

A model for Financial System Protection from Embezzlement at Iranian Banks

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ABSTRACT

Corruption has become one of the major problems in developing countries. Corruption is a violation of existing laws to secure personal gain. Corruption is often referred to as a serious economic illness. High levels of financial corruption can lead to inefficient government policies, as well as reduce investment and consequently, economic growth. Corruption can drive investment and economic activity from its productive form to rents and underground activities. The purpose of this qualitative research is to present the health model of the financial system to prevent embezzlement in Iranian banks. Semi-structured interviews were used to extract the main components of the health of the financial system in order to prevent embezzlement in Iranian banks, and in-depth interviews were conducted with 16 monetary and banking experts. The aims of this study were monetary and banking experts Participants who were selected using purposive sampling method of theoretical sampling. In this study, 16 categories and 35 concepts were extracted using the Corbin and Strauss-based data method in the open coding stage. In the axial coding stage, based on the concepts of axial category, causal conditions, strategy, context, intervening conditions and consequences, a paradigmatic model was presented and in the selective coding stage, a theoretical model based on research findings was introduced and explained. Financial stability is related to the correct architecture of the financial sector and in any country, after overcoming the problems in its economic system, it needs to redefine the plans and rules in the financial system. Of course, it should be noted that this interpretation does not mean the existence of precedence and delay in reforms, but it can be said that solving problems related to the financial system also plays a significant role in economic problems. One of the most important things about any financial system is to provide accurate and transparent information about its financial activities. Due to the increasing expansion of financial units and as a result of increasing the volume of financial operations, the role and responsibility of the preparers of these reports is becoming more important and more difficult every day. Of course, in this way, they need strong and stable theories to move things forward.

Keywords: A healthy financial system, embezzlement, clarification of financial procedures

Introduction

Corruption is a social, political, and economic disorder that exists and grows to different extents in all societies. The presence and extent of this disorder depend on the conditions of a society. Corruption destroys properties, rules, and financial and investment motivations, suppressing economic and political viability and development. It imposes economic costs on society and hinders its goals and priorities, becoming a cancer in the economy. Corruption imposes social costs and accumulates wealth in the hands of a rich class with influence and power. In this respect, corruption has become a major problem in developing countries. Some people believe that this problem cannot be resolved, while some others suggest that the punishment of corrupted individuals and bodies is the only solution to corruption. Corruption would not be resolved until its roots are identified and handled (Rajaei et al., 2017). Indeed, in order to fight against corruption, it is required to obtain in-depth insights to evaluate its effects and outcomes and propose a suitable solution to prevent its spread in society. This is necessary due to its consequences (Yousefnejad, 2006). Iran is also suffering from corruption. In particular, significant embezzlements at banks have been revealed in recent years, even though there are mandatory national accounting and auditing standards and most governmental and non-governmental organizations claim to have implemented independent and internal auditing. This not only imposes irreparable impacts on the domestic economy but also eliminates trust in the financial transparency of Iran at the international level and delay in joining international organizations. In such circumstances, foreign investors are not motivated to invest in Iran. Banks are powerful and influential bodies in economies. The economic power of banks so significant that all financial and economic crises begin in the banking sector and is controlled by the same sector. Banking operations are largely prone to corruption. Interestingly, criminals attempt to penetrate or possess banks for illegal bank operations, particularly money laundering (Bashir, 2011). Banks are a type of economic institutions that can create money and liquidity. In an economy, money refers to the money paper carried by people and sight deposits at banks, while liquidity is time (saving) deposits at banks. An insignificant portion of the money is carried by people; most 90(%) of liquidity is held or created at banks (Habibzadeh, 2000). Indeed, institutions that can increase the monetary base of a country have a significant influence on the economy. Moreover, since banks are the source of funding legal and natural entities, people need to have proper behavior towards banks to improve their credit history and enjoy better bank facilities with better rates of interest. In fact, people attempt to have responsible behavior toward banks; otherwise, their economic viability would be threatened. Public trust in a banking system makes such systems distinct. People have significant trust in banks as they deposit their money at banks with ease of mind. Thus, banks are the symbol of public trust and stability in the economy. Public distrust in banks would result in instability and economic crises (Khodashenas, 2013). Specifically, banks are monitored due to their high economic power across the world. Bank managers are strictly selected upon their competency and approval by monitoring authorities worldwide. Approval has two aspects: scientific approval and moral approval. The monitoring authorities ensure that the bank is left to the hands of a manager with knowledge and commitment so that the bank would never be possessed by corrupted people since banks affect the entire economy of a country, and negligence in bank monitoring has irreparable consequences (Hosseinzadeh, 2013).

Embezzlement refers to a type of corruption and is not specific to developing countries. It is occasionally uncovered even in developed countries. Due to the increasing growth of governments in developing countries and, consequently, their increased authority and responsibilities, as well as differences in their political systems, embezzlement is more common in such countries (Hasheminejad, 2012).

Corruption has various forms and definitions and involves several violations concerning different governmental activities. Administrative corruption includes embezzlement, bribery, and taking advantage of governmental assets, each with different forms. Furthermore, researchers have mentioned conducts such as slack, client discrimination, and client favoritism. Legally, corruption can be assumed to be the illegal use of administrative or governmental authority for personal interest. In terms of public interests, corruption refers to the exploitation of public power for personal interest, promotion, fame, or for the interest of a particular group or class (specifically relatives) by violating the rules or morals. Corruption ensures the violation of social responsibilities or a deviation from morals for material interest or fame (Salimi, 2016). The corruption cases that have been revealed in Iran include the 123 billion toman embezzlement at Bank Saderat Iran in 1995, the 3,000 billion toman embezzlement at Bank Melli Iran, Saman Bank, Bank Sepah, Sanat-va-Madan Bank, and Parsian Bank in 2011, the 3250 billion toman embezzlement of insurance companies in 2012, the 18,000 billion toman embezzlement in 2013, the 8,000 billion toman embezzlement at the Foundation of Martyrs and Veterans Affairs in 2013, the 800 billion toman corruption in Khatam-al Anbiya Construction Headquarters in 2015, the 8,000 billion toman embezzlement in the Teachers Investment Fund in 2016, the 2,200 billion toman embezzlement in Tehran Municipality in 2017, and the 4000 billion toman embezzlement in 20119, all of which occurred in Tehran Province (mostly at the banks of Tehran).

Economic, political, and social researchers have seriously attempted to investigate corruption, particularly embezzlement, and establish more effective and more affordable techniques to fight against corruption in recent

years. Also, the recent attempts of governments across the world suggest that governments and people around the world are today focused on coping with embezzlement more than ever. The monster of corruption in the history of Iran not only led to the murder of great national heroes such as Amir Kabir due to their fights against corruption but also has imposed large sufferings on Iran and the Iranian people by impacting the economy, culture, and politics of the country. Some outcomes of the corruption cases that occurred in the past remain. A document entitled “Islamic Banking” was developed in 1983 to modify the banking system of Iran. However, despite various amendments, the document was unwillingly implemented by banks as it contained an enormous number of complicated measures. Therefore, the document was never completely effective, and the banks focused on one or two simple measures. This led to the spread of bribery and embezzlement in banks, the expansion of usury in the cycle of products and services (which in turn increased the final product price and reduced competitiveness), and eventually the bankruptcy of private industries and companies. The incomplete implementation of the Islamic Banking document also resulted in imposing unreasonable high payment penalties in the form of bailments of capital among people. The embezzlements and financial violations of Iranian banks were brought to the newspaper in 1994 when a number of well-known men with influence were tracked. A review of embezzlement cases at Iranian banks during 1980-2002 indicates that embezzlement, bribery, and cheat are the characteristics of financial institutions, and the failure to discover corruption in such institutions suggests that their monitoring systems are inefficient and lack transparent and complete information. These reviews imply that the instructions developed during 1957-1961 are still implemented in the monitoring systems of banks, while the efficiency of these instructions has not yet been verified. The exclusive possession and statistical limitations of the embezzlement cases have allowed the authorities of this financial system to evade public requests for a response. Mohsen Nourbakhsh, former president of the Iran Central Bank, made a significant effort to develop a cure for this sick system but failed.

Iran is in corruption rank 141 out of 180 countries. It is important to make an effort to improve the rank of Iran for not the international position but controlling corruption and its consequences. Monitoring system modification, monitoring approach improvement, information technology enhancement, and operational consideration of risk management (particularly the management of money laundering risk) are essential for fighting against corruption. The ever-increasing technological advancements have made organizations more complicated; as a result, it is more difficult to manage today’s organizations. Corruption is an outcome of such complications. Corruption is a complex, latent, and diverse phenomenon; thus, fighting against corruption requires continuous, long-lasting, and principled endeavor (Economic Department of Borhan News Agency, 2016). Thus, the present study seeks to propose a model of bank protection from embezzlement in Tehran. It should be noted that the lack of a comprehensive model of bank financial protection from corruption considering the unique, native characteristics of the Iranian banking industry is a major problem in this industry.

A review of corruption-associated theories indicates that the corresponding theorists adopted specific approaches to corruption, including moral, psychological, sociological, anthropological, and organizational culture approaches. These approaches form the mindset of a researcher in explaining the causes of a phenomenon (Gottschalk et al., 2011). For example, a moral approach emphasizes the explanation of corruption effects on personal performance, while a sociological approach considers corruption to arise from a set of certain causes at different levels of society. The bad apple theory is the most important theory in a moral approach. This theory suggests that people behave based on morals; thus, bad morals are the main cause of corruption (De Graaf, 2007). Bourdieu adopted a sociological approach and proposed the action theory. They divided a modern society into different fields, including economic and political. People fall in these fields, as particles in a magnetic field. Those who are concentrated on values governing the field would better internalize and implement the values and are more harmonized; however, those with dispersive values take distance from the field and are more prone to corruption (Sesen, 2013; De Graaf, 2007). Hofstede adopted an anthropological perspective of corruption and proper cultural theory. They believed that a country has four cultural classes, including power distance, uncertainty avoidance, manhood/womanhood, and collectivism/individualism. They suggested that the top and bottom classes have almost the same power in a country with lower power distance (i.e., the society’s acceptance of an unequal distribution of power), and this could result in a difference in the occurrence of corruption between such a country and countries with a large power distance (Robbins and Judge, 2012; Sims et al., 2014). A number of theorists adopted a corruption approach other than individual and society approaches; they chose an organizational perspective of corruption. In this respect, the organizational culture theory was developed (Sööt, 2012). Organizational culture is a set of values, beliefs, and traditions that characterize an organization and give it an identity (Salami, 2016). Employee corruption arises from defects in the governmental system or cultural structure rather than defects in the employees. This theory is somewhat associated with a number of similar theories in human sciences that emphasize the contagious nature of corruption. Thomas and Meagher (2004) emphasized the contagious nature of corruption and defined four stages impacting personal decision-making: (1) the creation of an opportunity (obtaining power and authority), (2)

temptation (e.g., to obtain benefits), (3) monitoring circumstances, and (4) an official factor (e.g., slack and harming organization reputation) (Graycar and Sidebottom, 2012). Table 1 provides a number of studies in the literature.

Table 1. Literature review

Author	Topic	Data Collection	Findings
De Agostino et al. (2016)	Governmental expenditures, corruption, and economic growth	Questionnaire	Interaction between corruption, investment, and corruption and military expenditures had negative impacts on economic growth. Corruption and military expenditures were found to be strongly correlated. Also, fighting against corruption had not only a directly, positive but also an indirect, positive effect on reducing the negative role of military burden. The combination of policies fighting against corruption and those reducing military burden (such as confidential regional agreements) positively affects economic growth.
Adin and Masud (2015)	Financial health measurement of private banks in Bangladesh	Questionnaire	Financial indexes revealed that higher deposits, loans, and investments do not always represent better banks.
Noykit and Petrit (2014)	Investigating the problems and perspective of asset and liability management at Lithuanian banks	Documentary research	The asset/debate circles of the banks were concluded not to be consistent with the business activity cycle. Thus, banks were observed to attempt to affect activities and profitability by asset and liability management.
Chen and Wang (2004)	Factors influencing financial health at insurance companies	Theoretical foundations and interviews	Firm size, investment performance, liquidity ratio, excess growth, and combined ratio were concluded to significantly impact the financial health of insurers.

Since the present study is exploratory research and investigates the relationship between variables through a qualitative methodology, it has no theoretical framework or hypotheses in this phase. In other words, the present study has no hypotheses and is a question-based work. The primary question of the study is “What is the financial system health model to prevent embezzlement at Iranian banks?” Also, the secondary questions include:

- What are the core categories of the financial system health model to prevent embezzlement at Iranian banks?
- What are the causal conditions of the financial system health model to prevent embezzlement at Iranian banks?
- What are the proper bases of the financial system health model to prevent embezzlement at Iranian banks?
- What are the mediating factors of the financial system health model to prevent embezzlement at Iranian banks?
- What are the strategies of the financial system health model to prevent embezzlement at Iranian banks?
- What are the outcomes of the financial system health model to prevent embezzlement at Iranian banks?

Methodology

The present study adopts a philosophical-interpretational orientation based on the Saunders Research onion and is grounded on the theory of structuralism. This work is exploratory research (Sarmad et al., 2000) in terms of objectives and inductive (bottom-up) research in terms of the approach. Also, it is qualitative research in terms of the methodology, a field study in terms of data collection, and employs the grounded theory to collect data through interviews (Sanders et al., 2009). A qualitative methodology was adopted to collect data and propose a financial system health model to prevent embezzlement at Iranian banks. Grounded theory was utilized to build the model. The statistical population consisted of monetary and banking experts. Sixteen experts were selected using purposive sampling for semi-structured interviews, as reported in Table 3. Once the extracted data were observed to have been repeated after sixteen interviews, theoretical saturation was ensured, discontinuing the interviews. The grounded theory was employed as it suited the extraction of financial system health factors to prevent embezzlement at Iranian banks and the identification of native and background variables in the financial system. This technique is process-based and enables the evaluation of alternations in a phenomenon over time and describing its stages. Creditability represents the degree to which the findings of a study are reliable and creditable in reflecting the experiences of the participants, study, and readers concerning the phenomenon of interest, even though the explanation of the phenomenon could represent only one of its reliable and creditable interpretations. To evaluate the quality of grounded theory-based studies (and other qualitative works), Corbin and Strauss (2008) introduced ten credibility indexes, based on which the creditability of the present study is evaluated – three of the indexes are introduced for

summarization purposes. Are the findings of the study consistent with the experience of the relevant experts and participants? Can the participants observe themselves in the storyline of the study? To evaluate these criteria, the findings of the present study were evaluated, refined, and verified by two banking and financial system health experts. Also, the theory was delivered to two participants, receiving and applying their views. For example, the axial coding model, selective coding model, and proposed indexes were discussed, revised, and complemented in different sessions. Do the findings of the study provide new insight and implications in the literature? In this respect, it can be said that the findings of the present study have practical contributions to making distinct financial system health policies. Theoretically, this study contributes to knowledge development in financial system health for preventing embezzlement at Iranian banks and provides new insights. Concepts are necessary to properly understand the phenomenon of interest and achieve a common language in the literature. Thus, the findings of a study should provide suitable concepts that are valuable and appealing to relevant experts. This study incorporates a number of concepts that could be useful in the conceptual development of the financial system health literature to prevent embezzlement. Such concepts include transparent financial procedures, fair economic systems, and public trust enhancement. This study interviewed sixteen experts in financial and banking systems and collected and analyzed qualitative data by grounded methodology (i.e., open, axial, and selective coding). The aim was to propose a financial system health model to prevent embezzlement at Iranian banks. The qualitative methodology utilizes participant interviews and the review of relevant works to provide the required data. According to Orbech and Silver-Steelen (2003), grounded theory exploits two important principles: (1) inquiry about the mental experience of participants rather than measuring it and (2) creating ideas and concepts by the theoretical coding of the participant responses. Grounded theory-based participant interviews continue until new participants do not further data helping create new concepts for the theory (Glaser and Strauss, 1967).

Table 2. Demographic factors of the participants

Factor	Subfactor	Frequency	Total
Gender	Male	9	16
	Female	7	
Age	<30	2	16
	30-40	7	
	41-50	4	
	>50	3	
Organizational position	Top-level manager	8	16
	Middle-level manager	5	
	Expert	3	
Education	Bachelor or lower	8	16
	Master	5	
	Ph.D.	3	
Work experience (year)	<5	1	16
	5-15	8	
	16-25	5	
	>25	2	

Findings

This section provides and codes the interview results. Coding enabled the development of raw data into theoretical concepts. The categories were identified and developed in the coding process using a systematic, standard method in three coding stages: (1) open coding, (2) axial coding, and (3) selective coding. The coding results are presented below. Since the present study adopted the grounded methodology of Corbin and Strauss (2008), the findings were analyzed based on this method.

Open coding results

Grounded theory begins with the analysis of data pieces of each participant. The first stage is the categorization of interview data documents for analysis. The division of data into pieces enables the individual examination and conceptualization of the data pieces so that they would be generalized (Corbin and Strauss, 2008). This process is known as open coding. Table 4 represents the interview-derived codes, concepts, and categories.

Table 3. Open coding-derived concepts and categories

No.	Category	Concept
		Certain procedures
1	Transparent financial procedures	Certain work processes
		Proper information
		Meritocracy of authorities
2	Merit selection	Merit maintenance of authorities
		Merit appointment of authorities
3	Organizational strategies	Human resource perspective
		Strategic attitude
4	Participatory management	Delegation of authority
		Coordination
5	Top-level management support	Authority trustworthiness
		Resource provisioning
6	Structural obstacles	Lack of department administrators
		Lack of accountability
7	Functional obstacles	Improper selection
		Lack of proper knowledge and experience
8	Execution obstacles	Lack of structured plans
		Poor tracking and control
9	Transparent rules and regulations	Proper regulation
		Adherence to rules
10	Proper technologies	Hardware facilities
		Software facilities
11	Fair economic system	Identification of society facts
		Financial capacity enhancement
12	Human resource development	Rationality
		Efficiency
		Law adherence
13	Financial origination privatization	Transfer
		Supervision
14	Human resource management improvement	Cost reduction
		Credit enhancement
15	Productivity enhancement	Efficiency enhancement
		Effectiveness enhancement
16	Public trust enhancement	Social participation enhancement
		Customer support

Axial coding results

Axial coding begins in the open coding process. It identifies conditions, actions, interactions, and outcomes relating to a phenomenon. In axial coding, open coding-derived categories were divided into axial categories, cause factors, mediating factors, base factors, strategies (actions or reactions), and outcomes. “Transparent financial procedures” was selected as the axial category at which the proposed model is centered since it was involved in most data. In other words, the respondents stated that transparent financial procedures require certain procedures, certain work processes, and proper information, and that financial system health improvement is impossible with the current procedures to prevent embezzlement at Iranian banks. Therefore, this category was placed at the center of the model, and the remaining categories were linked to it. The tag selected for the axial category is abstract and comprehensive. Among the remaining categories, “merit selection,” “organizational strategies,” “participatory management,” and “top-level manager support” were considered as cause factors; that is, transparent financial procedures are dependent on the incorporation of merit selection, organizational strategies, participatory management, and top-level manager

support into the financial system health model to prevent embezzlement at Iranian banks. Human resource development and privatization were selected as the bases of financial system health to prevent embezzlement at Iranian banks. Also, transparent financial procedures are obtained under transparent rules and regulations, proper technologies, and a fair economic system. Structural, functional, and execution obstacles were viewed as mediating factors since they occur in the financial procedure transparency process and can either restrict or facilitate it. Finally, organizational resource management improvement, productivity enhancement, and public trust enhancement were selected as the outcomes of transparent financial procedures. Fig. 1 illustrates the axial coding paradigm.

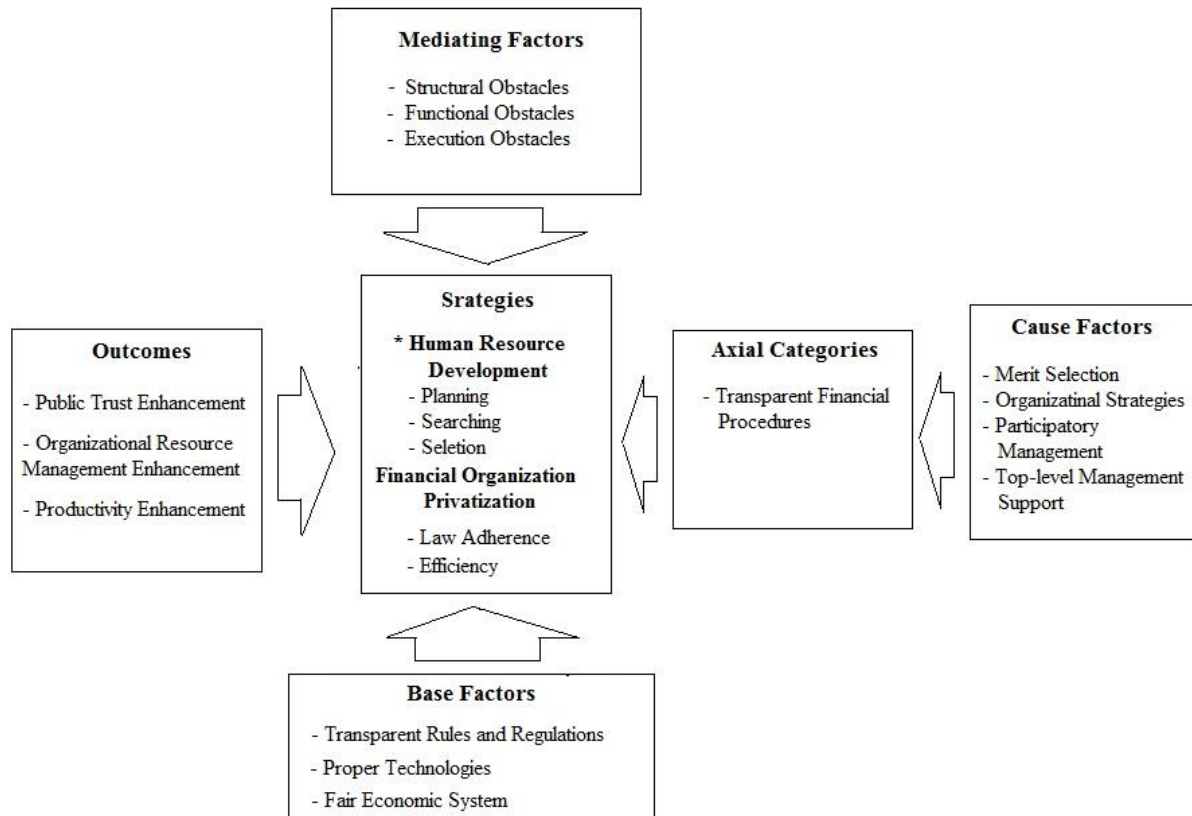


Fig. 1. Axial coding paradigm: transparent financial procedures

Selective coding results

Selective coding is the last process of grounded theory and leads to the development of a final theory. In the selective coding process, an axial category is selected, to which the remaining categories are linked. This section bases the categories on the axial category to discuss a financial system health experience to prevent embezzlement. This study seeks to understand how tasks could be fulfilled in a financial system to prevent embezzlement. The description of the axial category is the first phase of this discussion.

Central category: transparent financial procedures

This study selected financial procedure transparency as the axial category since it was found to be involved in most data and play an axial role, and the remaining categories could be linked to the axial one. The lack of transparency in financial procedures and economic sectors is a major crisis factor. After each crisis, the associated authorities suggested that the problems could be resolved by updating the information transparency rules. Ambiguity prevents the revelation of realities and problems. In contrast, transparency can reveal the weaknesses of an economic system.

Cause factors

Cause factors are a set of factors that impact the axial category. "Merit selection," "organizational strategies," "participatory management," and "top-level manager support" were considered to impact "transparent financial procedures." Merit selection is a cause category that impacts knowledge orientation at the organizational level. It consists of "meritocracy of authorities," "merit maintenance of authorities," and "merit appointment of authorities." Merit selection refers to a management style where appointments are performed based on abilities and competence

rather than financial power, social positions, or nepotism, Novel technologies and rapid evolutions have added to the need for expert workforces. This directs agencies and governments toward meritocratic systems. Meritocratic societies ignore nepotism, tribalism, and partisanship. A meritocratic system appoints individuals in the right place and at the right time and makes maximum use of them for individual, organizational, and social objectives. It can be claimed that meritocracy has a history as long as human social life. Human societies with competent individuals at the top authorities have been successful, and humans tend to obey those with higher competence.

Strategies

Strategies or actions are purposeful measures that provide a solution to the phenomenon of interest and lead to outcomes. “Human resource management” and “bank privatization” are solutions for transparent financial procedures. In other words, transparent financial procedures are obtained through human resource management and bank privatization.

Mediating factors

Mediating factors are a set of events that occur before and during research. In the present study, mediating factors are considered as those occurring during the implementation of financial procedure transparency measures. “Structural obstacles,” “functional obstacles,” “and execution obstacles” are treated as mediating factors in the implementation of knowledge-oriented strategies.

Base factors

Base factors are a set of factors that enable the phenomenon of interest and influence behavior and actions. They influence the axial category and its outcomes. This study incorporated “transparent rules and regulations,” “proper technologies,” and “fair economic system” as the base factors.

This category consists of “proper regulation” and “rule adherence.” It refers to the implementation of transparent financial procedures on the basis of proper rules and regulations. Transparency is the free flow and easy accessibility of information to all beneficiaries. It is the complete circulation of information up to national security and opposes secrecy. In other words, transparency is public openness. In this respect, Kant (1724-1804) defined transparency as a test for legitimacy: “actions relating to the rights of others are against the law if they basically do not allow for publicity.” Transparency International and the United Nations Convention against Corruption emphasize transparency as an essential tool to prevent and fight against corruption and ask countries to guarantee public transparency: “transparency is the principle that individuals can be aware of the administrative decisions, business transactions, and charities that impact their lives rather than just realizing the topics, number of topics, and decision-making practices; civil servants and managers are responsible for having visible, predictable, and comprehensible behavior.” Transparency is necessary for different dimensions, particularly governmental operations, rule simplification, and procedures. Rules should be developed such that secrecy is avoided, and activities are performed transparently. Freedom of information to make the citizens aware of procedures in public services, enhancement of social control and free media, and improving the accountability of governmental agencies are important for preventing and fighting against corruption. Important measures include public information on the mutual citizen-government rights and responsibilities, promoting the responsibility and accountability of governmental agencies, developing and implementing public education programs at schools and universities, the guarantee of freedom in receiving and publishing corruption information, enhancing public involvement in decision-making, guaranteeing effective public access to information, raising public awareness of corruption hazards and consequences, enabling non-governmental organizations by the government, financial performance transparency through governmental organization reports, expansion of e-government, and transparent tasks, authorities, and fulfillment in executive organizations. Transparency is in place when precise, useful, and timely information is available.

Outcomes

Outcomes result from the strategies and actions relating to the phenomenon of interest. Knowledge orientation outcomes include “organizational resource management improvement,” “productivity enhancement,” and “public trust enhancement.” Organizational resource management improvement involves “cost reduction” and “credit enhancement.” This category suggests that improved organizational resource management is an outcome of transparent financial procedures. Organizational resources include all organizational assets, abilities, and processes, institutional features, knowledge, information, and other factors that are in control of an economic institution and help implement strategies and improve efficiency and effectiveness.

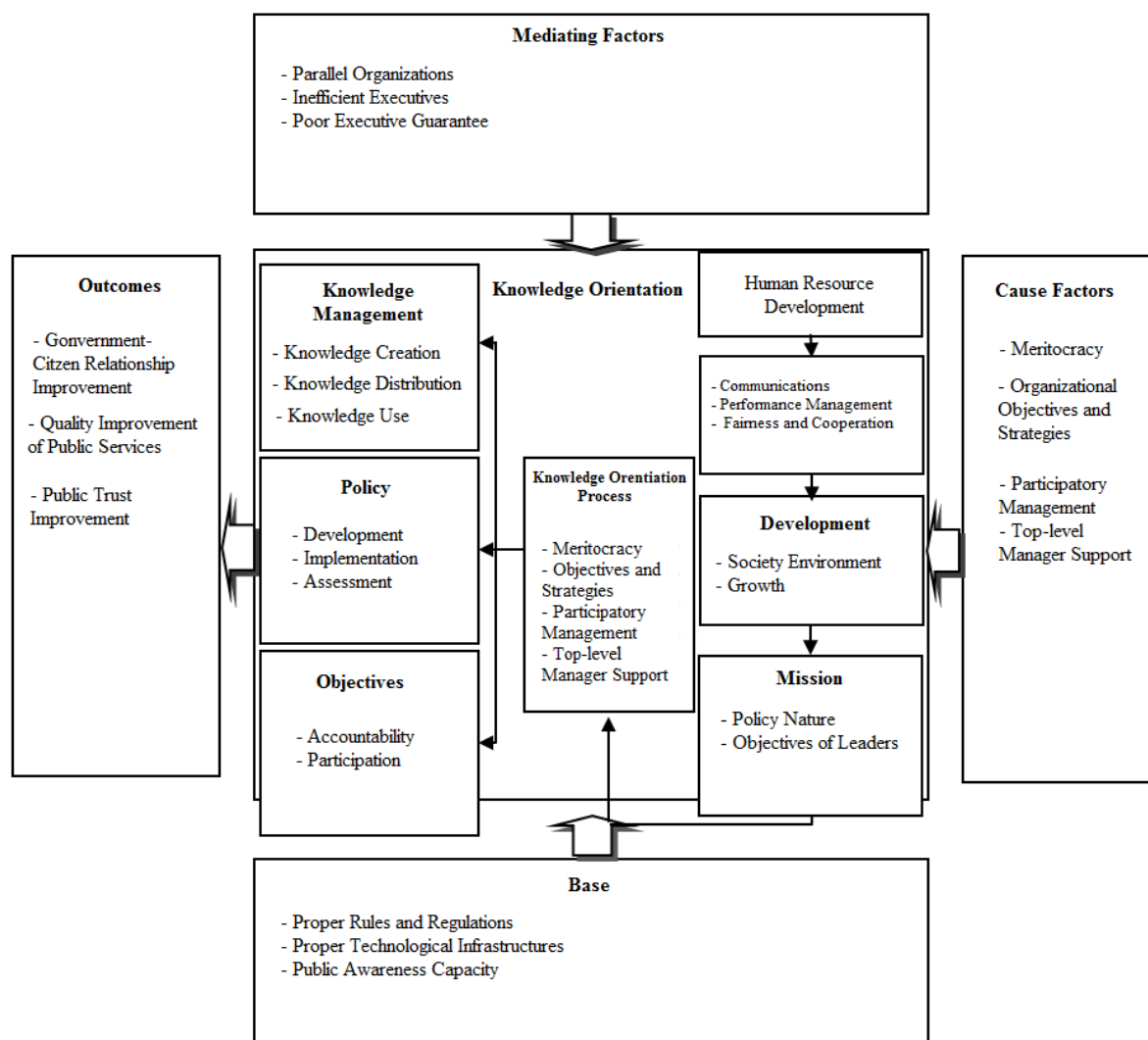


Fig. 2. Theoretical model of financial procedure transparency (financial system health to prevent embezzlement at Iranian banks)

Conclusion and suggestions

This study identified financial system health factors to prevent embezzlement at Iranian banks. A total of 16 categories and 32 concepts were revealed by grounded theory-based semi-structured interviews. The health and stability of an economic system are strongly dependent on financial system sustainability. Asymmetric information is an essential barrier to the effective functioning of a financial system. It refers to a situation in which an individual or group have lower information than the others on a financial contract. A deeper review of financial and economic theories indicates that information asymmetry leads to two difficulties in the financial system: (1) adverse selection and (2) moral hazards. Improper selection often occurs before economic transactions. To minimize adverse selection, it is required that banks employ appropriate monitoring mechanisms and evaluate and classify load applicants based on hazards. On the other hand, moral hazards appear after economic transactions. The health and stability ranking and assessment of banks are an essential strategy for monitoring banking systems to reduce moral hazards. The results of the present study demonstrated that transparent financial procedures require attention to financial system health for preventing embezzlement, and financial system operations should be grounded on competence, objectives, and strategies. It was found that functions and capabilities are not systematically and accurately monitored in most financial procedure transparency measures. In this respect, financial system processes require fundamental revisions. A review of the literature demonstrated that a number of capabilities and

competencies were identified and introduced for financial system health. The common items are mentioned below. Di-Agostino et al. (2016) studied the relationships between governmental expenditures, corruption, and economic growth. They evaluated the mutual government-corruption impact on economic growth. They found that corruption-investment interaction, corruption costs, and military costs had significant negative impacts on economic growth. They also suggested an important correlation between corruption and military costs. It was observed that fighting against corruption has not only a direct, positive but also an indirect, positive effect on the reduction of negative military contributions. They proposed that policies fighting against corruption were combined by those reducing military burden (such as regional agreements) and positively influence economic growth. The findings of the present study are consistent with Di-Agostino et al. (2016). The theoretical generalizability of the present work is limited. It is suggested that future studies investigate the measurement of financial system health and legitimacy as they are essential concerns in Iran's Supreme Council of Money. Considering the responsibilities of monetary and banking institutions in society, it is required to provide a supportive framework for better group effectiveness. The present study showed that the financial system health of Iran is still in its structural and functional infancy. Thus, a set of measures are proposed for financial system health to prevent embezzlement at Iranian banks. Fighting against corruption requires a strong national and political will. An unsupported fight against corruption without a national and political will would never yield satisfactory outcomes. The size reduction of the government (i.e., governmental organizations) and the enhancement of the private sector are effective solutions for fighting against corruption. Providing support to the private sector, inducing motivation and competition, and applying solutions concerning internal and external monitoring enable the control of corruption. It should be noted that the activities of administrative bodies and authorities should be appointed to the public, even though governments have undeniable power for monitoring and controlling corruption. This would improve accountability and lead to the contribution of the public to the monitoring and control of corruption. To fight against corruption, it is required to revise laws contradicting the fight against corruption and the United Nations Convention against Corruption so that this fight would be feasible and corruption bases could be eliminated. Indeed, law revision should be performed based on the experience of other countries and international criteria in international documents, including the United Nations Convention against Corruption. By cooperating with academic centers, establishing a center for essential and scientific research on fighting against corruption and identifying its roots and outcomes, and searching for a suitable solution by using the experience of other countries, the government of Iran can contribute to the principled and stable solving of this problem. It is necessary to modify the administrative structure and government size. The government size should be reduced, unnecessary departments of each organization should be eliminated, and parallel organizations must be merged. Corruption monitoring requires a powerful body and multiple monitoring organizations. The direct interaction of the public with the government should be decreased by systematizing operations. In addition, the private sector should be expanded. The modification of governmental organizations requires the improvement of organizations and the budgeting system, effective financial management, and an efficient tax system. Such modification should be able to moderate the inclusive decision-making power of employees, minimize direct interaction between the employees and clients, accelerate operations, and prevent long employee-client interaction. It is required to incorporate mechanisms within the government to continuously fight against and mitigate corruption and help cooperation and coordination between sectors and individuals that are involved in the fight. These mechanisms include operation systemization, transparent administrative and financial operations, regular reports, active and accurate monitoring, tracking of violations and corruption hazards, and robust adjudication of violators. Cooperation and coordination among governmental organizations, in particular law enforcers and juridical organizations, are necessary for discovering and adjudicating corruption and violations. In this respect, the mental, social, and economic security of managers and judges help robust adjudication. Enhancing internal and external inspection, selecting expert inspectors, and utilizing computer sciences to collect data with proper quality and quantity significantly help fight against corruption. The transparency of administrative and financial activities, particularly in government revenue, substantially restricts corrupted bodies and individuals and prevents administrative corruption.

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