

CURRENT PRACTICE OF INTERPRETING CORRUPTION AND ANTI-CORRUPTION POLICIES CONCERNING PROVIDING IMPROPER ADVANTAGE: EUROPEAN EXPERIENCE

^aOLEKSANDR SAVKA, ^bOLEKSANDR KEIER, ^cANDRIANA OLIINYK, ^dVASYL KUIBIDA, ^eVALERIY VOROTIN

^a*Kyiv University of Law of the National Academy of Sciences of Ukraine, Kyiv, Ukraine*

^c*Institute of Administration and Postgraduate Education of Lviv Polytechnic National University, Lviv, Ukraine*

^d*Taras Shevchenko National University of Kyiv, Kyiv, Ukraine*

^e*Institute of Legislation The Verkhovna rada of Ukraine, Kyiv, Ukraine*

email: ^{a,b}savkaZO@ukr.net, ^ca.r.oliynyk@gmail.com, ^dkuybida58@gmail.com, ^evevorotin@gmail.com

Abstract: Within the conditions of unpreparedness and inability of the country's economy to face the challenges, threats and risks of the world financial and economic system, the issue of such a destructive phenomenon as corruption has gained global proportions and continues to grow. Corruption is not limited to the state sector; however, it has penetrated into all spheres of activity; it exists in the economy, politics, and social life of any country in the world and deepens the imbalances in the structure of its social-economic systems. At the same time, it is difficult to reveal it, assess and determine its actual volume. The purpose of the research lies in analysing the modern practice of interpreting and revealing the act of corruption by promising or providing an unlawful benefit to European countries and identifying its impact on the value of indicators of the life quality of the population. Regarding the results of investigating the impact of corruption on the quality of life of the population, it has been established that among European countries there are several groups, each of which has common features of interpretation and revealing corruption actions and features of the impact on the life quality. It has been proved that European countries are divided into four groups, namely: highly developed countries with low levels of corruption and high quality of life; countries with a high level of development, low level of corruption and high quality of life, in which high-profile corruption scandals are periodically present; middle-income countries with rising corruption and declining quality of life and developing countries – new EU members and other Central and Eastern European countries.

Keywords: corruption, acts of corruption, unlawful benefit, anti-corruption policy.

1 Introduction

The formation of a new paradigm of the world economic order is taking place under the influence of globalization and integration into the world financial and economic system. Corruption is one of the largest and most threatening phenomena in the functioning of international and national economies. Taking into consideration the expansion and merging of national borders and the movement of financial flows in the global space, corruption is increasingly being observed outside a particular country. Consequently, the necessity to study the modern practice of interpreting and revealing an act of corruption through the promise or provision of an unlawful benefit, widespread in European countries, is actualized. Corruption is not an isolated phenomenon; however, it is connected with other destabilizing processes and, of course, affecting the performance of the economy and the society. In particular, acts of corruption have the most tangible impact on the quality of life of the population, which is manifested in the enrichment of some strata and the impoverishment of others. Therefore, in this context, the issue of studying the world practice of interpretation and revealing acts of corruption becomes especially acute.

2 Literature Review

The phenomenon of corruption is complex, multifaceted and insufficiently studied, which makes it impossible to accurately, comprehensively, uniformly and specifically interpret it. Effective corruption combating is impossible without a clear understanding of the concept of a corruption act in the form of a promise or provision of illegal benefits. Characterizing the diversity of types, forms of manifestations, causes, motives and consequences of corruption for the economy and the society, the need arises for their legislative consolidation and interpretation. Acts of corruption fall under the signs of corruption, that is, they are included in its content. The main feature of acts of corruption in the form of a promise or granting an unlawful benefit is that they are committed by an official or the employer authorized to

perform the functions of the state or local government. In this context, V. Voznyuk (2020) identifies three forms of corruption, namely: (1) the use of official powers or opportunities related to these powers in order to obtain unlawful benefit; (2) acceptance of an illegal benefit or promise or offer of such benefit to oneself or other persons; (3) a promise or offer or the direct granting of an improper benefit to an official.

The etymological analysis of the interpretation of an act of corruption in the form of a promise or provision of an unlawful benefit, carried out by Karen Joisten (2003), proves that the definition of the essence of this concept consists in the commission of objective actions by persons in order to satisfy their own interests or the interests of interested parties, leading to obtaining unlawful benefits and enrichment of individuals.

The Ukrainian anti-corruption legislation defines corruption as the use by a person of official powers and opportunities for the purpose of obtaining an illegal benefit, accepting such a benefit, or promising such a benefit. Particular attention is paid to the regulation of acts of corruption that are related to corruption, but do not constitute the fact of committing an act of corruption (On the prevention of Corruption: Law of Ukraine, 2014). The interpretation of the concept of "an act of corruption" existed in the Law of Ukraine "On the Fight against Corruption" (Law of Ukraine "On the fight against corruption", 1995), according to which the act of corruption consisted in the illegal receipt by an official or an officer of money or other property using special advantages or preferences. However, this legislative act has expired, and, in the new law (Law of Ukraine "On the prevention of Corruption", 2014), this definition is replaced by a broader term – corruption offenses. Therefore, we propose to consider these concepts complementary and identical.

It should be noted that the legislation of each country of the world regulates the organizational and legal mechanisms of acts of corruption and the basic principles of their interpretation and revealing. Both scientists and practitioners are working on the problem of counteracting this destructive phenomenon. In this context, it should be noted the achievements of Hillman & Katz (1987), forasmuch as they characterized the features of the development of corruption in Europe at the end of the 20th century and identified new approaches to the formation of instruments and fundamentals of state regulation of corruption acts conducted by officials. Taking into account that in the analysed period, the processes of development of business structures intensified, which, striving to win the competition, resorted to direct subordination of politicians and officials of the highest echelons of power to lobby their own interests, the so-called "party" corruption began to develop. Acts of corruption in the form of promises or illegal benefits were aimed mainly at achieving the desired result of resolving the necessary issues; they were committed by officials of the highest levels of government authorities with the aim of providing benefits to others.

Sharing the position of scholars, Varnaliy (2006) considers corruption to be one of the most important problems of state-building and ensuring sustainable social-economic development of the country. Along with this, the scholar recognizes the bribery, in other words, obtaining illegal benefits by officials and officers as the most common act of corruption.

Modern scientific views on acts of corruption in the form of a promise or provision of illegal benefit differ from those of Hillman & Katz, (1987) and involve modelling corruption. In particular, Mikhailov (1997) proposes to investigate acts of corruption in the form of promises or providing unlawful benefit as signs of corruption through the prism of the relationship between the system "power – society", in which power is an institution and the society has the ability to influence the redistribution of power. Tirole, (1996) argues that systematic

abuses of power in the interests of individual economic agents lead to violations of the law and create a traditional system that is difficult to be combated in the society, and the effectiveness of anti-corruption requires constant and significant efforts.

Predborsky, (2005), investigating the features of acts of corruption in the form of a promise or providing an unlawful benefit, considers corruption to be one of the tools for the interaction of the illegal shadow sector of the economy with government bodies, which consists in the implementation by officials of activities contradicting the legitimate exercise of their powers and containing deliberate actions, which in the future will lead to the receipt of material goods, benefits, services and advantages. The scholar defines the main types of acts of corruption as follows: a bribery of officials of public authorities and local governments; promise or give a bribe for a positive solution to the problem; protectionism of employees in order to obtain illegal benefits for relatives, friends and other interested parties.

At the same time, Lui, (1996) drew a parallel between corruption and the standard of living of the population, as a result of which the scientist established that, taking into account the relative invariability of the parameters and schemes of corruption acts, the level of corruption significantly increases in different periods of time, and, in a highly corrupt society, measures of struggle corruption are ineffective and prohibitively expensive.

In a highly developed society, ensuring democracy involves reducing corruption and improving the quality of life of the population. However, as practice shows, the level of corruption in democratic countries is much higher than in countries where dictatorships prevail (Feichtinger & Wirl, 1994). Harsh methods of fighting corruption in countries with dictatorships have a positive effect, and the fear prior to obtaining improper benefits is much stronger than the benefits of it.

Losien, (2004) argues that increasing corruption leads to loss of stability and lower economic growth.

However, in order to assess the acts of corruption in the form of a promise or granting an illegal benefit, it is necessary to determine the features of their revealing, that is to establish the fact of their implementation, to register the amount of illegal benefit at which the act of corruption is recognized.

The study of the European practice of revealing an act of corruption in the form of a promise or provision of an unlawful benefit indicates that a corruption act is considered to have been revealed at the moment of proving the fact of obtaining an unlawful benefit, and the commission of a corrupt act is recorded already at the moment of providing a promise or an offer of an unlawful benefit. In particular, in France, an act of corruption is recorded when transferring or receiving an illegal benefit in the amount of not more than 35 French francs (Lasry et al., 2021). The legislation of France provides rather large amounts of fines for corruption acts conducted in the form of a promise or granting an unlawful benefit. At the same time, this country provides for the punishment for bribery in the form of imprisonment for up to 10 years.

In Germany, acts of corruption in the form of a promise or the provision of unlawful benefits are interpreted as the use of official powers for criminal purposes, and the commission of acts of corruption is equated with obtaining unlawful material and intangible benefits without legal grounds. It should be noted that committing acts of corruption in the form of a promise or giving an illegal benefit in Germany is not systemic in nature, and the responsibility for their commission includes imprisonment from six months to ten years with deprivation of the right to hold certain positions, confiscation of property and disproportionately high amounts of fines. It is obvious that the offender risks losing far more than he can gain. In addition, all data on the person who has committed an act of corruption is entered into special databases, which, in turn, affect the formation of credit history of customers and cancel the resume

of the corrupt person when looking for work. The revealing and recording an act of corruption in the form of a promise or granting an unlawful benefit occurs when the fact of a promise or receipt of an unlawful benefit in the amount of more than 200 euros is established (Lohner & Behr, 2021).

In the Netherlands, the threshold for revealing and recording corruption in the form of a promise or giving an illegal benefit is set at amount of 50 euros. At the same time, acts of corruption in the form of a promise or granting an unlawful benefit are recorded as a proven fact of committing even if the promise of such an act has not been made (Meer, 2021). The most dangerous forms of corruption are incriminated as criminal offenses.

At the international level, the issues of investigating corruption and searching ways to counter this destructive phenomenon are most thoroughly dealt with by the non-governmental organization Transparency International. According to its experts' viewpoints, corruption is treated as an abuse of power in private interests (Official website of Transparency International).

Corruption as a threatening phenomenon in the development of global financial, economic, political and social systems is studied by UN experts; they consider it through the prism of a complex social-economic phenomenon affecting the whole country, without specifying a terminological explanation of this definition. It should be noted that even the United Nations Convention against Corruption (2006) does not contain an interpretation of such concepts as "corruption" and "acts of corruption in the form of a promise or granting an unlawful benefit".

The approach to studying acts of corruption in the form of a promise or providing an illegal benefit in the system of anti-corruption policy in Ukraine is sufficiently detailed. In particular, the Law of Ukraine "On the Prevention of Corruption" (2014) defines the following economic and legal categories, namely: (1) offenses related to corruption (acts that do not contain signs of corruption, but violate the Law "On the Prevention of Corruption", as well as subject to criminal, administrative, disciplinary and civil liability); (2) corruption-related offense (an act containing signs of corruption, committed by an official and subject to criminal, disciplinary and civil liability), which in essence reveals the concept of "act of corruption in the form of a promise or providing an illegal benefit"; (3) unlawful benefit (cash or other property, intangible assets, benefits, privileges, tangible or intangible services that are promised, offered or granted to an official or obtained illegally).

The main shortcomings of the anti-corruption legislation of Central and Eastern Europe are as follows: the lack of a comprehensive nature of the fight against corruption, imperfection, and sometimes lack of mechanisms to reveal an act of corruption in the form of promise or providing illegal benefit, superficial investigations and relatively loyal punitive measures for committing acts of corruption.

Objectives of the research. The purpose of the research lies in analysing the current European practice of interpreting, revealing and recording acts of corruption in the form of a promise or granting an illegal benefit and identifying its impact on the value of the quality of life of the population.

3 Materials and Methods

The following methods have been applied and used in the research, namely: the method of economic analysis and synthesis in the study of theoretical and methodological fundamentals for determining the nature of corruption actions; methods of comparison and analogies in the analysis of the Corruption Perceptions Index and the Quality of Life Index; methods of systematization and generalization in the formation of conclusions and results of the research; cluster analysis by k-

means method when grouping European countries by indicators of Corruption Perceptions Index and Quality of Life Index.

The countries of Central and Eastern Europe and the countries of the European Union were selected for the research.

The information base of the research is based on the reports for 2017–2020: Corruption Perceptions Index according to the indicator of Corruption Perception Index; Quality of Life Index by Country according to the indicator of Quality of Life Index.

4 Results

1. Assessing the level of corruption in the countries of Central and Eastern Europe and the European Union.

The transnational and global nature of corruption intensifies its development and leads to its growth. According to the assessments of World Bank, the volume of corruption in the world has reached 1 trillion US dollars, which is more than 2% of world GDP (Official website of the World Bank). Taking into consideration the tendencies outlined, the necessity arises to deepen the investigation on methods of accurate measurement and reliable assessments.

The non-governmental international organization Transparency International has developed a methodology for assessing the level of corruption, which is based on its objective and subjective measurement. Objective assessments of corruption lie in taking into account the corruption actions identified and recorded in the prescribed manner, including corruption actions in the form of a promise or granting illegal benefits; subjective

assessments lie in the perception of such actions by the society as corruption. Consequently, it is reasonable to conduct empirical research on acts of corruption by analysing the level of corruption in the countries. However, due to the bias of statistical data and due to the lack of revealing and recording acts of corruption and offenses by official statistics, acts of corruption in the form of a promise or the provision of illegal benefits are difficult to measure. Many of these acts are not related to monetary rewards and tangible assets, eliminating their cost and quantitative dimensions.

The methodology for calculating the level of corruption is based on the data of opinion polls and the use of the method of experts' assessments, which is quite subjective, and the results contain a fairly high degree of error. The calculation of the level of corruption is based on measuring its perception, rather than the actual state; therefore, comparative assessments of the index of corruption perception in different countries are not entirely appropriate.

According to the annual reports of Transparency International, systematized in the Corruption Perceptions Index, the dynamics of indicators of the level of corruption does not show a steady trend. In particular, the analysis of the level of corruption in the countries of Central and Eastern Europe in 2018–2020 (Figure 1) shows an increase in its level in such countries, as: Bosnia and Herzegovina, Georgia, Macedonia and Serbia. Positive tendencies have been recorded in Belarus, Moldova and Russia. The situation in Montenegro is characterized by absolute invariability in terms of Corruption Perceptions Index.

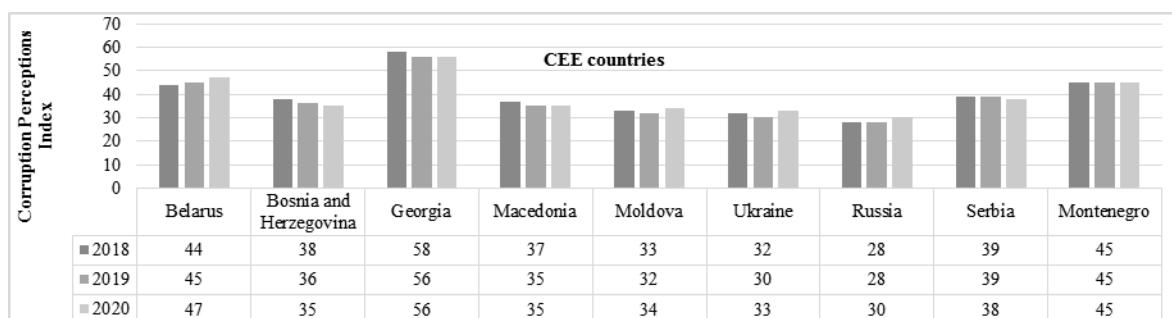


Figure 1. Dynamics of the Corruption Perceptions Index in the countries of Central and Eastern Europe in 2018–2020
Calculated based on: *The Global Corruption Perceptions Index Report, 2018–2020*

The state of corruption in the countries of the European Union (Figure 2) indicates about its perception depending on the level of social-economic development of the country. In particular, in countries that are developing steadily and show high rates of economic development, the Corruption Perceptions Index is much higher: (Denmark (87–88), Finland (85–86), Sweden (85), the Netherlands (82), Luxembourg (80–81) and Germany (80). In countries that are highly developed, but have some problems with the formation and implementation of anti-corruption

legislation, the Corruption Perceptions Index is lower: (Austria (76–77), Belgium (74–76), Estonia (73–75) and Ireland (72–74). By the way, it is worth noting the importance of the Corruption Perceptions Index in Estonia, a country that was part of the USSR and was able to intensify its efforts and move quickly through the transition economy, ensuring high development rates and effectively combating corruption. There are no special anti-corruption bodies in this country; however, there is a political will of politicians towards eradicating bribery.

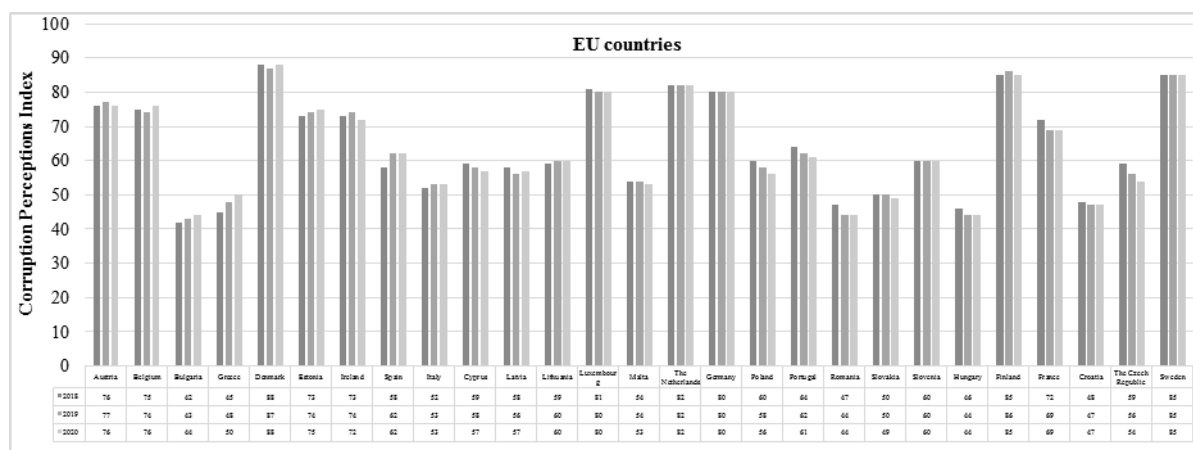


Figure 2. Dynamics of the Corruption Perceptions Index in the countries of the European Union in 2018–2020
Calculated based on: The Global Corruption Perceptions Index Report, 2018–2020.

If one traces the dynamics of corruption in such countries as Bulgaria (42–44), Romania (44–47) and Hungary (44–46), in these countries in the period under consideration, despite the positive growth trends, the lowest indicators of the Corruption Perceptions Index were recorded among the European Union countries.

It should be noted that the issues of increasing levels of corruption in such countries, as: Poland, Hungary, Romania, Slovakia, Croats, Malta and Cyprus are to a great extent associated with corruption scandals and the emergence of disputes over the rule of law, casting doubt on the state of democracy and political stability in these countries.

Thus, the assumptions made by Losien (2004) regarding the interconnection between corruption and the level of development of a country have a logical explanation and practical evidence. After all, as evidenced by the results of the analysis, countries with a higher level of social-economic development have lower indicators of the Corruption Perceptions Index, and, consequently, a lower level of committing acts of corruption in

the form of a promise or provision of illegal benefits than countries of a transitional type.

The conducted investigations should be deepened and the impact of corruption and corrupt practices in the form of a promise or provision of unlawful benefits on the indicators of the population's quality of life should be established. We propose to use the Quality of Life Index, which is based on the methodology of subjective assessment of life in countries, with an objective definition of the population's quality of life in these countries. The following factors are taken into account when determining the Quality of Life Index, namely: (1) health; (2) family life; (3) public life; (4) material well-being; (5) political stability and security; (6) climate and geography; (7) warranty of employment; (8) political freedom; (9) gender equality. It should be taken into consideration that the Quality of Life Index in 2018 was calculated for 60 countries, in 2019 – for 71 countries, and in 2020 – for 80 countries. Consequently, the results of our research (Figure 3) take into account only the data reflected in the report Quality of Life Index by Country for 2018–2020.

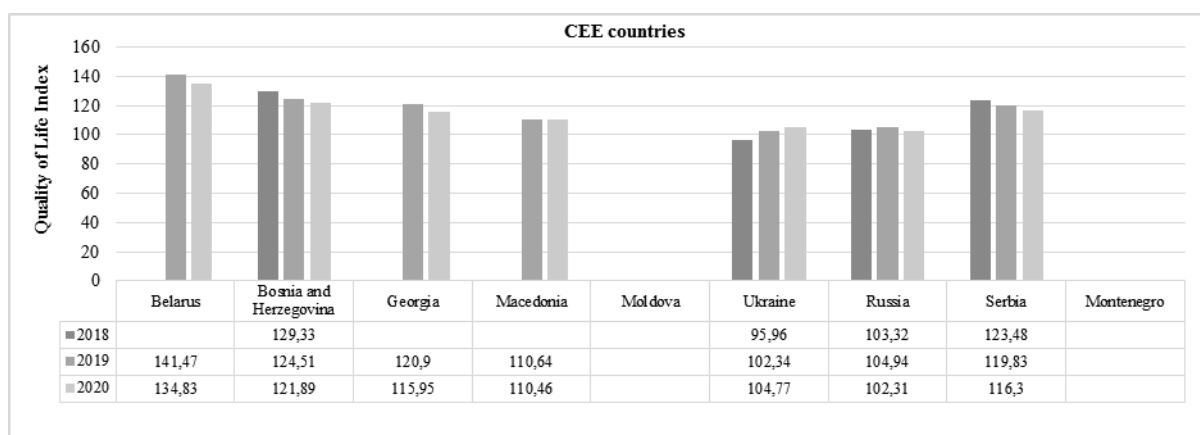


Figure 3. Dynamics of the Quality of Life Index in the countries of Central and Eastern Europe in 2018–2020
Calculated based on: Quality of Life Index by Country, 2018–2020.

Based on the calculations conducted, it can be stated that in the period under review, the declining trends were revealed in the Quality of Life Index of such countries, as: Belarus (by 4,69% in 2020 compared to 2019), Bosnia and Herzegovina (by 5,73% in 2020) compared to 2018), Georgia (by 4,09% in 2020 compared to 2019), Russia (by 0,98% in 2020 compared to 2018) and Serbia (by 5,81% in 2020 compared to 2018). At the same time, a slight improvement was observed in Ukraine (by 9,18% in 2020 compared to 2018).

In general, characterizing the situation of the countries of Central and Eastern Europe in 2018–2020 according to the Quality of Life Index, one can notice a stable decrease in the quality of life of the population in all countries, except for Ukraine, and note an inverse relationship between the analysed indicators: while the level of corruption increases, the quality of life decreases. In such countries as Belarus and Russia, the decline in the level of corruption has reduced the quality of life of the population, indicating the inactivity and ineffectiveness of anti-corruption policies in these countries.

At the same time, according to the viewpoint of Allardt (1993), the quality of life of the population is connected with the satisfaction of material and cultural needs in the society, and property ownership is an emotional state of the subjects, manifested in interpersonal relationships and self-fulfilment. It becomes obvious that providing for such needs in order to improve the quality of life is a motive for committing acts of corruption in the form of promises or illegal benefits. However, the positive effect of acts of corruption in the form of a promise or provision of unlawful benefits can be achieved only in the short term due to an increase in the level of material provision of individuals. After all, from a strategic perspective, such acts lead to destructive changes in the social-economic system of the country, to destabilizing the main processes and phenomena in it and to decrease in social-economic development.

Conducted studies of the Quality of Life Index for the same period in the countries of the European Union (Figure 4) indicate a decrease in the quality of life in 2020 in all countries, with the exception of Lithuania. Accordingly, among the countries of the European Union, a tendency towards a decrease in the quality of

life of the population is observed with increasing trends in the level of corruption. Thus, as evidenced by the results of studying the countries of Central and Eastern Europe and the countries of the European Union on the indicators of the Corruption Perceptions Index and the Quality of Life Index, the countries with a low level of corruption, have higher values of the indicators of life expectancy, material well-being, political stability and employment guarantees.

2. Clustering of European regions according to indicators of corruption level and quality of life

It becomes obvious that the indicators of the countries of the transitional type differ significantly from those of the highly developed countries. In order to detail the studies conducted, we consider it expedient to group (using multidimensional (cluster analysis based on the k-means method) countries of Central and Eastern Europe and the countries of the European Union according to the Corruption Perceptions Index (Table 1, Table 2).

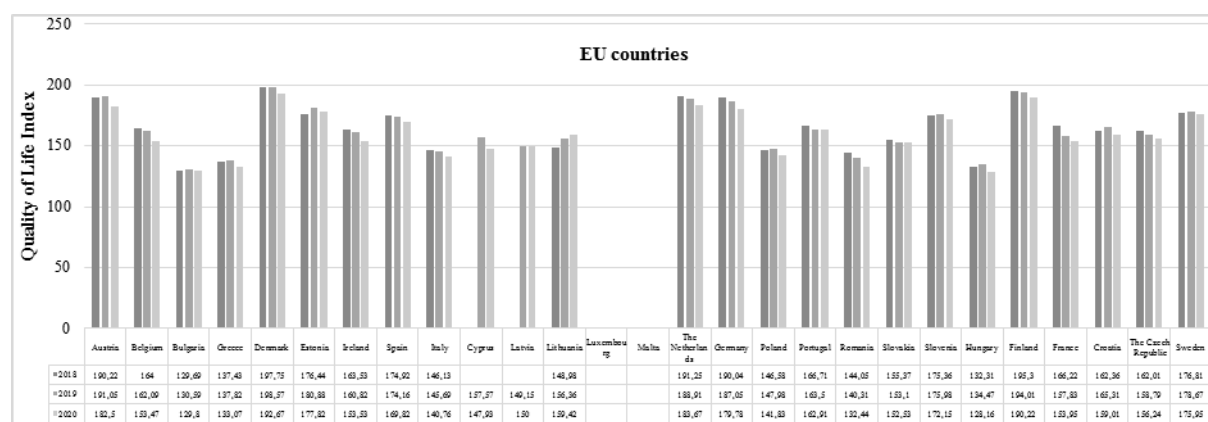


Figure 4. Dynamics of the Quality of Life Index in the countries of the European Union in 2018–2020.
Calculated based on: Quality of Life Index by Country, 2018–2020

Table 1. Grouping of the countries of Central and Eastern European according to the Corruption Perceptions Index in 2018–2020

2018			2019			2020		
Country	Cluster number	Euclidean distance	Country	Cluster number	Euclidean distance	Country	Cluster number	Euclidean distance
Belarus	1	3,40	Belarus	1	3,67	Belarus	1	1,00
Bosnia and Herzegovina		2,40	Montenegro		3,67	Montenegro		1,00
Macedonia		3,60	Georgia	2	7,33	Bosnia and Herzegovina	2	0,83
Serbia		1,60	Bosnia and Herzegovina		0,67	Macedonia		0,83
Montenegro	3	4,40	Macedonia		1,67	Moldova		0,17
Georgia		0,00	Serbia		2,33	Ukraine		1,17
Moldova		1,90	Moldova	3	2,00	Georgia		0,00
Ukraine		0,69	Ukraine		0,00	Serbia		3,83
Russia		2,48	Russia		2,00	Russia	3	4,17

Calculated based on: The Global Corruption Perceptions Index Report, 2018–2020

The results of clustering of Central and Eastern European countries suggest that out of 9 countries during 2018–2020, three clusters have been formed, each of which has its own features, similar anti-corruption policy and features of social-economic and political development.

It should be noted that in 2018, the first cluster included Belarus, Bosnia and Herzegovina, Macedonia, Serbia and Montenegro. In 2019, the Corruption Perceptions Index in such countries, as: Bosnia and Herzegovina, Macedonia and Serbia decreased, indicating an increase in the level of corruption in the state; consequently, only Belarus and Montenegro have taken stable positions in the first cluster, while other countries have moved to the second cluster. And the third cluster in 2019, as well as in 2018, included Moldova, Ukraine and Russia. In 2020, Belarus

and Montenegro consolidated their positions in the first cluster. The second cluster, in addition to those in 2019, included Moldova and Ukraine; and Russia remained in the third cluster. Regarding clustering of the countries of the European Union (Table 2), during the analyzed period, such countries, as: Denmark, Luxembourg, the Netherlands, Germany, Finland and Sweden were stably located in the first cluster, where the most advanced anti-corruption legislation, tough responsibility for committing acts of corruption and high indicators of social-economic development were observed. The lowest positions have been recorded in Bulgaria, Romania and Hungary, where the process of economic transformation, harmonization of legislation with international regulations in the field of anti-corruption policy and loyalty of national legislation to corrupt officials is incomplete.

Table 2. Grouping of the countries of the European Union according to the Corruption Perceptions Index in 2018–2020

2018			2019			2020		
Country	Cluster number	Euclidean distance	Country	Cluster number	Euclidean distance	Country	Cluster number	Euclidean distance
Denmark	1	4,50	Austria	1	2,90	Austria	1	3,90
Luxembourg		2,50	Belgium		5,90	Belgium		3,90
The Netherlands		1,50	Denmark		7,10	Denmark		8,10
Germany		3,50	Estonia		5,90	Estonia		4,90
Finland		1,50	Ireland		5,90	Ireland		7,90
Sweden	2	1,50	Luxembourg	2	0,10	Luxembourg	2	0,10
Austria		2,20	The Netherlands		2,10	The Netherlands		2,10
Belgium		1,20	Germany		0,10	Germany		0,10
Estonia		0,80	Finland		6,10	Finland		5,10
Ireland		0,80	Sweden		5,10	Sweden		5,10
France	3	1,80	Spain	2	1,89	Spain	2	0,40
Spain		0,30	Cyprus		2,11	Lithuania		2,40
Italy		6,30	Latvia		4,11	Portugal		1,40
Cyprus		0,70	Lithuania		0,11	Slovenia		2,40
Latvia		0,30	Poland		2,11	France		6,60
Lithuania	4	0,70	Portugal	3	1,89	Greece	3	3,63
Malta		4,30	Slovenia		0,11	Italy		0,63
Poland		1,70	France		8,89	Cyprus		3,38
Portugal		5,70	The Czech Republic		4,11	Latvia		3,38
Slovenia		1,70	Greece		2,40	Malta		0,63
The Czech Republic	4	0,70	Italy	4	2,60	Poland	4	2,38
Bulgaria		2,29	Malta		3,60	Slovakia		4,63
Greece		0,71	Slovakia		0,40	The Czech Republic		0,38
Romania		2,71	Croatia		3,40	Bulgaria		1,60
Slovakia		5,71	Bulgaria		2,75	Romania		1,60
Hungary	4	1,71	Romania	4	3,75	Hungary	4	1,60
Croatia		3,71	Hungary		3,75	Croatia		4,60

Calculated based on: *The Global Corruption Perceptions Index Report, 2018–2020*

In order to determine the impact of corruption on the quality of life of the population, we propose to group countries according to the Quality of Life Index (Table 3) in the countries of Central and Eastern Europe. It has been established that the most favourable situation in terms of quality of life is observed in Belarus (cluster 1), where the highest value of the quality of life indicator has been recorded – 141,47 in 2019 and 134,83 in 2020. Cluster 2 includes such countries, as: Bosnia and

Herzegovina, Georgia and Serbia, where the quality of life has been steadily declining, however, it has remained slightly higher than in other countries. Cluster 3 includes Macedonia, Ukraine and Russia. It should be noted that it is impossible to group countries by Quality of Life Index in 2018, forasmuch as in most countries, due to the lack of data for their assessment, this indicator has not been calculated.

Table 3. Grouping of the countries of Central and Eastern Europe according to the Quality of Life Index in 2018–2020

2019			2020		
Country	Cluster number	Euclidean distance	Country	Cluster number	Euclidean distance
Belarus	1	0,00	Belarus	1	0,00
Bosnia and Herzegovina	2	2,76	Bosnia and Herzegovina	2	3,84
Georgia		0,85	Georgia		2,10
Serbia		1,92	Serbia		1,75
Macedonia	3	4,67	Macedonia	3	4,61
Ukraine		3,63	Ukraine		1,08
Russia		1,03	Russia		3,54

Calculated based on: *Quality of Life Index by Country, 2018–2020*

At the same time, the grouping of European Union countries according to the Quality of Life Index (Table 4) suggests that during 2018–2019 the highest living standards were observed in Austria, Denmark, the Netherlands, Germany and Finland, which during these years took a stable position in the first

cluster. However, in the conditions of 2020, Germany has reduced its position and dropped into the second cluster, in which such countries, as: Estonia, Spain, Slovenia and Sweden are located. Accordingly, the countries of the transitive type took positions in the fourth cluster.

Table 4. Grouping of the countries of the European Union according to the Quality of Life Index in 2018–2020

2018			2019			2020		
Country	Cluster number	Euclidean distance	Country	Cluster number	Euclidean distance	Country	Cluster number	Euclidean distance
Austria	1	2,69	Austria	1	0,87	Austria	1	4,77
Denmark		4,83	Denmark		6,65	Denmark		5,41
The Netherlands		1,66	The Netherlands		3,01	The Netherlands		3,60
Germany		2,87	Germany		4,87	Finland		2,96
Finland		2,39	Finland		2,09	Estonia	2	2,72
Estonia	2	0,56	Estonia	2	3,46	Spain		5,28
Spain		0,96	Spain		3,26	Germany		4,68
Slovenia		0,52	Slovenia		1,44	Slovenia		2,95
Sweden		0,93	Sweden		1,25	Sweden		0,85

Belgium	3	1,11	Belgium	3	2,60	Belgium	3	1,43
Ireland		0,64	Ireland		1,33	Ireland		1,37
Portugal		3,82	Cyprus		1,92	Cyprus		6,97
Slovakia		7,51	Lithuania		3,13	Latvia		4,90
France		3,33	Portugal		4,01	Lithuania		4,52
Croatia		0,53	Slovakia		6,39	Portugal		8,01
The Czech Republic		0,88	France		1,66	Slovakia		2,37
Bulgaria	4	11,05	Croatia	4	5,82	France	4	0,95
Greece		3,31	The Czech Republic		0,70	Croatia		4,11
Italy		5,39	Bulgaria		10,27	The Czech Republic		1,34
Lithuania		8,24	Greece		3,04	Bulgaria		4,54
Poland		5,84	Italy		4,83	Greece		1,27
Romania		3,31	Latvia		8,29	Italy		6,42
Hungary		8,43	Poland		7,12	Poland		7,49
		Romania	0,55	Romania	1,90			
		Hungary	6,39	Hungary	6,18			

Calculated based on: *Quality of Life Index by Country, 2018–2020.*

In order to systematise and for the purpose of visualization of the generalization of the research conducted, we propose to graphically reflect the placement of the countries of Central and Eastern Europe in certain clusters according to the indicators of the Corruption Perceptions Index (Figure 5) and the Quality of Life Index (Figure 6). As evidenced by the data obtained, in fact,

all countries of Central and Eastern Europe during 2019–2020 were located in clusters of the same type. Moldova was the exception, which strengthened its position in the Corruption Perceptions Index in 2020 and moved to the second cluster.

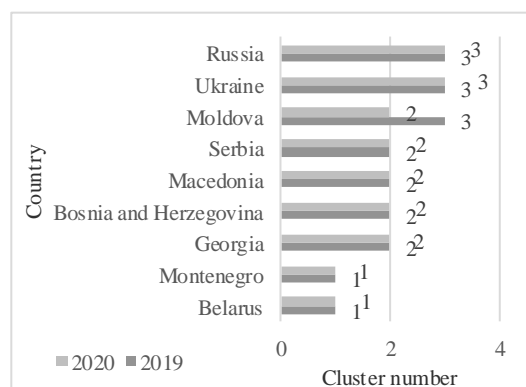
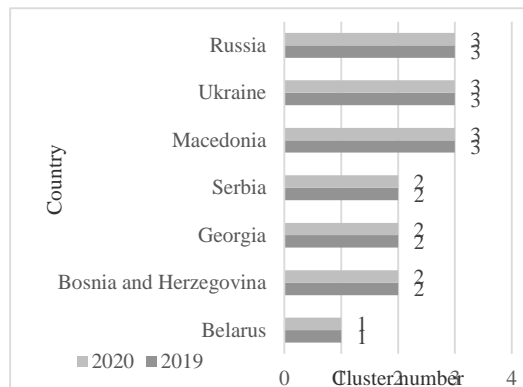


Figure 5. Placement of Central and Eastern European countries according to the Corruption Perceptions Index in 2019–2020



As for the countries of the European Union, according to the Corruption Perceptions Index in 2018–2020 (Figure 7), Denmark, Luxembourg, the Netherlands, Germany, Finland and Sweden have consistently taken positions in the first cluster, indicating their effective anti-corruption policies. The indicators of the level of corruption in Austria, Belgium, Estonia and Ireland are close to those of these countries, located in the first cluster; however, according to the results of 2018, they moved to the second cluster. They have improved their positions through sound policies and effective anti-corruption measures. It has

been established that a change in the level of corruption in one of the countries affects the state of corruption in the European Union. At the same time, the European Union is not empowered to investigate corruption in its member states, and it is not entitled to enforce anti-corruption legislation. The European Public Prosecutor's Office has the right to investigate and decide appeals only in relation to the misuse of European Union funds. It should be noted that some countries, in particular, Poland and Hungary, refused to participate in the work of the European Public Prosecutor's Office.

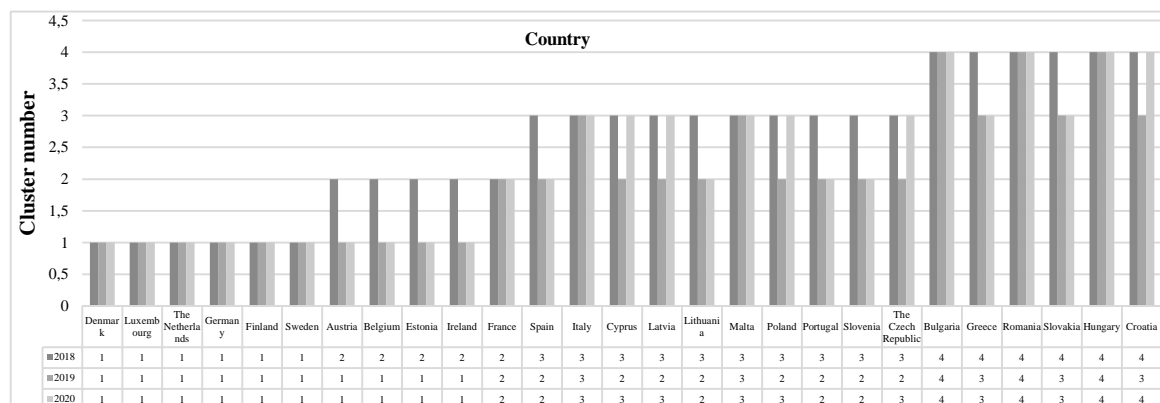


Figure 7. Placement of the European Union countries according to the Corruption Perceptions Index in 2018–2020.

Conducted studies on the placement of European Union countries in the Quality of Life Index in 2018–2020 in specific clusters (Figure 8) give grounds to conclude that in such countries, as Luxembourg and Malta, they were not performed. Concerning other countries, stable clusters have been formed. Denmark, the Netherlands, Finland and Austria are in the first

cluster, Sweden, Estonia, Spain and Slovenia are in the second cluster, Belgium, Ireland, France, Portugal, the Czech Republic, Slovakia and Croatia are in the third cluster, and, respectively, and Italy, Poland, Bulgaria, Greece, Romania and Hungary are in the fourth cluster.

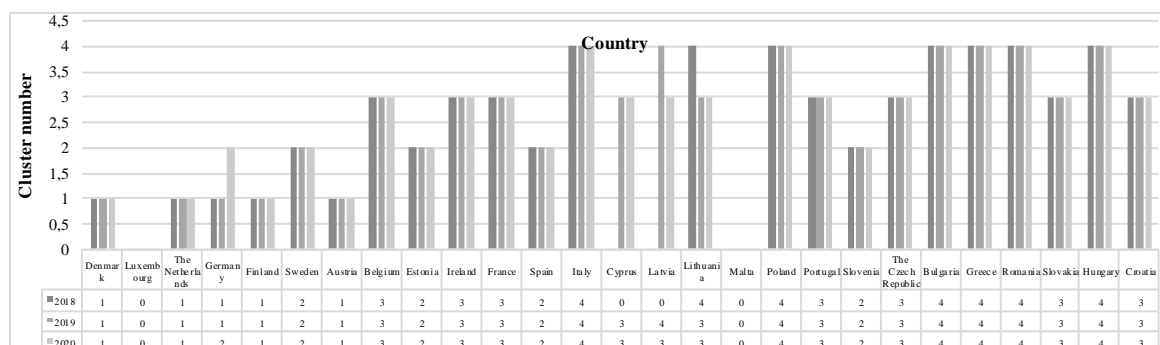


Figure 8. Placement of the European Union countries according to the Quality of Life Index in 2018–2020 ** 0 – data are not available, no calculation was performed

It should be noted that the best positions in terms of the Quality of Life Index during the analysed period are occupied by such countries, as: Denmark, the Netherlands, Finland and Austria, due to the high level of social-economic development of these countries, welfare, economic stability and balanced public policy. Achieving high indicators of the quality of life depends on high wages, a high level of social protection of the population and medical care.

In order to effectively combat acts of corruption in the form of promises or providing illegal benefits, it is necessary to intensify efforts to counter such a socially dangerous phenomenon as corruption, not only at the level of one country, but also at the international level. After all, it has been proven that corruption reduces the level of economic development, the quality of life of the population, increases income differentiation and social inequality, and also threatens democracy.

5 Discussion

The results of the studies conducted make it possible to single out groups of countries that have common approaches to the interpretation of corruption and acts of corruption in the form of a promise or provision of unlawful benefits, their revealing and recording, homogeneous signs of corruption, and features of the impact on the quality of life of the population.

Group 1. Highly developed countries with low levels of corruption and high quality of life (Denmark, the Netherlands, Finland, Sweden and Austria). In these countries, the anti-corruption system includes as follows:

- 1) a system of measures for constant monitoring of possible areas that are sensitive to corruption acts and strict control over the activities of officials and officers in these areas;
- 2) a perfect system for selecting candidates for positions, which provides testing and special inspections of such persons, the establishment of ethical anti-corruption standards and the obligation to comply with them;
- 3) the system of severe fines for committing acts of corruption, deprivation of social guarantees and prohibition of conducting activities in state and public organizations;
- 4) the formation of a mechanism of state security in the fight against corruption.

Group 2. Countries with a high level of social-economic development (Germany, Luxembourg, Estonia, Belgium, Ireland and France), which have low levels of corruption and high quality of life, however, high-profile bureaucratic corruption scandals are observed there. In these countries, anti-corruption measures lie in as follows:

- 1) establishing special bodies to investigate corruption crimes;
- 2) ensuring an effective system of preventive measures against corruption;
- 3) strengthening criminal legislation in the field of corruption.

The main problem of corruption in the European Union countries is the diversity of anti-corruption legislation, which to a great extent depends on national traditions and historical structure. In this context, Rujas & Rhodoc, (1999), Maggio (2020) divide the countries of the European Union according to the level of corruption into three groups, namely: 1 – Denmark, Sweden, the Netherlands, Finland; 2 – Italy, Spain, Greece, Belgium, Portugal, France; 3 – Germany, Austria, Luxembourg and Ireland. As one can see, our research is confirmed by scientists' studies, indicating its validity and feasibility.

Group 3. Countries with average social-economic development (Italy, Cyprus, Latvia, Malta, Poland, the Czech Republic, Greece and Slovakia), where an increase in corruption and a decline in the quality of life is observed; however, measures to combat corruption do not give the expected result. It should be noted that anti-corruption measures in the countries, included in this group, are as follows:

- 1) constant and systematic provision of information on the property of high-ranking officials and employees;
- 2) severe sanctions for violations of financial legislation;
- 3) ensuring conditions for transparency in the financing of political parties from the state budget and constant supervision of the funding process;
- 4) informing about the reasons for the abuse of power by high-ranking officials and employees.

Group 4. Countries – new members of the EU from Eastern Europe (Bulgaria, Romania, Hungary, Croatia) and other countries of Central and Eastern Europe (Belarus, Montenegro, Georgia, Bosnia and Herzegovina, Macedonia, Serbia, Moldova, Ukraine and Russia), where corruption is a threat to democratic development. Anti-corruption reform in such countries began to be carried out mainly under pressure on the part of the European Union, in particular, in Bulgaria and Ukraine, at a time when the EU refused to provide funding. At the same time, a specialized anti-corruption body – the Office for Combating Corruption and Organized Crime functions in Croatia. The legislation provides for equating corruption with especially grave crimes, however, it has not been possible yet to overcome or at least reduce the volume and scale of corruption.

Taking into consideration the fact that the European Union considers the possibilities of further enlargement, and Ukraine, Moldova and Georgia are considered potential members (Sidenko, 2018), new perspectives and opportunities open up for these countries. Therefore, it is important to intensify efforts towards strengthening the fight against corruption.

6 Conclusion

Thus, summarizing the modern practice of interpreting, revealing and recording an act of corruption in the form of a promise or granting an unlawful benefit in European countries, it can be argued that acts related to obtaining illegal benefits and committed through the use of power, official position and powers for illegal purposes, as well as influencing the decision-making of an official or an officer in their own interests or the interests of interested parties are considered as acts of corruption. It has been determined that the promise or provision of an unlawful benefit is the purpose of an act of corruption, and its revealing and recording occurs at the moment of establishing the fact of the unlawful use of power, official position or granted powers in one's own interests or the interests of others in order to obtain unlawful benefits. In this context, ensuring an effective fight against corruption and improving the quality of life to a great extent depends on the effective mechanism of the national anti-corruption policy, the political will of high-ranking employees and officials, as well as the consciousness and social responsibility of the country's citizens.

Literature:

- Allardt, E. (1993). Having, Loving, Being: An Alternative to the Swedish Model of Welfare Research. *The Quality of Life*. Oxford, Clarendon Press.
- Buryak, K. (2020). Features of anti-corruption legislation in the European Union. *International law*, 2, 356–360. Available at: DOI <https://doi.org/10.32849/2663-5313/2020.2.60>.
- Christiaan van der Meer (2021). Anti-Corruption in the Netherlands. Available at: <https://www.globalcompliance.news.com/anti-corruption/anti-corruption-in-the-netherlands/>.
- Feichtinger, G. & Wirl, F. (1994). On the Stability and Potential Cyclicity of Corruption in Governments. *Mathematical Social Sciences*, 28, 2, 113–132. DOI: [https://doi.org/10.1016/0165-4896\(94\)00750-0](https://doi.org/10.1016/0165-4896(94)00750-0).
- Hillman, L. & Katz, E. (1987). Hierarchical Structure and The Social Costs of Bribes and Transfers. *Journal of Political Economy: theoretical economics and empirical economics*. Chicago, 3, 125–142.
- Joisten, K. (2003). Vom Zereißten und Stürzen. Ein Versuch zur corruption humana. *Korruption*. 19–30. DOI:10.1007/978-3-322-81310-72.
- Lasry, E., Koski, S. & Guyot-Rechard, C. (Baker McKenzie France). (2021). Anti-Corruption in France. Available at: <https://www.globalcompliancenews.com/anti-corruption/handbook/anti-corruption-in-france/>.
- Lohner, A. & Behr, N. (2021). Anti-Corruption in Germany. Available at: <https://www.globalcompliancenews.com/anti-corruption/handbook/anti-corruption-in-germany/>.
- Losien, M. (2004). Effective Prosecution of Corruption. *Asian Development Bank Series on Corruption in Asia*. Pekin, 218.
- Lui, F.T. (1996). Dynamic Model of Corruption Deterrence. *Journal of Political Economy: theoretical economics and empirical economics*. Chicago, 31, 65–73.
- Maggio, P. (2020). A critical analysis of Corruption and anti-corruption policies in Italy. *Journal on Financial Crime*. DOI: <https://dx.doi.org/10.1108/JFC-12-2019-0168>.
- Migala-Warchol, A. & Pasternak-Malicka, M. (2018). Living Standards of EU Countries' Residents: Impact of Education and Innovation. *Marketing and Management of Innovations*, 4, 307–315. DOI: <http://doi.org/10.21272/mmi.2018.4-26>.
- Mikhailov, A.P. (1997). Efficient Strategies of Corruption in Slate Power: hierarchies. *IMACS World Congress on Scientific Computation, Modelling and Applied Mathematics*. Berlin, 39–48.
- Official website of the World Bank. Available at: <https://www.worldbank.org/en/home>.
- Official website of Transparency International. Available at: <https://www.transparency.org/en/cpi/2020/index/nzl>.
- On the fight against corruption: Law of Ukraine of 5 October 1995. № 356/95-VR. Available at: <https://zakon.rada.gov.ua/laws/show/356/95-%D0%B2%D1%80#Text>.
- On the prevention of Corruption: Law of Ukraine of 14 October 2014. № 1700–VII. Available at: <https://zakon.rada.gov.ua/laws/show/1700-18#Text>.
- Predborsky, V.A. (2005). De-shadowing of the economy in the context of transformation processes. Questions of theory and methodology: monograph. K.: Condor, 614.
- Quality of Life Index by Country 2018. Available at: https://www.numbeo.com/quality-of-life/rankings_by_country.jsp?title=2018.
- Quality of Life Index by Country 2019. Available at: <https://www.numbeo.com/quality-of-life/rankingsbycountry.jsp?title=2019>.
- Quality of Life Index by Country 2020. Available at: https://www.numbeo.com/quality-of-life/rankings_bycountry.jsp?title=2020.
- Rujas, V. & Rhodex, M. (1999). Corruption and the ethics of administration in Western Europe. *Parliamentary affairs*, 52(4), 688–702.
- Sidenko, V. (2018). Reformatting European Integration: Opportunities and Risks for the EU-Ukraine Association. K.: Testament, 214.
- The Global Corruption Perceptions Index Report 2018. Available at: <https://www.transparency.org/en/cpi/2018/index/dnk>.
- The Global Corruption Perceptions Index Report 2019. Available at: <https://www.transparency.org/en/cpi/2019>.
- The Global Corruption Perceptions Index Report 2020. Available at: <https://www.transparency.org/en/cpi/2020>.
- The powers of the European Union to investigate corruption and enforce relevant laws in the country are limited. (2020). Available at: <https://zn.ua/ukr/WORLD/chomu-dejaki-jevropejski-krajini-strazhdajut-vid-koruptsiji-ft.html>.
- Tirole, J.A. (1996). Theory of collective reputation. *Review of Economic Studies*, 1(63), 1–22.
- United Nations Convention against Corruption of 18 October 2006. № 996_c16. Available at: https://zakon.rada.gov.ua/laws/show/995_c16#Text.
- Varnaliy, Z.S. (2006). Shadow economy: essence, features and ways of realization: monograph. K.: NISS, 576.
- Voznyuk, V.V. (2020). Corruption criminal offenses: conceptual problems in the context of reforming the criminal legislation of Ukraine. *Legal Journal of the National Academy of Internal Affairs*, 2(20), 21–32. DOI: <https://doi.org/10.33270/04202002.21>.

Primary Paper Section: A

Secondary Paper Section: AG