate interplay between institutional integrity and corruption.

By investigating the causal pathways linking institutional weaknesses to corruption, this study aims to provide valuable insights into how strengthening institutions can reduce corrupt practices. Ultimately, this research highlights the importance of fostering resilient institutions as a fundamental strategy in combating corruption and promoting sustainable development.

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## Significance of the Research

This study examines the link between institutional integrity and corruption, a significant issue that exacerbates social inequality, undermines public trust, and impedes economic growth. This study seeks to uncover knowledge gaps by investigating the causal relationship between institutional shortcomings and corruption. The study employs rigorous methodologies, including quantitative analyses, to provide empirical evidence for policy-making and institutional reforms. Understanding the relationship between corruption and institutional weaknesses is crucial for global development efforts. This research can inform policy-making, contribute to academic knowledge, and support sustainable development in countries facing both challenges while enhancing governance quality.

The study also emphasizes the importance of structural transformation and strengthens civil society organizations that advocate for accountability and transparency. The multidisciplinary approach, which integrates political science, economics, sociology, and law, enhances the reliability of the findings.

## RESEARCH METHOD

The research employs rigorous quantitative methods to establish statistical relationships and causal inferences between the two variables. This involved structured data collection through surveys from a balanced sample of twenty (20) respondents, followed by statistical analysis and synthesis of results to determine causal relationships between corruption and institutional weaknesses. Data for this study will be collected through a combination of surveys and literature reviews. The primary instrument for data collection was a questionnaire designed to assess perceptions of corruption and institutional weaknesses among participants. The sample size for this research consisted of 20 participants, evenly split between genders, with 10 male and 10 female respondents. The selection criteria for participants included individuals with experience or knowledge related to institutional operations in sectors prone to corruption, like the Judiciary and Policy. This method allowed researchers to focus on individuals with specific characteristics or experiences relevant to understanding the relationship between corruption and institutional weaknesses.

In addition to the primary data collection through surveys, secondary data sources such as the Corruption Perceptions Index (CPI), published by Transparency International, and the World Governance Indicators (WGI), provided by the World Bank, were utilized for this research.

## LITERATURE REVIEW

### Introduction

This literature review examines the relationship between corruption and institutional weaknesses in political science, economics, and sociology. Corruption, defined as the abuse of power for personal gain (Transparency International, 2023), often correlates with weak institutions that lack transparency, accountability, and effective enforcement mechanisms, intensifying corruption and undermining the rule of law (Kaufmann et al., 2011).

### Review of Relevant Literature

Mauro (1995) - Mauro's study found a correlation between corruption and economic growth, but did not explore the mechanisms behind institutional weaknesses that contribute to corruption, focusing mainly on financial outcomes.

Kaufmann et al. (1999)—Kaufmann and his colleagues introduced the concept of governance indicators, measuring various levels of governance, including the control of corruption. Their quantitative analysis revealed that weak institutions are significantly associated with higher levels of corruption across countries. While the study provided valuable insights, it lacked a causal framework to explain how institutional weaknesses lead to increased corruption.

Treisman (2000) - Treisman conducted an extensive analysis using data from multiple countries to investigate factors influencing corruption levels. His findings suggested that political institutions play a crucial role in mediating corruption levels; however, he did not quantitatively assess the direct impact of institutional weaknesses on corrupt practices. Treisman's work highlighted important variables but did not establish a direct causal pathway linking institutional weaknesses to corruption.

Bardhan (2006) - Bardhan's qualitative study on governance structures and corruption in developing countries highlights accountability mechanisms but lacks quantitative data, requiring further empirical validation through quantitative methods.

Acemoglu & Verdier (2000) - This study presents a theoretical model suggesting that weak institutions foster corruption by creating opportunities for rent-seeking behavior. However, it does not empirically validate its claims across different contexts, indicating a gap for further quantitative analysis.

Anderson & Tverdova (2003) - This study explored public perceptions of corruption and their relationship with trust in institutions across several democracies. They employed survey data to analyze how perceived institutional weakness correlates with reported levels of corruption among citizens. While insightful, their focus on perception rather than actual instances of corruption leaves a gap regarding objective measures linking institutional weakness directly to corrupt practices.

Olken & Pande (2011)-Olken and Pande conducted field experiments in Indonesia demonstrating how transparency initiatives can reduce corruption by strengthening institutions. Their findings provided empirical evidence for interventions aimed at fighting corrupt practices through improved governance structures. Although they showed effectiveness in specific contexts, their research does not address broader systemic issues related to inherent institutional weaknesses leading to persistent corruption.

Svensson (2005) - Svensson analyzed aid effectiveness concerning governance quality and found that aid can exacerbate corrupt practices when institutions are weak. His quantitative approach highlighted significant correlations but did not explore causality or the mechanisms involved in this relationship. The absence of causal exploration limits understanding of how weak institutions facilitate corrupt behavior, despite highlighting critical correlations.

Charron and Lapuente's (2010) European government institution quality index demonstrates an inverse relationship with perceived corruption, yet it does not analyze institutional failures as potential corruption opportunities.

Transparency International (2019) - Their annual reports offer an extensive overview of global corruption perceptions. The data indicates a significant connection between high corruption levels and weak institutions. Still, causality remains unestablished, presenting a crucial gap that my research aims to address.

While literature discusses the connection between corruption and institutional weaknesses, it falls short of providing clear causal pathways or quantitative analyses. This study endeavors to fill this gap by employing rigorous quantitative methods to explore how specific institutional weaknesses lead to heightened corruption.

## **Presentation of Findings and Interpretation**

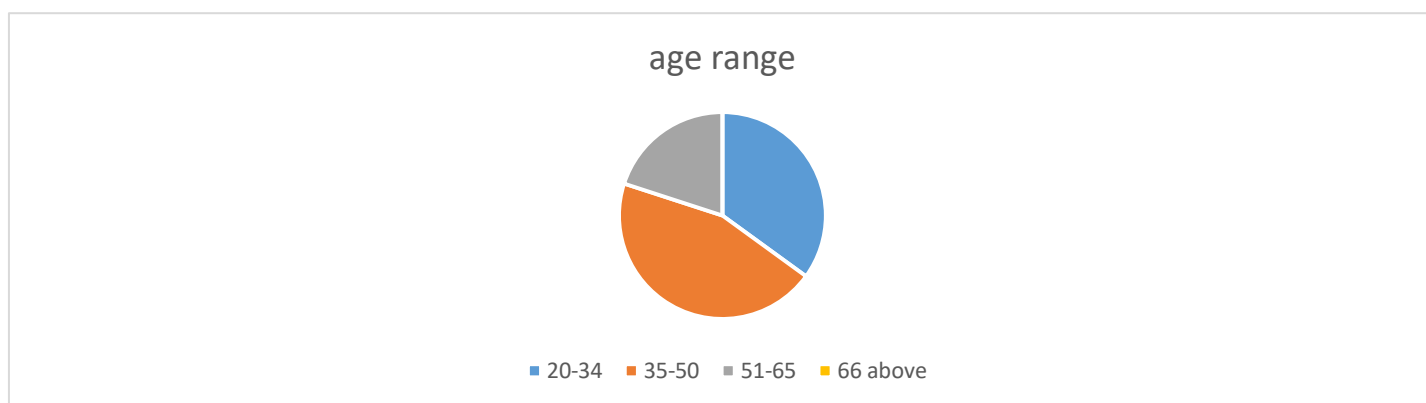
### **Findings and data analysis**

The research found that 100% of respondents are informed of corruption in public institutions such as bribery, embezzlement, fraud, and nepotism. The findings indicate that corruption is deeply entrenched in public institutions, which has led public perception of the governance structure to be significantly eroded. The study found a very low rating of public services caused by corruption-induced inefficiencies. Additionally, 90% of respondents agreed that corruption weakens institutional credibility and integrity.

Table 1: Age Distribution Table and Chart

Age Group	# of Respondents	Average Respondents
20-34	14	70%
35-50	5	25%
51-65	1	5%
66+	0	0.0%

Chart: Table 1.

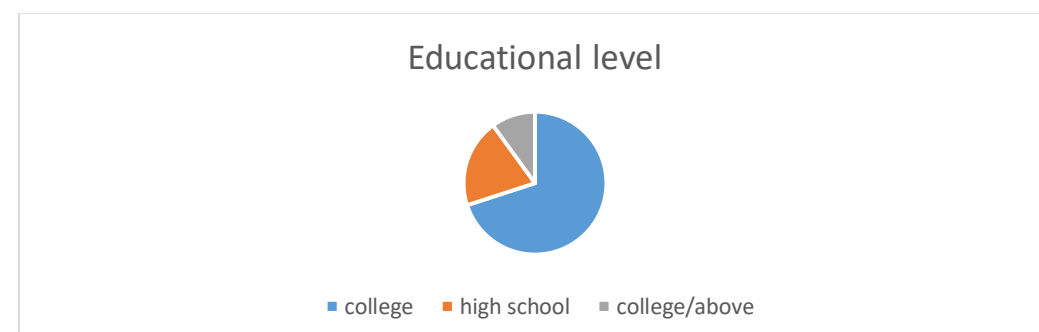


The survey data above indicates that younger demographics were the most engaged, with 70% of respondents aged 20-34. The 35-50 age group, which constitutes 25%, also shows significant participation. However, older demographics are less engaged, with a noticeable 5% in responses from those aged 51-65. No respondents aged 66 and above indicate a lack of outreach or preference among older individuals. The pie charts above show a visual understanding of the data, illustrating the disparity between the age groups.

Table 2: Education Level

Education Level	Male	Female	# of Respondents	Percentage	Average Respondents
College or Above	-2-	-0-	-2-	10%	1.33
College	-5-	-9-	-14-	70%	9.33
High School	-3-	-1-	-4-	20%	2.67
Primary School	-0-	-0-	-0-	0%	0

Chart 2:



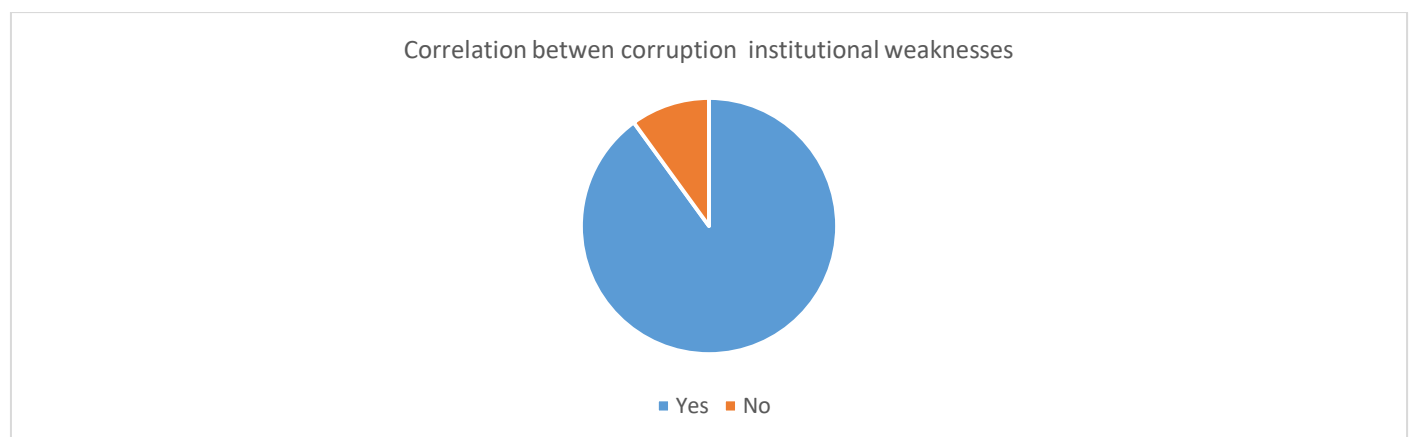
The data shows a high percentage of respondents (70%) have attained a college education, followed by 20% who completed high school. The gender distribution is predominantly male in the "College or Above" and "High School" categories, but females dominate in the "College" category. This suggests a trend towards higher education levels among the surveyed population, particularly in college-level education. The absence of primary school-only respondents further emphasizes this trend towards higher education levels.

The average number of respondents across educational categories is 9.33 (College), 2.67 (High School), and 1.33 (College or above).

Table 3.

Does corruption lead to institutional weaknesses	Male	Female	# of Respondents	Percentage	TOTAL
YES	-8-	-10-	-18-	90%	100%
NO	-2-	-0-	-2-	10%	

Chart 3:



Data from Table 3 and Chart 3 of the 20 respondents found that 90% believe corruption leads to institutional weaknesses. This indicates a well-known negative effect of corruption on the effectiveness and integrity of institutions. Only 10% disagree, suggesting minority perspectives may not see a direct link or believe other factors play a more significant role. This overwhelming agreement highlights the need for effective strategies to combat corruption, aligning with existing literature on governance. Addressing corruption could be critical for strengthening institutions and improving their functionality.

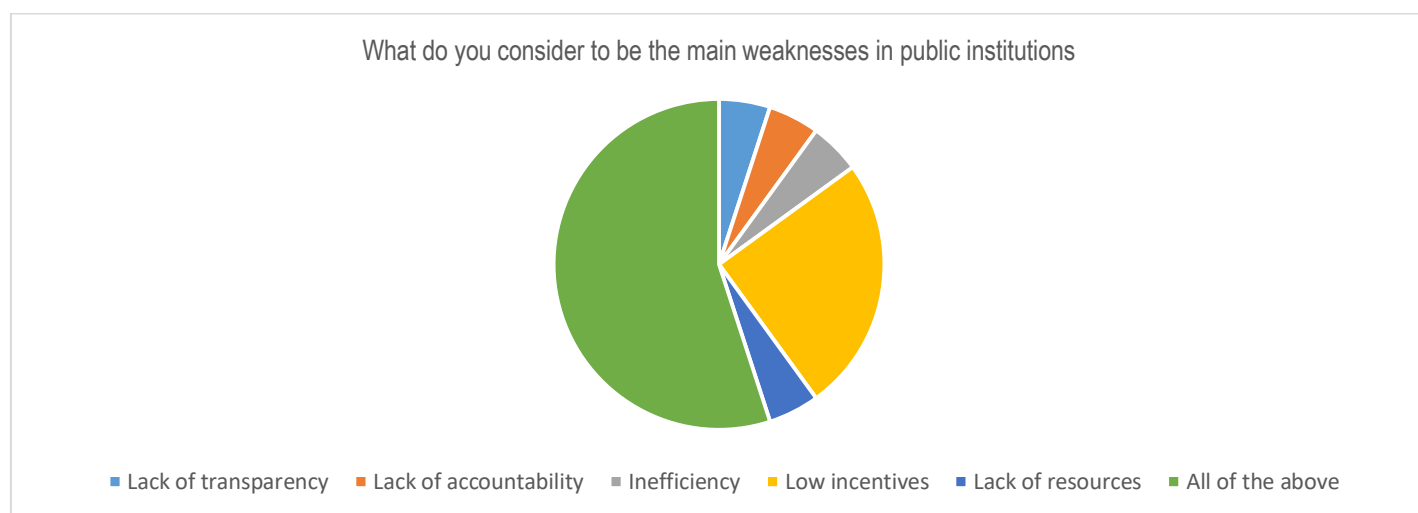
Also, the analysis from existing literature, especially Transparency International annual reports of 2023 and 2020, and the World Bank report of 2023, supports the hypothesis that higher corruption leads to weaker institutions, establishing the causal relationship. The findings from these reports suggest that improving governance can mitigate corruption's adverse effects. From this finding, one can see a statistically significant inverse relationship between corruption levels and institutional effectiveness.

Table: 4

What do you consider to be the main weaknesses within public institutions?	Male	Female	Total # of Respondents	Percentage	TOTAL
Lack of transparency	-1-	-0-	-1-	0.05%	

lack of accountability	-1-	-0-	-1-	0.05%	100%
Inefficiency	-1-	-0-	-1-	0.05%	
Low incentive	-2-	-3-	-5-	25%	
Lack of resources	-0-	-1-	-1-	0.05%	
All of the above	-5-	-6-	-11-	55%	
<b>TOTAL</b>	<b>10</b>	<b>10</b>	<b>20</b>	<b>100%</b>	

Chart 4



The data from Table 4 and Chart 4 above were analyzed to identify the primary shortcomings in public institutions. 55% of respondents pointed to a combination of inefficiency, low incentives, lack of resources, lack of accountability, and lack of transparency as the primary weaknesses. Low incentives were the most frequently mentioned weakness, with 25% of respondents citing it. Most respondents believe these weaknesses contain a mixture of these elements, with only 0.05% mentioning other flaws.

### Interpretation of findings

The data provided reveals demographic trends and preferences across different age groups, with younger age groups (20-34) showing higher engagement than older groups (51-65 and 66+). This suggests that outreach strategies may need to be tailored differently for each demographic to increase participation rates among older adults. Understanding these trends can help researcher better target their outreach efforts and improve response rates across all age demographics.

The data also outlines the educational attainment levels of a group of respondents, segmented by gender. The total number of respondents is 20, with a significant representation of college education. The gender distribution reveals some disparities, particularly in higher education, where only males were represented.

A survey response regarding the relationship between corruption and institutional weaknesses was found to be 90% positive, suggesting a strong belief among the population that corruption undermines the effectiveness and integrity of institutions. Only 10% disagreed, indicating a small minority does not see a direct link between corruption and institutional weaknesses. This disparity could suggest a lack of awareness about the effects of corruption or differing definitions of what constitutes "institutional weakness."

Implications for policy and governance include the high percentage of respondents who associate corruption with institutional weaknesses, which could reflect broader societal concerns about governance, accountability,



and transparency. It implies that efforts to combat corruption could be essential for strengthening institutions, leading to improved public trust and better governance outcomes. Potential areas for further research include exploring why some individuals do not perceive a connection between corruption and institutional weakness, understanding their perspectives, and analyzing demographic insights. Overall, the findings strongly support the assertion that corruption leads to institutional weaknesses, as evidenced by the majority opinion among respondents.

## RECOMMENDATIONS AND CONCLUSION

### Recommendations

Based on the findings and interpretations drawn from this study, the following recommendations are advanced:

**Strengthening Institutional Frameworks:** Governments should prioritize enhancing the capacity of institutions through training programs focused on transparency and accountability measures.

**Implementing Anti-Corruption Policies:** Establishing robust frameworks that include whistleblower protections and independent oversight bodies can help mitigate corrupt practices.

**Engaging Civil Society:** Encouraging active participation from civil society organizations can create additional checks on governmental power. Civil society can play a significant role in monitoring government actions and advocating for accountability.

**Promoting Transparency:** Institutions should implement transparency measures such as open budgeting processes and public access to information about government contracts and expenditures. Enhanced transparency can help build public trust and discourage corrupt behaviors.

**Capacity Building for Institutions:** Investment in training programs aimed at improving the capacity of public officials can help mitigate institutional weaknesses. By equipping officials with the skills necessary for effective governance, institutions may become more resilient against corrupt practices.

### CONCLUSION

In this study, the researcher investigated the causal relationship between corruption and institutional weaknesses using a quantitative research method. The findings of our analysis provide compelling evidence that institutional weaknesses significantly contribute to the prevalence of corruption within various governance frameworks. Our results indicate that nations with weaker institutions are more susceptible to corrupt practices, undermining public trust and hampering economic development (Transparency International 2023). This correlation highlights the critical need for policymakers to prioritize strengthening institutional frameworks to combat corruption effectively. The implications of our findings extend beyond theoretical discourse; they offer practical guidance for reform initiatives enhancing governance quality.

Moreover, this study contributes to the existing body of literature by providing empirical evidence that supports the notion that addressing institutional weaknesses can lead to a reduction in corruption. As such, it underscores the significance of fostering strong institutions, not only as a moral imperative but also as a strategic necessity for sustainable development (World Bank 2023).

In conclusion, our research reaffirms that tackling corruption requires a multifaceted approach centered on institutional reform. Future studies should continue to explore this relationship further, potentially incorporating qualitative methods to enrich understanding and develop comprehensive strategies for combating corruption globally.

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