

The Role Of Internal Corporate Governance Mechanisms In Reducing Financial And Administrative Corruption - Case Study Of Alliance Insurance Company Algeria –

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Received: 27/12/2024 Accepted: 10/06/2023 published 14/01/2024

Abstract:

The purpose of this study was to highlight the role of internal corporate governance mechanisms in reducing financial and administrative corruption. The descriptive analytical approach was used to accomplish this, and a questionnaire was designed and distributed to a sample of 33 executives at the Alliance Insurance Company Algeria, and then analyzed using the (SPSS 24) program.

The study produced a number of findings, the most important of which are: the use of internal corporate governance mechanisms helps to reduce financial and administrative corruption at the Alliance Insurance Company.

Keywords: Internal Mechanisms of Corporate Governance; Financial And Administrative Corruption.

Jel Classification Codes: G34;D73.

الملخص:

هدفت هذه الدراسة إلى إبراز دور الآليات الداخلية لحوكمة الشركات في الحد من الفساد المالي والإداري ولتحقيق ذلك تم الاعتماد على المنهج الوصفي التحليلي، وتصميم استبانة وزعت على عينة شملت 33 اطارا في شركة أليانس للتأمينات الجزائر، ثم تحليلها باستخدام برنامج (SPSS 24).

خلصت الدراسة إلى مجموعة من النتائج أهمها: ان تطبيق الآليات الداخلية لحوكمة الشركات يساهم في الحد من الفساد المالي والإداري في شركة أليانس للتأمينات.

الكلمات المفتاحية: الآليات الداخلية لحوكمة الشركات؛ الفساد المالي والإداري.

تصنيف JEL: G34; D73.

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I. INTRODUCTION

corporate governance has become one of the important and widely discussed topics by most global organizations, thinkers, and economic researchers, following the failure of many giant companies that coincided with financial crises and economic collapses in many countries. The main reason for these crises and collapses is attributed to the extent of financial, accounting, and administrative corruption within those companies.

The internal mechanisms of corporate governance can be considered as significant contributors to detecting and reducing financial and administrative corruption. Their effective implementation means more intervention and supervision by shareholders on the board of directors and its executive bodies.

Study problem

The problem of this study can be formulated in the following main question:

What is the role of internal mechanisms of corporate governance in reducing financial and administrative corruption in Alliance Insurance Company?

The following sub-questions fall under this problem:

- Does the audit committee mechanism contribute to reducing financial and administrative corruption in Alliance Insurance Company?
- Does the internal audit mechanism contribute to reducing financial and administrative corruption in Alliance Insurance Company?
- Does the disclosure and transparency mechanism contribute to reducing financial and administrative corruption in Alliance Insurance Company?

Study Hypothesis

This study proceeds from the following hypotheses:

- The audit committee mechanism contributes to reducing financial and administrative corruption in Alliance Insurance Company;
- The internal audit mechanism contributes to reducing financial and administrative corruption in Alliance Insurance Company;
- The disclosure and transparency mechanism contributes to reducing financial and administrative corruption in Alliance Insurance Company.

Study objectives

- Reviewing the theoretical framework of corporate governance and financial and administrative corruption;
- Highlighting the role of internal mechanisms of governance in reducing financial and administrative corruption.
-

Study Approach

The descriptive analytical approach was used in this study to collect data related to the subject, while in the applied aspect; statistical tools were used to test the hypotheses of study.

Literary review

- The study by Leila Bouhddid and Ilham Yahiaoui(2016), a scientific article entitled” **The Role of Corporate Governance Mechanisms in Curbing Financial and Administrative Corruption in Algerian Public Institutions,**” aimed to highlight the contribution of corporate governance mechanisms in curbing financial and administrative corruption in Algerian public institutions.
- The study by Dalia Bouras(2022), a doctoral thesis entitled” **Corporate Governance Mechanisms and Their Role in Curbing Financial and Administrative Corruption,**” aimed to demonstrate the effectiveness of internal and external governance mechanisms in curbing administrative and financial corruption.

This current study distinguishes itself from previous studies by addressing the role of disclosure and transparency in curbing financial and administrative corruption, in addition to studying a different research environment.

1. The Theoretical Framework Of Corporate Governance

In this section, we will define corporate governance and discuss its internal mechanisms.

1.1 Definition of corporate governance

Corporate governance is defined in many different ways, and each definition shows the point of view of the person giving the definition.

Cadbury (1992) said that "corporate governance is the whole system of financial and other controls that a company uses to be led and controlled" (Zerrouki & Fellag, 2017, p. 20).

According to the International Finance Corporation (IFC) in 2007 Governance is "the system by which companies are run and their business is controlled" (Ali Abdessamed, 2013, p. 17).

1.2 Internal corporate governance mechanisms

The internal mechanisms of corporate governance can be identified through the following:

Audit Committees: A committee of non-executive board members that selects external auditors and discusses their work and relationship with management in

order to examine financial statements and internal control systems (Ali Abdessamed, 2013, p. 136).

Internal audit: as for the modern concept of internal audit ,the (IIL) defined it in 1999 as follows: Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organizations operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes (Kidaoune & Gourine, 2016, p. 425).

Disclosure and transparency: All issues and matters concerning the company should be disclosed accurately and in a timely manner. The degree of scrutiny of these companies' activity and performance is increasing as corporate economies and competition between the interests of various parties grow. The issue of transparency achieved through disclosure remains one that requires a balance between what companies consider acceptable and what other parties consider desirable (Jamil Al-Razi , 2011, p. 398).

2. The Theoretical framework of administrative and financial corruption

In this section, we will define financial and administrative corruption as well as the most common manifestations of it.

2.1 Definition of financial and administrative corruption

The idea of financial and administrative corruption is very broad, so it can't be explained in a single sentence. Here are the separate definitions for each of them.

2.1.1 Definition of financial corruption

It is defined as "a violation of the financial rules and laws that govern how the state and its institutions run financially and administratively, as well as a violation of the instructions of the financial control agencies, which can be seen in bribery and theft" (Eati, 2018, p. 03).

"It is fraud in the accounting and auditing fields. Its definitions include manipulation and embezzlement, and there is intent and intention to hide some facts in order to get personal benefits or mislead" (Bouras, 2022, p. 101).

2.1.2 Definition of administrative corruption

According to Transparency International, "it is the abuse of public power for private gain" (Litim & Misikin, 2018, p. 338).

It has also been defined "as abnormal behavior in which a person takes advantage of his position and authority in violation of laws, regulations, and instructions in order to benefit himself or his relatives and acquaintances at the expense of the public interest" (Abdel-Hamid, 2018).

2.2 Financial and administrative corruption forms

Corruption in the financial and administrative sectors can take many forms, the most prominent of which are:

Bribery: bribery is the practice of offering or soliciting something "of value" in order to influence another person to do something (Khaythari & Lazraq , 2021, p. 313).

Preference: it is defined as any act performed for the benefit of an individual or entity to which the person belongs without being entitled to it, and it is common in Arab countries in general (Kunduz & Murad, 2018, p. 33).

Favoritism: unjustly favoring one party over another, as in contract awarding or lease and investment contracts (Abdel Lawy & Muhamad Alhadi, 2019, p. 1171).

Mediation: refers to the intervention of a person in a functional position or a political organization in favor of someone who is not qualified to be appointed or awarded the contract (Darawsi & Muhamad Alhadi, 2012, p. 19).

Fraud and swindle: This is an economic crime that includes a type of fraud that works to falsify facts and information in order to gain personal gain (Hamouda, 2020, p. 1160).

Money laundering: These are operations in which funds obtained illegally are converted into legitimate funds, or their ownership, possession, and secrecy are added to the status of legitimacy, making it appear to the state and society that they were obtained legitimately (Ben Saida , 2009, p. 34).

Administrative neglect: the employee's failure to perform the duties entrusted to him and stipulated in the laws, regulations, and decisions that govern the public sector, resulting in a negative impact on productivity and workflow (Bark & Wahayba, 2012, p. 04).

3 Financial and administrative corruption in light of corporate governance

Internal governance mechanisms play an important role in addressing the problems that companies face, the most prominent of which is financial and administrative corruption.

3.1 Audit committees' role in reducing financial and administrative corruption

Through its role in supervising the preparation of financial statements and its supervision of the company's internal audit function, it contributes to increasing confidence and transparency in the financial information disclosed by the company. In addition to its role in supporting external auditing and increasing its independence, it also plays an important role in emphasizing adherence to corporate governance principles (Bouhdid & Yihyawi , 2016, p. 37).

3.2 The role of internal audit in reducing financial and administrative corruption

The internal audit function is crucial to good corporate governance because it improves citizens' ability to hold management to account; this is because internal auditors boost credibility and justice, encourage better conduct among state-owned company staff, and lessen the likelihood of financial and administrative corruption through their work. In this context, Archambault considers each internal and external audit to be a crucial mechanism of control within the framework of the governance structure, especially with respect to ensuring the accuracy and integrity of the financial statements and detecting and preventing instances of fraud and forgery (Dahimi & Brooch, 2012, p. 16).

3.3 Transparency and disclosure's role in reducing financial and administrative corruption

The most important governance mechanism is the requirement that all companies apply the standard of disclosure and transparency, as disclosure of governance practices increases transparency and reduces the incidence of corruption in all its forms.

4 Case study of Alliance Insurance Company Algeria

In this section, the results obtained in the company under study were analyzed and compared with the validity of the hypotheses proposed as follows:

II. Methods and Materials

1. Questionnaire presentation

During this section, the method and methodology for preparing a questionnaire, as well as its structure consisting of a group of fields, were clarified. The study community, as well as the target sample from this community, were then presented, followed by the limits of the study and the problems encountered during the distribution of this questionnaire. The following considerations have been made:

- Simple language and a straightforward style ensure that the respondent understands the question.
- The procedure for preparing questionnaire questions.
- Question length reduced so that the respondent does not become bored and wastes time.

1.1 Questionnaire structure

The questionnaire was divided into three axes:

- The first axis: contains five phrases related to the study sample's demographic information, which are gender, specialty, academic qualification, job description, and experience.
- The second axis: includes 11 phrases related to measuring the extent to which internal governance mechanisms are used in the economic corporation, as well as a set of data on the extent to which audit committees and internal audits are used in the Alliance Insurance Company with disclosure and transparency.
- The third axis: contains 08 phrases relating to methods of reducing financial and administrative corruption in the business. Where the mechanisms for reducing financial and administrative corruption were addressed, such as the internal auditor's independence and commitment to the ethics of the profession. On the one hand, there is the need to notify the Board of Directors of any problem that this company may be exposed to, and on the other hand, there is the need for audit committees with qualified and impartial members.

A five-point Likert scale (strongly agree, agree, neutral, disagree, strongly disagree) was used, and each of the five answers was assigned a point, as shown in the table below:

Table (1): Shows the used Likert scale and the weighted average

Range of agreement / Likert scales categories number: $(5 - 1) / 5 = 0.8$

Number	Category range (range of agreement = 0.8)	Degree of approval
1	Less than 1.8	Strongly disagree
2	1.81-2.60	Disagree
3	2.61-3.40	Neutral
4	3.41-4.20	Agree
5	4.21-5	Strongly agree

The Source: prepared by the researchers based on five-pointed Likert scales.

1.2 The study community and sample

This section was devoted to discussing the study population, as well as the targeted sample to represent this community, as well as the number of questionnaires distributed and how they were distributed. The study's subject clearly indicates that the study population is a group of Alliance Insurance Company executives, with the goal of determining the role of internal corporate governance mechanisms in reducing financial and administrative corruption at the Alliance Insurance Company. The study sample can also be defined as follows:

Table (2): Sample distribution based on the company under study

Alliance Insurance Company	
Sample	33
Retrieved	30
Ratio	90,90 %
Respondents (sample size)	30

The Source: prepared by the researchers

Despite the significant challenges encountered during the distribution and collection of the questionnaire addressed to the study sample in the Alliance Insurance Company, after distributing 33 questionnaire, 30 questionnaire were retrieved with a total response rate of 90.90%, which is considered an acceptable percentage indicating the sample members' interest in the subject of the research. Following an examination of the content of the retrieved questionnaires, all of them were set for analysis and study.

1.3 Study tools and statistical methods used

The process of gathering data and information is done with the help of a set of tools that make the process easier and help test the study's hypotheses, which are:

- Questionnaire

To achieve the study's objectives, the statistical program for social sciences (SPSS.24) was used to analyze the study data, which included:

- The Alpha Cronbach test to determine the validity of the study tool and the reliability of the sample's opinions.
- Percentages and materiality.
- Arithmetic means and standard deviations to find out the average of the opinions of the sample participating in the study and the extent of the deviation of the answers from the hypotheses.
- T-test.
- Variance and deviation test.

1.4 Questionnaire analysis

In this section, we'll talk about how the SPSS program was used to analyze the results of the questionnaires that were sent out, using tables and some other indicators. After collecting the data, it was processed with the SPSS program. Before doing the necessary tests to reach the research goals, we calculated the Alpha Cronbach coefficient to check the stability of the measurement tool and make sure it measures what it was meant to measure as a second step before distributing it. Here, it's important to note that the Alpha Cronbach scale is an indicator used to measure how stable the tool is, or how much the questionnaire

questions depend on each other. If the questionnaire is used again in the same way, the same results or conclusions will be found (we do not mean that they are completely identical).

The following were the results of the Alpha Cronbach questionnaire:

Table (3): Stability coefficient

	Measuring the extent to which internal governance mechanisms are applied	Methods of reducing financial and administrative corruption
paragraphs	11	8
Alpha Cronbach	0.87	0.81

The Source: SPSS outputs depending on the answers of the study sample

The results in the table above show that Cronbach's alpha coefficient was greater than 0.8 for all axes. This shows that the scale and the statements in each axes are stable.

III. Results and discussion

1. Studying and Analyzing Alliance Insurance Company field study results

To study and analyze the role of internal corporate governance mechanisms in reducing financial and administrative corruption, the findings of the field study were studied and analyzed separately at the level of the company under study. This is accomplished by presenting the questionnaire responses in the five degrees of agreement shown in Table (1), as well as utilizing the outputs of (24SPSS and Excel 2013 programs) and various statistical methods. Each axis was analyzed and studied separately in order to achieve as detailed and accurate results as possible that demonstrate mechanisms for reducing financial and administrative corruption.

1.1 Analyzing and comparing the results of the second axis of the questionnaire, "measuring the extent to which internal governance mechanisms are applied in the economic company"

The second axis of the study questionnaire was devoted to determining the extent to which internal governance mechanisms are used in the Alliance Insurance Company, with each paragraph aiming to analyze a specific aspect of the axis's subject, as follows:

The arithmetic mean and standard deviation were used in one table to show the differences in order to identify the most important effective mechanisms in reducing financial and administrative corruption in the company under study:

Table (4): The results of the second axis analysis: Measuring the extent to which internal governance mechanisms are implemented in the economic company

Paragraphs	Alliance Insurance Company					
	SMA	SD	axis title	SMA	SD	
1	Non-executive board members serve on audit committees	3,07 (neutral)	0,72	Audit committee mechanism	4,15 (agree)	1,03
2	The audit committee must have at least three members, one of whom must be a financial and accounting expert.	1,77 (strongly disagree)	0,40			
3	Audit committees meet on a regular basis throughout the year.	4,11 (agree)	1,06			
4	Audit committees serve as liaisons between the Board of Directors and internal and external audits.	4,34 (strongly agree)	0,43			
5	The internal auditor works independently and objectively.	4,79 (strongly agree)	0,78	Internal audit mechanism	3,99 (agree)	0,97
6	Internal auditors are sufficient in number to conduct audits in all divisions and departments.	3,94 (agree)	0,96			
7	Internal auditors are guided by professional conduct rules in order to follow professional ethics rules.	1,45 (strongly disagree)	0,53			
8	The internal auditor studies and evaluates the internal control system on a regular basis.	3,94 (agree)	1,02			
9	The institution's financial results are made public.	1,74 (strongly disagree)	0,68	Disclosure and transparency mechanism	4,62 (strongly agree)	0,86
10	All interested parties are given equal access to information.	4,13 (agree)	0,89			
11	The selection criteria for the board of directors and executive managers, as well as the methods for determining their remuneration, are disclosed.	4,57 (strongly agree)	0,97			

The total arithmetic mean for all paragraphs and axes

3,55 (agree)

SMA = Arithmetic mean, SD = standard deviation

The Source: Prepared by the researchers based on the outputs of the SPSS.24v program.

Table (4), which shows the respondents' responses to the question "measuring the extent to which internal governance mechanisms are applied in the economic company," shows that: the total arithmetic mean for the sub-axis of the audit committee mechanism is equal to 4.15, indicating that the majority of the respondents' answers belong to the degree of agreement, while the standard deviation is equal to 1.03, indicating that the study sample's points of view are identical. This means that the audit committee mechanism is well used in the company under consideration because of its effective role in controlling and monitoring management's actions through various controls and oversight procedures that ensure that decisions are rational and do not result in a conflict of interest.

The total arithmetic mean for the internal audit mechanism sub-axis is equal to 3.99, indicating that the majority of the respondents' answers are in agreement, while the standard deviation is equal to 0.97, indicating that the study sample's points of view are identical. This indicates that the internal audit mechanism is well implemented in the company under consideration because it assists management in effectively and efficiently implementing its policies and procedures and achieving its objectives.

The total arithmetic mean for the sub-axis of the mechanism of disclosure and transparency is 4.62 , indicating that most of the respondents' answers are in strong agreement, while the standard deviation is 0.86, indicating that the study sample's points of view are identical. This means that the mechanism of disclosure and transparency is well applied in the company under study due to its role in strengthening the accounting accountability process by facilitating control and giving more credibility to the financial statements.

According to the preceding, the total arithmetic mean of the sample was (3.55), with an agreement degree, indicating that the company under study employs internal corporate governance mechanisms.

Table (5): The results of the third axis analysis, methods of reducing financial and administrative corruption in the economic company

Paragraphs	Alliance insurance company	
	SMA	SD
1 The presence of audit committee members among the non-executive members of the board of directors allows for the reduction of financial and administrative corruption.	4,65 (strongly agree)	0,49
2 The audit committee members' diverse financial and accounting expertise increases their effectiveness in reducing financial and administrative corruption.	3,92 (agree)	0,97
3 Meetings of audit committees on a regular basis throughout the year help to reduce financial and administrative corruption.	4,09 (agree)	0,78
4 Internal audit's independence and advancement in the organizational structure lead to a reduction in financial and administrative corruption.	4,77 (strongly agree)	1,03
5 Because of the internal auditor's commitment to professional ethics, financial and administrative corruption can be reduced.	4,11 (agree)	1,13
6 The internal auditor's notification of weaknesses in the internal control system to the board of directors helps to reduce financial and administrative corruption.	4,33 (strongly agree)	0,79
7 Fair disclosure among all parties involved helps to reduce financial and administrative corruption.	4,71 (strongly agree)	0,61
8 Disclosure of the criteria used to select members of the board of directors and executive managers, as well as the methods used to determine their compensation, helps to reduce financial and administrative corruption.	2,43 (disagree)	0,79
The company's overall arithmetic mean	3,60 (agree)	

SMA = Arithmetic mean, SD = standard deviation

The Source: Prepared by the researchers based on the outputs of the SPSS.24v program.

Table (5), which displays the responses of respondents to the methods of reducing financial and administrative corruption in the economic company under study, reveals that:

The arithmetic averages of the paragraphs (1-3-2), are 4.65, 4.09, and 3.92, respectively, which indicates that the mechanism of audit committees is one of the methods used to reduce financial and administrative corruption through the following:

Effective monitoring of the financial statement preparation process and of questionable management practices relies heavily on the independence of audit committee members.

The regularity with which audit committees meet throughout the year is indicative of the diligence with which their members carry out the duties assigned to them, providing ample opportunity to review progress, analyze findings, and make recommendations to management.

Audit committees benefit from having members with a variety of backgrounds and perspectives in finance and accounting because it makes them better equipped to handle the complexities of the financial statements.

The arithmetic averages for paragraphs (4-6-5) were relatively close (4.77-4.33-4.11), indicating that the internal audit mechanism is one of the methods used to reduce financial and administrative corruption, through the following:

The ability of internal auditing to detect fraudulent practices of management is enhanced by factors including the auditor's scientific and practical competence in the course of his duties, as well as the independence and elevated status of internal auditing within the organization.

A primary line of defense against fraud is for the internal auditor to alert the Board of Directors to any weaknesses in the company's internal control system.

The greatest deterrent to the various abuses that may occur when practicing auditing is the internal auditor's dedication to the ethics of the profession, as expressed through the professional conscience.

The arithmetic average value in paragraph No. (7) was (4.71), indicating that the disclosure and transparency mechanism is one of the methods used to reduce financial and administrative corruption, through the following:

Fair and timely disclosure of all important company issues, including financial position and performance, among all interested parties, leads to increased trust between management and shareholders.

For Paragraph No. 8, the arithmetic mean was (2.43), indicating a level of disagreement; respondents generally agreed that disclosing the selection criteria for the Board of Directors and executive managers as well as the methods used to determine their compensation does not effectively combat financial and administrative corruption.

Based on what has been presented, it can be concluded that the sample members' overall arithmetic mean is 3.60, indicating a high degree of agreement and suggesting that the company under study uses these techniques to reduce financial and administrative corruption.

2. Testing the study hypotheses

After studying and analyzing the paragraphs of the questionnaire and measuring the extent to which internal governance mechanisms are used in the economic company, as well as mechanisms for reducing administrative and financial corruption, then working on a statistical analysis and giving an economic interpretation for each paragraph separately, the hypotheses of this study are tested in this part, according to the following steps:

- Developing the null hypothesis and alternative hypothesis for the study's hypotheses;
- The One Sample T-Test was used to investigate the existence of differences between the sample's arithmetic mean and the population's arithmetic mean (the hypothetical mean equals 3)*. Then calculate the level of significance (T) and compare it to the statistical significance used in this study (0.05) or to the tabular (T) value, whichever is greater. The hypothesis is accepted if the calculated (T) value is the greatest, and vice versa.
- If the arithmetic mean of the responses in the company under study is greater than or equal to the hypothetical mean (measurement tool), which is equal to 3, then the null hypothesis is rejected and the alternative hypothesis is accepted.
- If the sample's arithmetic mean is less than the hypothetical arithmetic mean (measurement tool), which is equal to 3, then the null hypothesis is accepted and the alternative hypothesis is rejected.

2.1 Testing the first hypothesis:

- Hypothesis: The audit committee mechanism contributes to reducing financial and administrative corruption in the Alliance Insurance Company.
- Null hypothesis: The mechanism of audit committees has no statistically significant relationship with the reduction of financial and administrative corruption in the Alliance Insurance Company $H_0: X > 3$.
- Alternative hypothesis: The mechanism of audit committees has a statistically significant relationship with the reduction of financial and administrative corruption in the Alliance Insurance Company $3 \leq H_1: X$.

The table below shows the statistical data used in this study to determine whether the first hypothesis was valid or not:

$$* \frac{1+2+3+4+5}{5} = 3$$

Table (6): The results of the (T) test, the arithmetic mean, and the standard deviation of the first hypothesis

First Hypothesis	SMA	SD	Calculated (T) value	Tabular (T) value	DF	Sig
The audit committee mechanism contributes to reducing financial and administrative corruption in the Alliance Insurance Company	3.8982	0.65	4.569	1.984	29	0.001

SMA = Arithmetic mean, SD = standard deviation, DF= degrees of freedom

The Source: Prepared by the researchers based on the outputs of the SPSS.24v program.

The previous table shows that the calculated value of T, which was (4.569), is higher than the tabular value of T, which is (1.984). The standard level of significance (sig = 0.05) was higher than the statistical level of significance (sig = 0.001). As a result, the null hypothesis is rejected (there is no statistically significant relationship between the audit committees mechanism and the reduction of financial and administrative corruption in the Alliance Insurance Company), and the alternative hypothesis is accepted (there is a statistically significant relationship between the mechanism of the audit committees and the reduction of financial and administrative corruption in the Alliance Insurance Company). The arithmetic average of the responses of the respondents in the company under study, which was calculated, confirms this (3.8982). When this value is compared to the measurement tool of 3, it is clear that the arithmetic mean is greater than the measurement tool value, indicating the consistency of the respondents' answers about the paragraphs on the second axis of this hypothesis.

The first hypothesis, which states: The mechanism of audit committees contributes to reducing financial and administrative corruption in the company under study, was verified. Because the audit committees are independent, benefit from the experience and expertise of their members, and hold regular meetings throughout the year, they are better able to carry out the duties assigned to them, which in turn aids in the achievement of their objectives, the most important of which is the quality of the financial statements.

2.2 Testing the Second Hypothesis:

- Hypothesis: The internal audit mechanism contributes to reducing financial and administrative corruption in the Alliance Insurance Company.
- Null hypothesis: There is no statistically significant relationship between the internal audit mechanism and the reduction of financial and administrative corruption in the Alliance Insurance Company H0: $X > 3$.

- Alternative hypothesis: There is a statistically significant relationship between the internal audit mechanism and the reduction of financial and administrative corruption in the Alliance Insurance Company $3 \leq H1: X$.

To test the second hypothesis of this study, we first present the statistical data that support it and are related to the study sample in the table below:

Table (7): The results of the (T) test, the arithmetic mean, and the standard deviation of the Second hypothesis

Second Hypothesis	SMA	SD	Calculated (T) value	Tabular (T) value	DF	Sig
The internal audit mechanism contributes to reducing financial and administrative corruption in the Alliance Insurance Company	3.7786	0.58	11.002	1.984	29	0.000

SMA = Arithmetic mean, SD = standard deviation, DF= degrees of freedom

The Source: Prepared by the researchers based on the outputs of the SPSS.24v program.

from the table above It turns out that the second hypothesis, which states that the Alliance Insurance Company's internal audit mechanism helps to reduce financial and administrative corruption, is correct for the following reasons:

- The null hypothesis is rejected and the alternative hypothesis is accepted because the calculated T value of 11.002 is higher than the tabular T value of 1.984 and the level of statistical significance shown in the table (sig = 0.000) is lower than the standard significance level (sig = 0.05).
- The arithmetic mean of the respondents' answers in the under-studied company is 3.7786, which is higher than the fictitious arithmetic mean of 3, and the coefficient of difference was worth 14.01%. This further supports the validity of this hypothesis by showing the consistency of the study sample's responses to the statements made in the questionnaire's third axis, which contains the hypothesis test axis.

2.3 Testing the Third Hypothesis:

Hypothesis: The mechanism of disclosure and transparency contributes to reducing financial and administrative corruption in the Alliance Insurance Company.

Null hypothesis: There is no statistically significant relationship between the mechanism of disclosure and transparency and the reduction of financial and administrative corruption in the Alliance Insurance Company $H0: X > 3$.

Alternative hypothesis: There is a statistically significant relationship between the mechanism of disclosure and transparency and the reduction of financial and administrative corruption in the Alliance Insurance Company $3 \leq H1: X$.

To test the third hypothesis of this study, we first present the statistical data that support it and are related to the study sample in the table below:

Table (8): The results of the (T) test, the arithmetic mean, and the standard deviation of the Third hypothesis

Third Hypothesis	SMA	SD	Calculated (T) value	Tabular (T) value	DF	Sig
The mechanism of disclosure and transparency contributes to reducing financial and administrative corruption in the Alliance Insurance Company	3.6781	0.58	15.666	1.984	29	0.000

SMA = Arithmetic mean, SD = standard deviation, DF= degrees of freedom

The Source: Prepared by the researchers based on the outputs of the SPSS.24v program.

The above table clearly shows that the second hypothesis, that the disclosure and transparency mechanism contributes to the reduction of financial and administrative corruption in the Alliance Insurance Company, is correct because:

- The alternative hypothesis is accepted in place of the null hypothesis because the calculated T value of 15.666 is higher than the tabular T value of 1.984 and the level of statistical significance indicated in the table (sig = 0.000) is lower than the accepted significance level (sig = 0.05).
- The arithmetic mean of the responses from the participants in the study company is 3.6781, which is higher than the hypothetical mean of 3, and the coefficient of difference was 13.34%. This further supports the validity of this hypothesis by showing the consistency of the study sample's responses to the statements made in the questionnaire's third axis, which contains the hypothesis test axis.

The third hypothesis, that the mechanism of disclosure and transparency contributes to the reduction of financial and administrative corruption in the company under study, was confirmed. That is, this mechanism assists the company's management in adequately and appropriately disclosing material matters concerning its performance and activities in a timely manner. This is done so that all interested parties have access to clear and true information that accurately reflects the company's financial position, resulting in increased transparency and a decrease in the incidence of manipulation.

IV. CONCLUSION

Financial and administrative corruption is one of the most serious threats to the stability of economic firms, so they look for ways to reduce the amount of financial and administrative corruption practiced within them, and among these methods are internal governance mechanisms.

The following conclusions were reached as a result of the theoretical and field study:

- ❖ There is disagreement about the concept of corporate governance, with each looking at it from his or her own perspective, but there is agreement that it increases the company's efficiency and supports its ability to deal with crises.
- ❖ Financial and administrative corruption contributes to the economic company's destabilization, resulting in massive losses that may lead to the company's demise.
- ❖ Internal governance mechanisms are interconnected control systems that work together to reduce financial and administrative corruption.
- ❖ The use of internal corporate governance mechanisms such as the audit committee mechanism, internal audit mechanism, and disclosure and transparency mechanism helps to reduce financial and administrative corruption at Alliance Insurance Company.

Based on the findings, the following recommendations can be made:

- ❖ The importance of relying on internal corporate governance mechanisms because of the benefits it brings to the company and its shareholders in reducing financial and administrative corruption.
- ❖ The need for deterrent laws and legislation, as well as strict penalties for financial and administrative corruption perpetrators.

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