The role of value creation in achieving good governance and combating corruption in the “New Republic” in Egypt

Ghada Ali Moussa

Ghada Ali Moussa, Lecturer, New Giza University, Cairo

Abstract

Most countries, including Egypt are searching for a form of governance that could mitigate the risks of rapid development, scarce resources, conflicting interests, increasing uncertainty and corrupt practices, and create sustainable development. “How governance could be “Good” to combat corrupt practices”, is a crucial question that invokes the importance and centrality of governance to our current understanding of policy reform. Good Governance is about value creation and managing values. Value creation is a key concept and a mean for diffusing good governance practices in state institutions. Therefore, the way of how governance and values are constructed helps to understand how institutions act to prevent corrupt practices. The research question is about the extent to which value creation impacts good governance and combat corruption in organizations. It examines the direction of relationship between values and governance and between values and corruption. Constructivism helps understand the intervening variable of values self-development and its impact on real actions. The paper adopts a constructivist approach and organizational cultural theory, which focus on the culture that directs the organizational governance. The main hypothesis of the research paper is that the implementation of governance reforms in Egypt, led to the increase in corruption. It also inquires if another approach to good governance is needed to prevent corruption in “The New Republic”. The research paper is divided into three parts: the first part discusses the conceptual and theoretical approach of corruption and governance, while the second part explains the value approach, and value - creation in its
relation to governance of state institutions. The third part discusses the state of governance and value creation in Egypt and examines to which extent are formal policies supportive to governance reforms in Egypt and suggest types of constructive governance that could help in preventing corruption in “The New Republic.” The research paper concluded that corruption may increase in the absence of an organizational purpose in government institutions. The vagueness of its governance framework may encourage corrupt practices and repeat mistakes of a weak governance in the old capital.

**Keywords:** Governance, corruption, value-creation, constructivism, New Republic, Egypt.

**المستخلص**

بحثت هذه الدراسة حالات مصر في عصر التطورات السريعة والموارد النادرة والمصالح المتضاربة، وزيادة عدم اليقين والممارسات الفاسدة عن شكل من أشكال الحكم يمكن أن يكون الثورة السابقة وخلق تنمية مستدامة. "كيف يمكن أن تكون الحوكمة "جيدا" لمكافحة الممارسات الفاسدة"، هو سؤال يستدعي أهمية دور ومركزية الحكم في فهمنا الحالي لإصلاح السياسات. ويعمل الحكم الجيد بتكون القيم وإدارة القيم. ويعتبر تكوين القيمة مفهوم رئيسي ووسيلة لنشر ممارسات الحكم الجيد في ممارسات الدولة على ذلك، تساعد طريقة بناء الحوكمة - عبر بناء القيمة - على فهم كيفية عمل المؤسسات لمنع ممارسات الفساد. تنطلق الورقة من سؤال بحثي حول كيفية تأثير بناء القيمة في المؤسسة على وجود حوكمة جيدة وعلى مكافحة الفساد من خلال دراسة اتجاه العلاقة بين القيمة والحكم وبين القيمة والفساد، وتساعد البنائية على فهم المتغيرات المتداخلة بين جانبي الحوكمة والفساد، وتيأتي الورقة التنظيمية التي تركز على الثقافة التي توجه الحوكمة التنظيمية. و تقوم الدراسة الرئيسية للورقة - لا اختيار الفرضية السابقة - الإجابة على الأسئلة المتعلقة بالقيم التي توجه عمل المنظمات لتحقيق الحكم الرشيد، ومدى دعم مؤسسات الدولة لإصلاحات الحوكمة، وما إذا كانت هناك حاجة إلى نهج آخر للحكم الجديد لمنع الفساد في "الجمهورية الجديدة". وعليه، تتضمن الورقة البحثية إلى ثلاثة أجزاء: الجزء الأول ينافش المقاربة المفاهيمية والنظرية للفساد والحوكمة، بينما يشرح الجزء الثاني اقتراح القيم وتكون القيمة في علاقتها بحوكمة المؤسسات. ويناسب الجزء الثالث حالة الحكم في مصر ويدرس إلى أي مدى تدعم السياسات الرسمية إصلاحات الحوكمة في الجمهورية.
Introduction

In 1996, the World Bank president James Wolfensohn gave a speech on “the cancer of corruption” and accordingly had created an internal unit to track fraud and corruption in the organization’s projects. European donors, on the other hand, created the U4 Anti-Corruption Resource Center and increased spending on corruption and governance programs; also, the U.S. Millennium Challenge Corporation (MCC) have allocated resources to study and measure institutional weakness and corruption risks. (Brookings, The Two Problems of Corruption and Poor Governance, 2016)

For many decades corruption and governance have been studied as separate concepts. Donors have first interfered with projects to limit the impact of corruption on development. Some years ago, it was noticed that concepts of corruption and good governance have a two-way causal relationship and feed off each other. If good governance principles and structures are not in place, this provides greater opportunity for corruption. Corruption, in turn, can prevent good governance principles and structures from being enforced through violations of the principles of transparency, accountability and rule of law.

Though both concepts are related to institutions, corruption is often perceived as a behavior more than a value issue in public
sector. On the other hand, governance is perceived as a value that drives processes and mechanisms by which structures, rules become established as authoritative guidelines for social behaviour" in institutions. (Scott, W. Richard, 2004)

Theories such as organizational culture theory and institutional theory bring in the social context and provide a taxonomy for understanding how corruption might become entrenched in organizations and in society, despite the existence of an anti-corruption framework. (Luo, Yadong, 2005, pp. 121-123)

Corruption – despite its behavioral aspect- can also be attributed to ethical and social norms. This evidence is manifested in a fair number of studies on corruption, (Rose, Richard, Caryn, Peiffer,2018) and the United Nations Convention Against Corruption (UNCAC), also studied corruption from a governance approach that inhibit corrupt practices and opportunities, (https://www.unodc.org/unodc/en/corruption/uncac.html)

However, governance is more than that, it is a construction on its own. How organizations work and are governed, is essential to understanding why corrupt practices happen or occur. When governance is weak, corruption becomes a social norm, and everyone could fulfill legitimate and illegitimate desires. (Marquette and Peiffer,2015, p.9). How organizations create value is a recent approach that helps studying the impact of governance on preventing corruption and the deficiencies and weaknesses in the governance frameworks.

Concerning development, weak governance and corruption are seen primarily as challenges to the efficient delivery of outcomes such as health, income growth, education, infrastructure, and a thriving private sector. (Brookings, 2006)

The research paper adopts a constructivism approach. Constructivism is a phycological and neopositivist theory and is concerned with cognitive (knowledge) development and deep understanding, rather than behaviors and skills. It stands on the
opposite direction of behavioralist. Constructivism views phenomenon as complex and nonlinear in nature. According to constructivists, knowledge does not produce or represent a new reality, but it adapts to it. (Von Glasersfeld, Ernest, 2005, pp.8-9). Values are embedded in constructivism, particularly in cultural constructivism, and have a mediational function in self-development and the self-construction of a human being. (Rengifo, Francisco Jose, Branco, Angela U., 2014, p.305)

Research problem and question

Many cases show that despite of the implementation of governance reforms, corruption is increasing. At the same time, some cross-country analysis explains that there exist paradoxes of corruption and governance on economic growth and well being. The research question is about how governance could contribute to development failures like corruption and the extent to which value creation in organizations impacts good governance and reduces corruption.

Literature Review

The literature that discusses values in relation to governance and corruption could be classified as follows:

- Theoretical approaches that explain values in a social and modern context, such as Pierre Bourdieu’s Social Action Theory. The main concern in Bourdieu’s theory is to study the relationship between society and societal development through social action that he calls “Praxis” in which “human individuals” reproduce and produce its society in its cultural, economic and social forms. (Otztuerk, Sinasi, 2011, pp.251-52). Bourdieu also connected religion to social action. The latter is influenced by cultural and economic poles which in turn are impacted by the field of power. (Mangez, Eric, Hilgers, Mathieu, 2015, pp.6-8). Another theory which emphasizes the role of values and culture is Materialism and Post-Materialism Theory. Inglehart assumed that the era of
postwar from the 1940s to 1970s witnessed an intergenerational shift from materialist to post-materialist values due to prosperity in the industrialized Western countries. Post-materialist hypothesis on scarcity and socialization states that values change in correlation with economic security. He implemented his theory on Germans in 1949 and post 1962 to measure the change in values and expectations regarding the relationship between economic scarcity and their needs and expectations. (Inglehart, Ronald, 1981, pp. 880-83). Another theoretical framework is the Structural Functional Theory or Structural Functionalism, which dates back to Aristotle’s concern of actions related to its ends or utility. The theory studies the relationship between structures and its functions with and emphasizes on the roles of political institutions in articulating various interests and rulemaking and communication to maintain political stability and support. (Fisher, John R., 2010, pp.74-75)

-Literature that discusses the cause -effect relationship of governance and corruption. Some scholars and practitioners state that corruption is the cause not the effect. It can prevent good governance principles and structures from being implemented or enforced. Violations of the principles of transparency, accountability and rule of law -as good governance indicators- are the cause of corruption and undermine political legitimacy( Bruce, 2006, UNODC, p. 57)

-Literature that explains attitudes towards corruption using surveys have examined the attitude towards corruption in different cultures, such as the empirical study of Treisman that uses country level data to analyse the cultural foundations of corruption depending on gained benefit from corrupt acts. (Treisman, D., 2000, pp.400–407). Another study of Kamel and Samir conducted a survey to measure public attitudes as a determinant to petty corruption in Egyptian organization that grants licenses in pre- and post-the 25th revolution. (Kamel, Iman Ragaei, Abd El Wahab, Samir, Ashmawy, Iman, 2021, p.3). Another survey was conducted in 2009 by Zayed and Abd El Fattah to measure public
attitudes towards values of Transparency, Integrity and Corruption, in three Egyptian governorates on a 1003 sample. The findings were the prevalence of lack of trust in government policies and statement. (Zayed, Ahmed, 2013) Bobkova and Egbert conducted also an experimental surveys on bribery and tax evasion and the impact of group dynamics on the behavior of individuals. (Bobkova, Nina, Egbert, Henrik, 2012, pp.339-44). Schulze and Frank also carried an experiment on economic corruption and the tendencies of “corruptibility” comparing between maximizing individual interests and public interests in a bribery situation. (Schulze, Guenther, Frank, Bjoern, 2003, p. 144) Goette et al. investigated the effects of group membership on norm assimilation and enforcement. (Goette, Lorenz, Huffman, David, Meier, Stephan, 2006, pp. 5-6; Goette, Lorenz, Huffman, David, Meier, Stephan, 2012, p.107). Schwartz measured fifty-six values in a survey, where he distinguished between fifty-two postulated value types and four spiritual value types. He divided the fifty-six types in two lists: the “noun: values, and the “adjective” instrumental values. (Schwartz, S. H., 1994, p.26.)

Part One

1. The cause -effect dilemma, and how to understand corruption and governance

Corruption constitute a challenge to development. Literature and laws define corruption either by type of gain (power, money, position, goods or services), or by method of corruption (bribery, embezzlement, future employment, facilitations) or by the target influenced (laws and regulatory design, legal or regulatory application, procurements, hiring decisions, distribution of resources or services). ( Brookings, 2016). But in the spirit of this research paper, corruption is defined in the context of governance. Corruption is derived from the Latin words "corruptiō" as transformational process of decay signals, as they are often associated with the words "destroy" or "destruction" in English.
Hence, corruption refers to the sort of decay that leads to destruction. Major historical incidents related to corruption emphasize this meaning, such as the Protestant Reformation's claims about the Catholic Church, particularly its sale of indulgences (i.e., to reduce punishment for sin), and historians' explanations for the decline of the Roman Empire through studying the social life and relationships where the rural areas were associated with criminal threats such as robberies and killings, due to being far from the centers. Crime had flourished in the Roman Empire and had fed off the expanding poverty. Also, the gap between the poor peasants and the rich landlords had widened, while the latter had continued to increase their land holdings and capital. (Chandler, DiMarco, Ramsay, McMullen’s, 2011, pp.3-4)

Another example is the fall of Andalusia, where family disputes among the rulers, tribal rivalries, luxuries life were factors that caused an illegitimate rule of the Umayyad government and resulted that they did not get the support of their people during the Spanish invasion. (Haidari, Habibullah, 2020, p.4, Kettani, M. Ali, 1997, p.617)

Due to cultural, value differences and political circumstances, corruption is observed and understood in different ways. The contribution of value in defining corruption could bridge the various multidisciplinary definitions of corruption.

1.2 Defining Corruption
Corruption has various definitions. Most dictionaries agree on its basic meaning. The Merriam -Webster dictionaries defines corruption as "dishonest or fraudulent behavior or conduct by those in power" like government and police officials". (Merriam Webster, Corruption). The Oxford dictionary defines corruption from a moral perspective, which is the action or effect of making someone or something morally depraved. This goes through stages of a transformation from purity to debasement, and a
departure from the original or from what is pure or correct" to a status of decay and "decomposition". (Lexico, definition).

Huntington defines corruption as the behavior of public officials which deviates from accepted norms in order to serve private ends" (Huntington, S., 1989, p. 377). Lambsdorff defined “corrupt behavior” as a rational behavior where the agents gain benefits from corrupt practices that serves the principal. (Lambsdorff, Johann Graf, Corruption in Empirical Research, 1999)

Corruption, ranges in its manifestations from a phenomenon such as bribery and fraud to sociopolitical transformations. Some perceive corruption as an alternative way to make things happen, through unethical behaviour that if sustained and replicated over a long time could cause the collapse. https://www.unodc.org/e4j/en/anti-corruption/module-1/key-issues/corruption---baseline-definition.html

Corruption is also defined as a “situation “where two people can act illegally to increase their own payoff at the expense of a third person, the victim”. (Cameron, L., Chaudhuri, A., Erkal, N., Gangadharan, L., Do, 2005, p.2)

The research paper focuses on organizational corruption and its normative nature. Corruption occurs in an institutional context, where there is an allocation of mechanisms that facilitate corruption. (Bokova, Nina, Egbert, Henrik, , 2012, p.337;Graaf, Gjal De, 2007, p.43).

1.3. Theoretical approaches to study corruption

No single theory can explain corruption due to its complexity. This part reviews theories that explain why corruption occurs.

The Principal-agent theory explains the desire for personal gain. Two popular theories on corruption in the economic literature are the principal-agent model and the related agency problem The principal-agent model assumes that agents (public officials) serve to protect the interests of the principal (whether the public, parliament, or supervisors). The agency problem could be limited
through designing incentives and monitoring schemes to curb the agent's potential abuses. (Klitgaard, 1988, p. 32). The Collective action theory, which has recently emerged as an explanation for why systemic corruption persists despite the laws. The theory emphasizes the importance of factors such as trust and the perception of other individual behaviour. Marquette and Peiffer regard systemic corruption as a collective problem, because people rationalize their own behaviour based on the perceptions of what others will do in the same situation. (Marquette, Heather, Peiffer, Caryn, International Development, Vol. 32, 2015, p.9).

The Institutional theory also known as institutionalism - uses country and government institutional characteristics, such as pre-existing rule of law, well-defined anti-corruption frameworks, and independent anti-corruption institutions with enforcement powers to explain corruption in the public sector. Institutional theory examines the processes and mechanisms by which structures, rules become established as authoritative guidelines for social behaviour. Institutional theory brings in the social context and provides a taxonomy for understanding how corruption might become normal in organizations, in institutions and in society (Luo, Yadong, 2005, pp. 121-123) Also, the Game theory explains the prevalence of public sector corruption. The theory borrows from economic literature and seeks to provide rationales for corrupt decisions by public officials. (Macrae, John, 1982, pp. 677-79). It suggests that corruption is part of a rational calculus. (Kuhn, Steven, 2019)

There exist also another set of theories that discuss the complexity nature of corruption through examining the impact of psychological and cultural aspects on corruption, such as: The Public Choice Theory, where the level of analysis is macro and micro corruption and where individual situations constitute the context. The casual chain is that there is an official who make a bounded rational decision that leads to a more or less predetermined outcome. The individual is an independent variable. Another theory is the Bad Apple Theory, which is related
to criminology theory. It examines a causal chain from a bad character to a corrupt act. Also, Clashing Moral Value Theory explains the causal chain starts with the influence of values and norms of society on the norms and values of individuals that makes them corrupt. The level of analysis is the society, and the context is characterized by moral conflicts between individuals. The Ethos of Public Administration Theory studies the societal pressure through the organization to act corruptly in an absence of integrity and effectiveness. The society and the organization constitute the level of analysis. Also, Modernization Theory perceive corruption as a stage in the modernization process. Modernization could stimulate corruption and creates an environment for new sources of power and wealth. The theory relates the practices of corruption to the value changes in society; new criteria appear for the judgement on what is good or bad. Also, a conflict between traditional and modern values exist and could encourage negative private attitude. (Huntington, S., 2017, pp.380-85)

1.3.1 The Organizational Culture Theory

The research paper will apply Organizational Culture Theory to examine the relationship between governance and corruption where the emphasis is on positively influencing the ‘cultural instruments’ of the organization and improving the culture of the governing body. (ISO: 37000: 2021, pp.20-21) The theory focuses on a certain “group culture” in an organization that creates a mental state, which in turn could or could not result in corrupt acts. The organizational culture could correlate to a number of corrupt cases through facilitating factors such as economic, political or natural forces. Here the failure of governance, could lead officials to corruption. (Klitgaard, R., 1988, pp.20-21) For example, in certain societies it is difficult to distinguish between the public and private roles of an individual concerning gift giving. It is highly valued among individuals but is considered
a corrupt practice and illegitimate in public life and among officials. (Causes of Corruption: Towards a Contextual Theory, pp.53-56). Habermas explained this conflict between two opposing values using concepts of micro morality and macro morality. He stated that the aim of a moral theory is to clarify the moral core of the people’s intuition and to discuss the skepticism in values. (Couture, Tony, 1993, p. 409). Those conflicts appear in most countries, where ethics and values are central to analyzing corrupt behavior. Also, the organizational culture theory is closely related to the ethos in public administration theory. The macro factors in both theories work through the organizational level. For example, The New Public Management (NPM) or “managerialism approach” that aimed at improving the governance of the organization through embedding values of liberal market and efficiency in public sector management led to changes in ethics and values governing the organization influenced by political and economic interests. Some researchers feared that the model of the market -oriented public manager would affect ethics negatively and harm the legitimacy of the institutions especially in democratic states. (Kaboolian, Linda, 1998, p.190).

2. Defining Governance

The interest in governance had increased during the past two decades, though the concept is old as human civilization where sorts of governing practices existed.

Governance is more than one concept. Commonly known concepts of governance or government that appeared include good governance, entrepreneurial government, market-based governance, economic governance, social and political governance, participatory governance, regulatory governance, interventionist governance or government, and steering government versus rowing government. Central to all these concepts is rejecting the traditional forms of authoritarian,
bureaucratic government with unilateral decision making and implementation. Also, the various concepts of governance indicate values and ways of thinking on how to rule and govern. (Farazmand, Ali, 2013, p.351). Kaufmann defines governance as the tradition by which authority is exercised in a country. It is the power that is exercised to promote fairness, transparency and accountability. (World Bank, 1999). Both definitions emphasize the aspect of power, authority and institutions. OECD defines governance from a corporate perspective; governance is the system by which business and organizations are directed and controlled. UNDP adds another dimension, which are the processes of managing state resources and interests. USAID defines governance as the ability of government to develop an efficient, effective, accountable and participatory public management process. The Asian Development Bank (ADB) defined governance as the manner in which power is exercised in the management of a country’s social and economic resources for development. It also refers to the quality of institutions to make, implement and enforce sound policies in an effective, equitable and inclusive manner. The Institute on Governance” (IOG) defines governance as the process whereby societies or organizations make their important decision. (Mayntz, R., 2003 pp. 30-32 and Kooiman, J. 2000, p.140)

The latter definitions -except for Kaufmann- stress on the interaction of aspects of power, authority, systems and processes within institutions that foster development. However, some definitions do not indicate how could governance become good governance.

From governance to good governance

What is good governance then? In order to achieve good governance, it needs to be attributed to its aim, rather only to the process. Good governance should lead, support and sustain development. It should facilitate that the voices of the vulnerable
and marginalized people be heard. Therefore, in order for governance to become good it should be participatory, transparent and accountable. (The Concepts and Theories of Governance, Module 1, 2013,p.10, Governance for Sustainable Development, UNDP Policy Document, 1997). Governance could facilitate corruption, but good governance would limit and prevent corruption.

The former does not neglect the risks associated with normative values: good for whom and what is good and what is bad. Farazmand proposed the concept of “sound governance” to replace “good governance” and to include the normative, technical and rational feature of governance, and to explain the democratic engagement of the state with the private sector, the civil society and international organizations. (Farazmand, Ali, 2013, pp.356-57)

From governance to weak governance.

If there is good governance, then there is weak governance. A government that cannot carry out its duties and functions suffer from malaise in governance, misgovernance or dysfunctional governance. It means any abnormality or impairment of function. (Graham Wilson, 2014,p.972)

Western democracies faced conditions of dysfunctionality in the 1970s which was marked by political and economic crises, and the rise in citizens’ demands from the government. These conditions were also characterized as a de-democratization process, where elites gave promises to the electorate in political campaigns that led to economic mismanagement, thus the decline in the confidence of government. (Mann, Thomas E., Ornstein, Norman J., 2013, p.18) Concerning developing countries, Boerzel and Risse argue that the failure and absence of the state may not necessarily lead to dysfunctional governance if the existing
authorities or unofficial social institutions succeed in delivering essential services. (Boerzel, Tanja A., Risse, 2015, pp.5,6)

2.1. Theoretical Approaches to Governance

It can hardly be said that there exist independent theories of governance from theories of government, political systems, development or public management. Some argue that because of its conceptual vagueness, multi-disciplinary academic discourse and confusion with other concepts it is difficult to construct a theory of governance. Though that vagueness, it has caught the attention of international aid agencies, and achieving good and democratic governance became a precondition for receiving aid. (Assaduzzaman, Mohammed, Virtanen, Petri, 2016, p.2).

Traditionally, governance theories and models are mostly rooted in political science, organizational studies, development studies, public administration, institutional economics, international relations and Foucauldian-inspired theorists. (Assaduzzaman, Mohammed, Virtanen, Petri, 2016, p. 8). The core question of governance theories is "getting politics right" and addressing how countries are governed. (Hyden, Goran, 1992, pp 4-5). The roles and goals of governance could be assessed through two governance theories: The first theory is the Organizational theory is derived from Weber’s bureaucratic management theory and encompasses concepts of bureaucracy and rationality. The theory addresses the merits of administrative structures driven by rational-legal authorities to set goals and direct activities in an organization. (Walton, Eris J., 2005, 569-70) The second theory is the Cultural theory aims at studying the ideological, ethnic, social class and gender aspect of a phenomena; and the relationship between culture and development. Parsons has contributed to the cultural theory through describing ethnocentrism, beliefs, customs, discouragement of individualism, prevalence of social sanctions and the emphasis of inherited authority rather than merit-based authority within a traditional way of life. (Serrat,
Oliver, 2008, p.4) Cultural Theory is also originated in Rigg’s theory of Prismatic Society where pattern variables exist such as ascriptive, particularistic and diffusive patterns. (Kasfir, Nelson, 1969, pp.297-98).

Henry Mintzberg, also, emphasized the importance of a normative control model that helps in managing and directing governance. The model is oriented towards values and norms rather than systems and structures. The elements of the model are selection, guidance, socialization, responsibility and judgement. (Mintzberg, H., 1996, p.80 and Chabova, Krystina, p.6)

Part 2

1. The Value Approach

“Value theory” occupies the area of moral philosophy that is concerned with theoretical questions about the goodness of all varieties. The value theory classifies what things are good and how good they are, but also includes many other questions about the nature of value and its relation to other moral realm. The word “value” is full, however, of “good”, “better”, and “best. Value is also “ relational”; if something or someone is good then this indicates a relationship between “good “ and “better” and “good “ and “bad” . ”.(Value Theory, Stanford Encyclopedia of Philosophy, 2021, https://leibniz.stanford.edu/friends/preview/value-theory/ and Evers, Daan, 2020, p.412) According to Ziff, the concepts “good “ or “bad” are not exempted from temporality, like concepts of right and wrong and duty and obligation. (Ziff, Paul, 2004, p.23)

Schwartz identifies a set of motivated types of values for cooperation such as accepting once portion in life, honesty, social order, national security, politeness, forgiveness, cleanliness, social power, freedom, justice, equality, power authority, success and pleasure. (Schwartz, S. H.,1994, pp. 21-23.) Rokeach defined a
Value as “an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence.” Values can be distinguished from similar concepts such as attitudes, because the former are relatively enduring beliefs, whereas the latter are focused on a specified object or situation. (Shrum, L. J., McCarty, John A. and Loeffler, Tamara L. V, 1990, p.610)

The void in values and good morals causes people to engage in corrupt acts. Cultural values such as acceptance and tolerance impact attitudes towards corruption. Acceptance and tolerance towards corruption may exist if the environment is corrupted, and a daily exposure to corrupt practices in addition to individual gained benefits. (Cameron, L., Chaudhuri, A., Erkal, N., Gangadharan, L., Do, 2005, pp.2-4). Brown argued that when money interferes and is exchanged in areas of life not previously governed with the exchange of money, such as paying kids for good grades, or paying money for illegal health services, values would be corrupted. He calls this phenomenon “the extension of money-market values”. Here, equality is affected, since increasing the importance of money to get services will widen the gap between the rich and the poor and deprive the latter from essential services that are commodified. (Brown, Rebecca C.H., 2016, p.141) Values are also derived from religion and the society that forbid corrupt practices. Good knowledge of religion at the individual level could decrease unethical behavior through disseminating shame and guilt. (Roth, Eric; Sahonero, Guillermo and Rodriguez, Andres, 2021, p.3) Other values such as social responsibility contribute to the success of business, which is important for the global economy. (Shafer, Fukukawa, Lee, 2007, p.266; Fukukawa, K., Schafer, W.E., Lee, G.M., 2007, pp. 381-84)

1.2 How do values explain governance and corruption in an organization?
The value profile within an organization plays a role in the likelihood of a person's making ethical or unethical business decision. Ethical decision-making is influenced by cultural values that impact levels of corrupt practices. Hofstede studied cultural values like individualism/collectivism, and power distance. Individualism/collectivism refers to the extent to which a culture values individual versus collective achievement or well-being. In individualist cultures, employees value more personal achievement, whereas collectivist cultures tend to place more emphasis on the well-being of their “in-group” or organization. Power distance reflects the extent to which employees are willing to accept unequal distribution of power between superiors and subordinates. Hofstede characterize cultures where individuals accept large inequalities in power as “high-power-distance” cultures. (Hofstede, G.,2001, p.43). The cultural aspect of an organization leads to a non-selfish cooperation and punishment of the violation of group norms.

1.3 Value creation through the governance of organization

Values guide efforts to combat corruption and to achieve good governance, and both are depending on systems of accountability. Examples of values generated by good governance are the ability of the organization to promote effective oversight and effective decision-making. It also improves effective resource stewardship through protected disclosures (whistleblowing) and mediation. It helps in improving organizational resilience when negatively impacted by its changing context. This include strengthening ethical leadership, clear delegation of authority, effective succession planning and internal controls. (ISO 37000:2021, p.7) An important example is increasing value of intangible assets like reputation, public image, public confidence and goodwill, through transparency with stakeholders and responsibility of organizational behavior’. (ISO 26000:2010, pp. 2,11) Another role of values within the organization is to rebalance power in favour of all stakeholders (Hufty, Marc, p.170). Citizens expect that
organizations whether social, political or economic have a responsible behavior derived from generally accepted principles, laws, and recognized agreements. Therefore, the organizational purpose is the ultimate value the organization intends to generate for its stakeholders. It is the purpose that guides the performance objectives and provides clear context for effective decision-making. The organizational purpose constitutes the beliefs about the desirable practices and outcomes defined by the organization as good and important. The governing body is responsible for defining those outcomes. It is composed of competent and likely independent persons or groups of directors or government officials who govern the organization and have ultimate accountability for the whole organization. (ISO 37000:2021, pp.9-12)

Part 3

1. The state of governance in Egypt

As earlier mentioned, for governance to become good it should be participatory, transparent and accountable. It should be sound and guided by the values of the organization. It should lead to competitiveness of state and non-state actors, improves the performance of its institutions, and achieves development through managing the economic and social resources of the state more efficiently. Several initiatives and projects during the period 2011-2022 introduced governance reforms in Egypt.

In 2001 the Ministry of Economy and Foreign Trade launched an initiative for good governance to improve its organizational and regulatory framework that would help in the economic reform program. The initiative aimed at evaluating and improving governance indicators of Egypt. The initiative included the efficient and rational management of the public and private sector economic activities. In 2019, OECD issued its report on the governance status in Egypt concerning the legislation drafting process. It recommended the improvement of the quality of
regulations to stimulate economic reform. It also recommended the need to design an operational strategy and ensuring the accessibility of all legislations to all stakeholders. (Good Governance in Egypt, 2019, p.10). USAID supported the Egyptian government reforms to increase the efficiency, transparency, and accountability of public institutions and the civil service through it governance program “Economic Governance Activity (EEGA 2020-2025). Through EGA, USAID in cooperation with public and private sector could develop a competitive economy, and would create an enabling environment for public and private investment. USAID also supported the Government of Egypt’s Digitalization Plan to introduce advanced information technology applications in public service delivery systems. Working in these areas is supposed to encourage economic development, reduce opportunities for corruption, and make government services faster, more reliable, and accessible to Egyptians. (Democracy and Governance in Egypt, USAID, 2022, p.1)

In line with the former, the National Anti-Corruption Strategy for the period 2019-2022 indicated several requirements and challenges related to the implementation of good governance mechanisms like putting the code of ethics into effect and developing mechanisms for transparency and integrity in government institutions. One of the challenges is drafting and issuing the information disclosure law for achieving good governance and accelerating efforts for combating corruption. (ACA, Egypt, 2022, p.35)

Concerning governance indicators, various indicators inform us about a weak status of good governance in Egypt. Most of the world governance indicators concerning Egypt in 2020 for voice and accountability 7.73, political stability and the absence of violence 11.32, government effectiveness 32.31, regulatory quality 24.48, the rule of law 39.9 and the control of corruption 22.6 are weak (https://info.worldbank.org/governance/wgi/) and
coincides with a weak score of 30/100 in the corruption perception index of 2022. (CPI,2022)

Another aspect of identifying the weak status of governance in Egypt beyond indicators, is evaluating the level of maturity of governance on the scale of ten levels that measure workplace environment, standardization, people participation, leadership, sustainability, customer demand analysis and team performance management. (Dennis, Simon, 2018, p.2 and (Rehman, Ali, Hashim Fathyah, 2018)

1.2. The governance of capitals

Capitals do not only represent the national identity, they are also power forums as well as a hub of social, political, economic and cultural activities in a political administrative system. Countries change their capitals because they expect social, cultural, political and economic benefits. Since the New Capital in Egypt is still under construction, applying a governance framework would focus on the governance of the decision-making process concerning the establishment of the “New Capital”. The decision-making mechanisms examine if the new capital will reflect the “New Republic” visions and goals or will constitute an economic capital and investment hub.

Egypt is not the first country that took the decision to build a new capital. Several countries preceded Egypt in that regard in Europe, Latin America, Asia and Africa. The most known examples of relocating capitals is moving the capital from Bonn to Berlin in Germany in 1999, Russia also moved its capital from Moscow to Saint Petersburg and then to Moscow in 1918. Brazil moved its capital from Rio de Janeiro to Brasilia in 1960. In Africa, the capital of Nigeria was moved from Lagos to Abuja in 1991, and the capital of Tanzania was moved from Dar Al Salam to Dodoma in 1970 though the new capital is not yet finished. Kazakhstan moved its capital from Astana to Almaty in 1997. And recently,
Malaysia moved its capital from Kuala Lumpur to Putrajaya in 2002. (American Chamber of Commerce in Egypt, 2017, pp.7-8), (Mahmoud, Dina et. Al, 2018, p.10), Rego, Renato Leao, 2020, thoughtco.com/capital-city-relocation-1435389). Models of capital cities represented new identity, history and culture functionalism and power and approaches to development where new capital cities were planned to alleviating poverty and overcome administrative and political deficiencies that encourage corruption. Brasilia, the airplane model city, though modernist in design had a cultural approach and to activate the tradition. (Richard, Katherine Schulz,2020)

1.2.1. Historical background for creating “New Republics” in Egypt

The relocation of the Egyptian capital coincided with establishing new republics in the sense that it was driven by political, religious and cultural reasons. The attempts to establish a new republic within a new geographic capital occurred approximately 28 times. The Pharaoh Akhenaton established the first new republic “Tel El Amarna” in the current Minia governorate 3000 BC. Ideological and religious reasons and moving from polytheism to monotheism contributed to this decision. Another external reason was foreign invasion such as Alexandria during the Greek and Roman conquests. Both reasons, religious and foreign invasion led as well to the establishment of a new republic in “El Fostat” after the Muslim conquests in 969 AD. During president Sadat, the concept of secondary and satellite cities was introduced, and an attempt was made to build “Sadat City” in the desert in 1978 located 76 km North West of Cairo according to the Presidential decree 123/1978. This idea included moving all government institutions to part of the population to leave the overpopulated Cairo city. The Ministry of Housing, then, was moved to the new city and moved back to Cairo city after Sadat’s assassination. President Mubarak did not make attempts to establish a new capital nor the post political regimes that came after him. The idea of a new
capital was first introduced in the economic conference in Sharm El Sheikh in 2015. The goals for establishing the new capital ranged from establishing a pole for foreign investment and a replication of the model of the business city of Dubai, because of its proximity to Suez Canal an. (Yehia, Serag, 2017, pp.3-5).

The National Urban Development Project (NUDP) put four economic governance goals for a new capital that integrates infrastructure through three schemes: encouraging harmonious policy and institution in city development agenda, increasing integrated planning for city investment based on spatial planning framework, formulating criteria and mechanism that prioritize investment, identification of funding gap and enhancing local government’s financial management capacity. (Rachmawati, Rini, Haryono, Eko, et.al, 2021, p.1)

Other indicated goals for establishing the New Capital were urbanization to accommodate a growing population, thus achieving security was among the values that has influenced the decision making in the context of population dispersal in case of any foreign attack on the old capital. Also, the spokesman for the new capital, Khaled el-Husseiny, stated that one of the goals of the new capital is to “try and solve” the problems that existed in the past’, among its chaos and clutter. (Talaat, Mohammed,2017, p.2)

A second goal is to establish a “Digitalized Ministries Complex” to hub all government institutions in one place to facilitate cooperation and connectivity. (Mahmoud, Dina, Tawfik, Perihan et.al, 2018, p.6). The governance values that could be extracted from the given information is achieving success, effectiveness, efficiency and modernity. Another governance value that could be traced is sustainability.

The new capital is characterized by the Administrative Capital for Urban Development (ACUD) as a future, that is smart, safe and sustainable that has a smart infrastructure, clean energy and that is
able to provide 1.750 million permanent jobs. (ACUD). The architects Adrian Smith and Gordon Gill, who will design towers similar to those in Dubai and Jedda, pointed to the interest in adopting smart, energy-saving, and carbon-neutral architectural designs, consistent with sustainable development standards, an approach he called “Global Environmental Context”, which relies on the design of buildings and the creation of structures that reduce the negative impact on the environment. (Daily News Egypt, 2022) The shape and the material structures of the government establishments are reflecting- as mentioned by Mohammed Talaat Architects, the historical heritage, also taking inspiration and liberties from the styles of Art Deco and Postmodernism and to transform to poetry, thus creating a strong national Egyptian Identity reflected in the architecture of commercial and business centers such as Pyramids Tower and Pyramids Mall. (Mohammed Talaat Architects, 2021, Dar Al – Handasah)

Though the former physical aspects, governance challenges exist. Little was mentioned about the organizational purpose and culture of the government administration except that it will be digital functioning organizations, taking into consideration that digitalization will not extend to all government bodies, for not all ministries ‘departments will be transferred, and since this is based on the structure and capacities of the buildings. A high official in a government institution estimated that 10% of the civil servants and others will be moving with their families, which include the executive offices such as undersecretaries and director generals. Small ministries could move in full number, though some concerns regarding transportation and the cost of living are still not settled yet. (Mahmoud, Dina, Tawfik, Perihan et. Al, 2018, pp.7-8). These concerns include equality as well as well in attaining services within the New Capital especially affordable housing for workers in order to avoid another shanty town experience in the outskirts of the New Capital.
The governance systems and policies of the new capital is not yet disclosed. The Information and Decision Support Center (IDSC) at the Prime Minister’s office stated in the context of governance of the new capital the importance of regulations to promote better-integrated systems, and the need for the harmonization of regulation across jurisdictions”. (IDSC,Cedeg,2022)

One of the challenges is how the new capital would be governed, the organizational purpose of its units and the values that government institutions would generate compared to values in the “old” capital. Another void in the governance of the new capital is to identify the governing body. The Ministry of Planning and Economic Development is responsible for the moving plan of the governmental administration, which is, the same governing body of the New Capital in the future. Taking into consideration that Administrative Capital for Urban Development (ACUD), is the company overseeing the project. ACUD is 51% owned by the Egyptian army, the remaining 49% of ACUD is controlled by Egypt’s Ministry of Housing. ACUD acts not only acts as an umbrella company to oversee the construction of the new capital, but after its completion it will also operate the vacant buildings in Cairo. Its relation to the Ministry of Planning is not clear, and it is also not yet clear if ACUD will govern the New Capital. Another governance challenge is related to the value of inclusion. The employees were not included in the decision-making process concerning moving to the new location. The head of ACUD mentioned the word “we” have a dream, and “we” need the project, but did not specify who is included in the “we”. (The Guardian, May,2018)

1.2.2. Reconciling governance of the new capital with the concept of new republic

Many nations had new republics throughout its history. These were inspired by wars, revolution, change in the political system or crises. France and the United States are models of the idea of
the New Republic. The United States preceded France in announcing its first New Republic from 1783–1800. (https://libguides.southernct.edu/ushistoryprimary/newrepublic) After the First World War and the growth of class division and power polarization, Herbert Croly, Walter Weyl and Walter Lipmann established the ”New Republic Magazine” in 1914 as a mirror of the philosophy of the new republic that reflects liberal thoughts, the protection of principles of individualism and democracy and granting an important role of the middle class and the creation of progress. The New Republic idea was encouraged by Roosevelt’s “New Nationalism” and integrating a social view of the role of the individual towards his society. The idea of “New Nationalism” was accompanied by a slogan “The Promise of American Life” and by a view of a rationalized government that is shaped by meeting the individual needs. (Noble, David W., 1951, pp.388-90). Concerning France, there have been five republics in the French history, French First Republic (1792–1804), French Second Republic (1848–1852), French Third Republic (1870–1940), French Fourth Republic (1946–1958) and the French Fifth Republic (1958–present). The move from one republic to another was driven by political coups or failure of democratic regimes or the need to establish a new constitution. The values and principles that characterized the fifth republics were democratic political culture, equality, liberty and citizenship. (Berenson, E., Duclert, Vincent (eds.), 2012, p.102). Regarding the “New Republic” in Egypt, it is the first time that the term is explicitly used. The notion of the ‘New Republic” followed the announcement of the “administrative capital”. Thus, the focus was on a physical, market-based governance and on a value-driven organizational governance.

1.2.3. A suggested governance model for the New Republic

- In the “Cities of Tomorrow”, some problems of governance systems could be identified. It is possible to make a distinction between ‘sectoral’ and ‘territorial’ types of problems: in the
former type, the contradictions emerge within or between the sectors of the economy, while in the latter type they emerge due to the administrative borders between different parts of the same functional urban area. Furthermore, ‘democracy deficit’ type problems can be identified in both types. The sectoral type of problems might be the results of imperfect answers from the government on market failures. Some examples on sectoral types of problems are for example giving rise to trade-offs across different sectors is the sustainability of housing. (Tosics, Ivan, pp.6-7)

- A complete and modern infrastructure construction has a noteworthy impact on government functionality. Technological digital governance development becomes a notable factor to organize a state, and a mean to avoid the shortcomings of the old dysfunctional governance model. The old model failed to generate values, which resulted in delaying improvements and a smooth transition to good governance model.

- In the new good governance model, private interests should not compromise the value of public interest and social responsibility of private firms in setting good examples in health politics, the improvement of housing, and in anti-poverty initiatives. The imbalance between the large urban areas and the administrative hub- which present the core city- in delivering services could present a challenge in financing, availing efficient services and granting its accessibility should be solved. If a public service requires high-level financing, the interest of the government is not to run this service but to convince the population to use this service. Families moving out from the old capital to the new capital may not enable them to pay for certain services – especially those services which are highly financed. In such cases, families could be forced to use both services in the old and new capital, contributing to the increase of suburban traffic and to the increase of financial difficulties in the core capital budget. (Tosics, Ivan, pp.10-11) If government employees are going to
settle in the new capital or nearby, social intervention, policies, laws and regulations should be revised to achieve justice and avoid gaps and trade-off between efficiency, quality and equity.

- The model of good governance in the “New Capital” should try to solve a governance dilemma related to the value of cooperation between the old and the new capital. The notion of the “New Republic” could inform many that the old capital will be isolated, since the new one would the influential economic city. This would require defining the functions and roles of the institutions in both capitals and their regional context.

- The new governance model should achieve a degree of social integration through a welfare system that emphasize a collective identity. This would avoid the sharp differences between cities. Both may exist, but in an integrated governance model, where the private and the public direct and control development.

- Also, the redistributive policy in the new governance model should give an opportunity for economic development to prevent the creation of marginalized least developed areas.

- The purpose of the organizations and institutions in the new governance model should strengthen risk governance values to face the dilemma of economic competitiveness accompanied with high level of quality of life and the relatively good social welfare situation. Several fragmented administrative apparatuses could create different and contradictive values that affect regulation, for example related to taxes. Here, the disparities in institutional policies could cause conflicts, distortions and corruption. (Transparency International, 2015). Farazmand (Farazmand, 2013, p. 355) identified the deficiencies of the concept of good governance in developing countries like Egypt, because the interaction is only among domestic forces like state, civil society, and the private sector, where the governance in developing
countries is more influenced by global and regional forces rather than domestic forces alone.

The shift from government to good governance model needs creating necessary values on how cities of tomorrow, or new cities should be governed. (Da Cruze, Nuno F., Rhode, Philipp, Mcquarrie, Michael, 2018, p.4)

**Conclusion**

The “New Republic” is an important and well-developed theme, but limited with regard to its meaning, organizational value, cultural aspects, objects and space. The non-clarity of its governance model and framework entails possibilities for corrupt practices and repeating mistakes of a dysfunctional governance in the old capital. In the “New Republic” we might have a form of governance, but not good and sound governance. Applying Huntington’ theory of modernization, the transition from old, traditional Cairo to new modernized capital could entail the danger of increasing corruption.

In the framework of organizational purpose, it is recommended to encourage the normative perspective in line with activities or behavioral aspects related to ethical decision making and power diffusion to avoid a governance body that is “only government and businesses model” and decrease the fear of excluding affected stakeholders.

It is not sufficient to have a governance framework, it is necessary to put a good governance framework in place with high levels of governance maturity level. This would require a rediscovery or reinvention of new organizational culture, avoid complexity and redundancy of the old model, allow the units to negotiate more or less informally, among themselves and within the formal hierarchy, instead of following orders that could result in a rise in transaction costs for the organization, and dedicating a growing
number of resources to coordinating its units in order to perform its core activities.

The New Republic should be marked by a “good governance in transition” type to avoid dilemmas and problems of new capitals like Bonn in Germany or Washington DC. (OECD (1995) Governance in transition: public management in OECD countries. OECD, Paris)

The earlier stages of creating the new republic in Egypt is an advantage to put a governance model that creates values and “get politics right”. If the New Capital is a symbol of modernization, the New Republic should be the essence of modernization and value driven good governance.
List of References

References in English language


7. Chabova, Krystina, Norms and Values connected to Corruption: Is there difference between post-communist countries and the rest of Europe,


12. Dennis, Simon, Lean Maturity Evaluation Model, 2018, p.2

13. Egypt’s New Administrative Capital, Lessons from Other Capital City Relocation, American Chamber of Commerce in Egypt, 2017, pp.7-8

14. Evers, Daan, The End-Relational Theory of “Ought” and the Weight of Reasons, Dialectica, Vol.64, No.3, September 2020, p.412

15. Farazmand, Ali, Governance in the Age of Globalization: Challenges and Opportunities for South


25. Graaf, Gjalt De, Causes of Corruption: Towards a Contextual Theory, **Public Administration Quarterly** Vol. 31, No 1/2, 2007, p.43


32. **ISO 26000**:2010, pp. 2,11

33. **ISO 37000**:2021, pp.12-13


45. Mahmoud, Dina et. Al, Moving Governmental Staff to The New Capital City, Policy Paper, The School of Global Affairs and Public Policy, The American University in Cairo, 2018, p.10

46. Mangez, Eric, Hilgers, Mathieu, Introduction to Pierre Bourdieu’s Social Fields: Concepts and Applications, Routledge, 2015, pp.6-8

47. Mann, Thomas E., Ornstein, Norman J., Finding the Common Good in an Era of Dysfunctional Governance, Journal of the American Academy of Arts and Sciences, Spring 2013, p.18


56. Rego, Renato Leao, New Capital Cities in the Global South, Post-Modernist Context, Modernist Layout in Nigeria and Brazil, Cidades, Comunidades e Territorios, 42, 2021, p.115,


58. Rengifo, Francisco Jose, Branco, Angela Uchoa, Values as a Mediational System for Self-Construction: Contribution from Cultural Constructivism, Psicologia desdel Caribe, Universidad del Notre, Vol.31 (2), 2014, p.305


61. Roth, Eric, Sahonero, Guillermo and Rodriguez, Andres, Structure of Personal Values and Corruption:
An Experimental Analysis of Decisions Leading to Accepting or Rejecting Bribery, Center for Research, Development and Innovation in Mechatronics Engineering – UCB, 2021, p. 3


63. Serrat, Oliver, Cultural Theory, Asian Development Bank, 2008, p. 4


69. The Two Problems of Corruption and Poor Governance, https://www.brookings.edu/wp-
content/uploads/2016/07/chapter-one__results-not-receipts-9781933286990.pdf

70. Tosics, Ivan, Governance Challenges and Models for the Cities of Tomorrow, Budapest, Metropolitan Research Institute, 2011, pp.6-7


1- References in Arabic Language

- زايد، أحمد، عبد الفتاح، خالد، واخرون، الأطر الثقافية الحاكمة لسلوك المصريين واختياراتهم، دراسة لقيم النزاهة والشفافية والفساد، مركز البحوث والدراسات الاجتماعية، 2013.
1. Online References

11. https://libguides.southernct.edu/ushistoryprimary/newrepublic
13. https://www.lexico.com/definition/corruption