

The Impact of Economic Development on Enhance the Integrity of Import and Anti-Corruption System

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Abstract

Economic development is one of the basic necessities of the state in achieving sustainable development, particularly in capital projects, and that if we look at the statistics of imports in any country, we find that it represents a good share of gross domestic product, which directly affect at the balance of trade and payments. However, the increase in unemployment, inflation rates and the standard of living also affecting at gross domestic product and the livelihood of citizens. The treatment of this phenomenon by looking at the overall equation of the exports in addition to the national standards of integrity that achieve and strengthen the fight against corruption in general to arrive to the overall growth. From this point appeared the research problem as the following: which is what the factors that affecting at the imports to achieving comprehensive and sustainable economic development. In closing of this study the results was most important that the relationship between money supply and strengthen the integrity of the import system and the fight against corruption is a direct correlation amounted to 7%.

Keywords: Economic Development, Integrity System, Anti-Corruption.

Introduction

The importance of economic development generally from international trade between countries, which has had an impact on global markets for production, export and import as a result of the global competitiveness of countries in trade. The balance of payments has shown that the direct impact on determining the level of the economy of the country as a whole is an indicator of the extent to the strength of the economic cycle (Nelson, Carl.2008), including the imports of the trade are a major part of goods and services required by the markets. Therefore, the Jordanian trade balance was considered an important element in its direct impact during the previous years of the global financial crisis, which reflected at the value of imports to the Jordanian markets. The Studies have shown that despite the reduction in the exchange rate of the Jordanian dinar against other currencies, However, imports and exports where directly affected by exchange rate fluctuations (Rai, Usha kiran.2010), including reduction or increase in imports to and from Jordanian markets. The researchers are find from the importance of study that economic development is affected by industrial production, money supply, stock price index, total expenditure (Szirmai, Adam.2015), (Devlin, Julia C.2010) . This is because the exchange rate of the Jordanian dinar is directly linked to the exchange rate of the US dollar, which makes it stable and steady in the value of the Jordanian dinar against the US dollar, which does not pose a danger or a significant impact on the value and quantity of imports to the Hashemite Kingdom of Jordan markets.

Research problem

The economic development is one of the components of the country in achieving sustainable development which seen at imports to the Hashemite Kingdom of Jordan markets. We find that it represents a good share of GDP, which directly affects the balance of trade and balance of payments.

The standard of living of individuals is affected by unjustified fluctuations in the value of imports (Hinkelman, Edward G.2004) also affect at the gross domestic product and therefore the effects of economic unjustified on the standard of living of citizens such as increase in the rate of unemployment and inflation in prices.

And treatment by looking at the equation of exports and Imports of Jordanian markets and standards of national integrity check and strengthen the fight against corruption to achieve the overall growth. Since the balance of trade is directly affected by the quantity of imports that are reflected in the economic development we have to reconsider reducing the quantity of imports to reduce the deficit in the balance of trade, which is reflected on the economic development in the Hashemite Kingdom of Jordan, which in turn is working on economic growth. Through the economic wheel in increasing the amount of production and its reflection on the exchange rate of the Jordanian dinar against other currencies to improve the perception of corruption, which has a positive impact on the overall economic development. (Anderson, James H. Gray, Cheryl W.2006). The problem of research has emerged from this perspective: what are the factors that affect import price indices to achieve integrity in the overall economic development, and are these factors sufficient to explain the phenomenon of deficit in the balance of payments, which is reflected in the fight against economic corruption. (Hutber, Jeff. Shah, Anwar.2000), (Kameswari, G.2006). This study is intended to determine the most important factors affecting the system of import integrity and combating corruption in the Hashemite Kingdom of Jordan.

Research goals

The study is based on several goals can be summarized as the follows:

1. Studying the changes in the system of import integrity in the Hashemite Kingdom of Jordan.
2. Analysis of import data and their impact on economic development.
3. Study factors that directly affect the reduction of import-related corruption
4. Analysis of industrial production and its impact on economic development.
5. Studying the impact of money supply on import integrity.
6. Analysis of data on shares and their impact on the system of import integrity.
7. Study the factors that determine the total expenditure against corruption.

Research importance

The importance of the study begins to shed light on the system of import integrity of the Hashemite Kingdom of Jordan markets which directly affect on the economic growth and the economic wheel, which is the main basis for sustainable economic development, in addition to its impact on the balance of payments deficit, trade balance, setting standards through which to predict the future economic development that determine import price indices and their positive reflection on the Jordanian economy.

Methodology

The methodology used in this study is analytical descriptive to interpret the indicators that can be used to arrive at the applied standard methods in order to determine the factors that directly affect the integrity of imports and the fight against corruption in the Hashemite Kingdom of Jordan and its impact on economic development.

1. Analytical descriptive method:

The researchers used the analytical descriptive approach to study the factors affecting the import integrity and combating corruption related to economic development.

2. Multiple linear analyses:

The researchers evaluated multiple linear analyses which was used in the factors influencing the importation of the Hashemite Kingdom of Jordan markets as the follows:

$$\mathbf{IIAC}_j = \mathbf{F} (\mathbf{SPI}_j, \mathbf{MS}_j, \mathbf{IP}_j, \mathbf{TE}_j).$$

Based on the above function we can formulate the regression equation as follows:

$$\mathbf{IIAC}_j = (\mathbf{a}_0 + \mathbf{a}_1\mathbf{SPI}_j + \mathbf{a}_2\mathbf{MS}_j + \mathbf{a}_3\mathbf{IP}_j + \mathbf{a}_4\mathbf{TE}_j + \mathbf{U}_j).$$

Whereas:

IIAC	Integrity of import and anti-corruption system.
SPI	Stocks price index.
MS	Money supply.
IP	Industrial production.
TE	Total expenditure.
$a_0 \dots a_4$	Regression model parameters.
U	The random error

Sources of research information

The researchers relied on the databases and information available in the Central Bank of Jordan, the Ministry of Industry and Trade, the Department of Public Statistics, reference to Arab and foreign sources, journals and university thesis.

Research hypotheses

The researchers used hypotheses based on linear regression model that can be drawn from the regression equation as follows:

- There is no impact of the stocks price index on Integrity of import and anti-corruption system.
- There is no impact of money supply on Integrity of import and anti-corruption system.
- There is no impact of industrial production on Integrity of import and anti-corruption system.
- There is no impact of the total expenditure on Integrity of import and anti-corruption system.

Corruption and its relationship to demand for imports

There are numerous studies and researches on imports in general in the Jordanian market. Many economic authors have written about the elasticity of commodity prices and the demand for imports and effects that are used to measure the amount of imports (Johnson, Thomas E. Bade, Donna L.2010). However, trade policies and the resulting decisions directly affect imports to Jordanian markets. This is reflected in international trade and GDP, which makes economic growth prone to recession (Hough, D. 2013) (Seyoum, Belay.2009). Adam Smith was the first to write in international trade, particularly with regard to the topics of import and export, his published book entitled Wealth of Nations. Where the most famous characteristic of writing the signal that he led the growth and progress in the productive power of labor that took place after the industrial revolution witnessed which especially after the Second World War, and reflected in the output, as the quantity of production under the stabilization of the labor component. (Amann, Wolfgang. And Others.2015), (Kumar, Aseem.2005). Monetary policy has played an important role in contributing to the impact on imports because monetary policy is linked to the policy of credit in prices in many ways through its effect on the volume of money in circulation or so-called money supply (Pathak, Ajay.2016), as well as interest rates this policy can be used to encourage individuals to save and invest or to reduce banking facilities in various forms and thus reduce the purchasing power in circulation, and the reflection on prices levels and determine them, because the foreign trade and international price levels have a close relationship to the price levels of products produced through local economic units. (McKinnon, Ronald, 1973). The amount of imports into Jordanian markets is one of the most important factors that determine the level of harmony between the income of the individual and his standard of living due to the disasters experienced by the neighboring countries of the Hashemite Kingdom of Jordan, and it is important in any reform of the system to better reflect the risks through the economic cycle and reduce the pace (Al-Moussawi, Dia 2015). The imports were directly affected by the political situation in the neighboring countries, which affected the living standards of the citizens by increasing the purchasing value of the imports in addition to the exchange rate of the Jordanian Dinar against the other currencies, this makes the domestic price of the commodity is high or the demand is low, reduces the amount of import and reflected on the economic development. (Krastev, Ivan.2004). Although the political economy of any country is based on the political protection of the economy and the use of politics to serve the economy (Sousa, Luis de Larmour, Peter Hindess, Barry 2009), (Olsen, William p.2010) through a set of pillars the pillars are more visible to developing countries. The most important of these is the achievement of building the national economy, freedom from economic and political dependence, and achieving food, national military, national security and independence in the foreign policy of the state (Nafziger, Wayne E. 2012). To achieve their interests from imports and this is reflected in the amount of imports to that country.

Import integrity of economic development.

The Hashemite Kingdom of Jordan foreign trade during the last two years has witnessed a positive change through the exports and imports and has had a positive impact on GDP, The reason is sometimes the improvement in imports and exports of countries through the increase in the number of refugees to meet their daily demands. (Michael Biju. 2009), (Aubuchon, Dennis. 2003). However, the post 2011 political turmoil in the Middle East has placed considerable pressure on the Hashemite Kingdom of Jordan balance of payments at the form of a decrease in the amount of imports. This decline in imports can be offset by optimal investment in political crises. (Palmer, Earlf, 2000). The statistical indicators issued by the Central Bank of Jordan and the Ministry of Industry and Trade show that the exports to the Hashemite Kingdom of Jordan have decreased by 3% of the total value of exports during the last 10 years, which put pressure on replacing of non-exportable goods inside Jordan.

Although the cost of sales in the factories consists of the cost of the raw materials used in production, as well as the wages of workers and energy, such as electricity, diesel, and maintenance expenses, Annual depreciation of machinery and industrial construction if it is owned by the enterprise or its wage if it is rented (Malerba, Franco, Nelson, Richard 2012). However, this was reflected on the real value of the commodity price instead of being exported abroad and converted into foreign currency against the Jordanian dinar, replacing the import and foreign currency (Beebe, John.2005), (Haslam, Jonathan.2000). The monopoly, which is a destructive process of the market, is detrimental to its economy and leads to destructive corruption in society. Therefore, there must be a public sector presence to prevent and protect against the dangers of monopoly (Maeda, 2013).

Economic development for reduces corruption practices.

One of the most important elements on which the factors influencing imports are based is the study of geographical nature and its distribution (Nafziger, Wayne E.2012) for imports in Jordanian markets. Data and information available from the Department of Statistics, the Ministry of Industry and Trade in Jordan indicate that the distribution of imports between cities is good. The world participation at Jordanian imports is the United States of America, Saudi Arabia, Germany and China. Nevertheless, the industrial sector and the agricultural sector are also complementary to sustainable development, and the expansion of industry depends to a large extent on improvements in agricultural productivity, which depends on the necessary equipment for production inputs from industry (Al-Quraishi, Medhat, 2007). Thus, it is possible to say that the countries that affect imports to Jordanian markets have a direct impact on the Jordanian balance of payments, which can be defined as the record of receipts (Malerba, Franco, Nelson, Richard R.2012) and payments to the Kingdom from and to abroad, Employees in the accounting sector also defined it as a part of the creditor and a special part of the debtor, which is the current account, capital account and cash account (Stimson, Robert J. and Others 2006) or cash reserves. As far as development is human-centered or aspiring to enhance the individual's status, freedoms and creativity, there is a greater need to increase investment in culture and transform development itself into cultural development (Taweel, Rawa 2010). This is reflected in the balance of payments, Of the imported quantity of goods, goods and services on which we can rely on to determine the import capacity of the Jordanian market, which can be photographed by several cash flows from foreign currencies to the Jordanian market which gives flexibility in funding for imports (Magarinos, Carlos A.2005), which enhances the Corruption Perceptions Index to monitor the manipulation of the import value. Therefore, it is necessary to focus on the countries that affect the quantity of imports to the Jordanian market to study the risks of money supply, to reduce the sudden fluctuations of the indices of import prices and the direct impact on per capita income to achieve economic growth (Ahrens, Joachim.2002) Which is expressed by an increase in real GNP or GDP between two periods, or by high per capita income, expressed as real GDP divided by population (Magarinos, Carlos 2005).

Discuss and analyze results and test hypothesis

The sample was selected of the society of the study were the price indices of imports of the Hashemite Kingdom of Jordan markets during the period 2006-2016, and four factors that have to do with the price indices of imports, respectively, stocks price index, money supply, industrial production, total expenditure. Data and information related to the subject were collected through the statistical databases available at the Central Bank of Jordan. The sample was 132 months for the period 2006-2016 to test the hypotheses and reach the desired results.

Statistical methods used

The study used statistical program for social sciences to arrive at the statistical analysis of the data on the subject of the study to derive the desired results. The hypotheses related to the study were examined from a statistical description of the variables of the research model to the measurement of the relationship between the variables and the description of these variables; the study ends by extracting the regression equation to find the recommendations related to it.

Testing hypotheses

The study was used the hypotheses based on the research model, which measure the impact of economic development on enhance the integrity of import and anti-corruption system as the follows:

- There is an impact of the stocks price index on Integrity of import and anti-corruption system.
- There is an impact of money supply on Integrity of import and anti-corruption system.
- There is an impact of industrial production on Integrity of import and anti-corruption system.
- There is an impact of the total expenditure on Integrity of import and anti-corruption system.

$$IIAC_j = 27.041 - 0.009SPI_j + 0.071 MS_j - 0.003 IP_j - 0.012 TE_j + U_j$$

Results

After the study reached the regression equation, the results can be summarized as the following:

1. The results of the study show that the relationship between Integrity of import and anti-corruption system with the stocks price index is an inverse relationship. The regression equation shows that the lower the stocks price index by one unit, the Integrity of import and anti-corruption system will rise by (0.009).
2. The results of the study show that the relationship between the Integrity of import and anti-corruption system with money supply is a direct relationship. The more money supply by one unit, the Integrity of import and anti-corruption system will rise by (0.071).
3. The results of the study found that the relationship between the Integrity of import and anti-corruption system with industrial production is an inverse relationship, as the lower the industrial production by one unit, the integrity of import and anti-corruption system will increase (0.003).
4. The results of the study show that the relationship between the Integrity of import and anti-corruption system with total expenditure is an inverse relationship. The more total expenditure by one unit, the Integrity of import and anti-corruption system will rise by (0.012).

The Recommendations

1. The Ministry of Finance should focus on the integrity system in terms of the public expenditure rates in the Hashemite Kingdom of Jordan and its impact on the national integrity system, the rates of capital expenditure on industrial projects and their impact on the national integrity system. Is generally reflected in the level of anti-corruption, because the relationship is reversed as proved by the results of the study.
2. Shall be enough aware of the Integrity and Anti-Corruption Commission from the corruption perception index and the degree that Jordan has obtained on the indicator for the past ten years to determine the level of economic development in Jordan based on this indicator.
3. The King Abdullah II Fund should adopt on the Global Integrity Index as a standard of measuring instruments for the level of economic development in Jordan for the global credibility of this indicator, which is calculated by the United Nations Global Integrity Organization.
4. The Central Bank of Jordan should increase the rate of money supply according to the international standards for the presentation of cash and the Basel III standard. This is because the statistical results show that the relationship between the money supply and the enhancement of import integrity and anti-corruption is a positive relationship of (0.071). This is reflected in the strengthening of the import and anti-corruption system by one true.

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