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The Relationship Between Corruption, Inflation, Political Instability and Exchange Rate Volatility in South Africa

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Abstract:

Purpose: *This study examines the intricate relationship between corruption, political instability, inflation, and exchange rate fluctuations in South Africa.*
Design/Methodology/Approach: *This study employs the Vector Error Correction Model (VECM) approach from 1982 to 2020. The Granger causality test was used to detect whether corruption causes exchange rate fluctuations and political instability causes fluctuations in the exchange rate.*
Findings: *The results of the Johansen test suggest that corruption and exchange rates are related and can be combined linearly. VECM estimates show that an increase in the exchange rate will reduce corruption by a small percentage. A major finding was that while SA is said to be enjoying its democracy, inflation as of 2022 was at 5.9%, which caused corruption to increase by 100%, increasing political instability by almost 96%. The impulse response function was conducted to determine the behaviour of variables in the long run. The impulse response function findings indicate a negative reaction of exchange rates to shocks in corruption in South Africa.*
Practical Implications: *The findings underscore the need for comprehensive policy measures to enhance transparency, accountability, and economic growth to mitigate these interrelated challenges. Effective anti-corruption measures should be prioritised to enhance exchange rate stability and promote stability. The study findings provide a nuanced understanding of how interconnected these factors are in the South African context.*
Originality/Value: *The originality lies in highlighting the feedback loops and suggesting integrated policy approaches rather than isolated interventions. This research highlights the importance of addressing corruption to foster a more stable economy in South Africa.*

Keywords: *Corruption, exchange rate, inflation, political instability, South Africa.*

JEL Codes: *F41, F42, P59.*

Paper type: *Research article.*

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1. Introduction

South Africa ranks as the 83rd least corrupt nation out of 180 countries, according to the 2023 Corruption Perceptions Index (CPI) by Transparency International. The corruption rank in South Africa averaged 55.21 from 1996 until 2023, reaching an all-time high of 83.00 in 2023 and a record low of 23.00 in 1996 (Corruption Perception Index, 2023).

This research is important for understanding the interplay between corruption, inflation, the exchange rate, and political instability. This knowledge will assist policymakers in crafting more effective strategies to combat corruption, stabilise the political environment, and manage inflation. This research could provide insights into how reducing corruption and political instability can lead to a more stable exchange rate and lower inflation (Thalassinos and Hakim, 2022; Thalassinos *et al.*, 2022).

This is particularly important for emerging markets like South Africa, which rely heavily on foreign investment. A country or territory's rank indicates its position relative to the other countries and territories in the index. The International Transparency Agency defines corruption as “the abuse of entrusted power for private gain” and evaluates both the public and private sectors. As understood from these definitions; to discuss corruption, one must recognise the exercise of power, and how some people benefit from its use (Corruption Perception Index, 2023).

An exchange rate is the relative price of one currency expressed in terms of another currency (or group of currencies). For South African economies that actively engage in international trade, the exchange rate is an important economic variable that could be negatively affected by corruption. According to Brunetti and Weder (1998) and Wei (2000), corruption drives FDI flows away and lowers other economic factors, such as unemployment, inequality, corruption, relatedly high inflation, and unstable and low investor confidence (Bronkhorst, 2012; Schwab and Brende, 2018).

The relationship between these variables can directly impact foreign and domestic investor confidence. Identifying how corruption and political instability erode economic fundamentals like the exchange rate and inflation helps investors make informed decisions, and governments can take steps to improve the investment climate.

The study seeks to solve the following problem: Corruption that exacerbates political instability, which impacts the economy, leading to inflation and currency fluctuations. Corruption in government tends to undermine economic growth, and with inflation on the rise, corrupt practices lead to inefficiency in government spending, excessive debt, and loss of investor confidence, creating an inflation spiral. Özşahin and Üçler (2017) define corruption as encompassing all crimes such as bribery, embezzlement, dishonesty, misconduct, and favouritism.

The exchange rate, on the other hand, is sensitive to both corruption and political instability. When political events signal instability or uncertainty—often exacerbated by corruption scandals—the currency may depreciate as foreign investors pull out capital. This depreciation can make imports more expensive, further fuelling inflation. This interconnectedness makes it difficult to address issues in isolation.

The primary aim of this research is to explore the intricate relationships among corruption, exchange rates, inflation, and political instability in South Africa, identifying the mechanisms through which these factors influence one another and assessing how these interconnected issues affect the socio-economic landscape of South Africa, particularly the welfare of its citizens and the overall economic health of the country. The research aims to fill gaps in existing literature by providing a comprehensive analysis of these interrelated issues, thereby contributing to academic discussions in fields such as political economy, governance, and development studies.

The qualitative research method was applied, and numerical data was collected and statistically analysed to establish patterns as well as long- and short-run relationships. Statistical analysis was performed to statistically analyse and identify correlations and trends among the key variables, providing empirical support for the theoretical discussions.

The research seeks to solve the following questions: Does corruption create an environment where resources are misallocated, leading to inefficiencies that hamper economic growth? How does corruption affect exchange rate volatility? How does corruption impact inflation, which results in political instability?

The following study will use the secondary quantitative data technique, which involves using already existing data collected from 1982 to 2020. The data will be collected from statistics from South Africa, and the South African Reserve Bank, and the global economy for political instability and corruption.

This study will focus specifically on South Africa, excluding comparisons with other countries unless explicitly referenced for comparative analysis. The intention is to provide an in-depth exploration of South Africa's unique economic environment.

While the study will discuss various economic indicators, it will primarily focus on corruption, exchange rate fluctuations, inflation rates, and measures of political instability (e.g., governance scores and public protests). Other economic factors, such as unemployment rates or GDP growth, will be considered only as they relate to the primary focus. The study will not delve deeply into specific sectors (e.g., agriculture, mining, or manufacturing) unless directly relevant to the overarching themes. This delimitation allows for a more generalised discussion without becoming entangled in specific issues.

2. Literature Review

Alesina and Summers (1993) found that politically unstable countries, particularly those with weak central bank independence, tend to experience higher inflation. Studies like Fischer et al. (1996) suggest that inflation, especially hyperinflation, has historically been a precursor to political upheaval in developing and transition economies, such as Latin American countries in the 1980s. Keefer and Knack (2002) found that in countries with frequent government turnovers or weak political institutions, corruption tends to be more prevalent, as political actors seek to maximise short-term gains in uncertain environments.

Mohtadi and Roe (2003) found that corruption, especially when concentrated in a small elite, fuels political instability by increasing social inequality and public frustration. In extreme cases, it can lead to regime changes, as seen in several "Arab Spring" countries. Braun and Di Tella (2004) found that inflation tends to exacerbate corruption, particularly in countries where institutions are already weak. As inflation rises, so do the incentives for rent-seeking and bribery among government officials.

Studies such as those by Al-Marhubi (2000) show that countries with high levels of corruption are more likely to experience inflation, as corrupt governments prioritise short-term fiscal gains over long-term monetary stability. Political instability undermines the rule of law and governance, which increases corruption. Corrupt governments then fail to implement sound economic policies, leading to inflation and economic mismanagement. The economic hardship caused by inflation further exacerbates political instability, continuing the cycle.

The work of Acemoglu and Robinson (2001) suggests that many developing countries face a "political-economic trap," where weak institutions, corruption, and economic instability (including inflation) perpetuate each other, making reform difficult. For instance, Cukierman et al. (1992) found that countries with independent central banks experience lower inflation. Similarly, Treisman (2000) demonstrated that countries with robust legal frameworks and a culture of accountability tend to have lower corruption levels and more stable political environments.

In Latin America, periods of high inflation (e.g., during the 1980s) were strongly linked to political instability and corruption (Acemoglu and Robinson, 2001). In Africa, Ndikumana and Boyce (2011) found that weak institutions and high corruption have often made inflation control challenging, especially in resource-rich states where political instability is common.

In Europe, political instability during the transition to market economies led to both high inflation and increased corruption (Gérard, 2000). In an open economy like South Africa, Bridget (2018) deduced that exchange rate fluctuations have a direct impact on inflation. When the rand depreciates, import costs rise, leading to higher

prices for goods and services. This was evident in the aftermath of political crises, such as the firing of finance ministers by Zuma in 2015 and 2017, which caused the rand to plummet and imported inflation to rise.

State enterprises play a crucial role in South Africa's economy. Eskom, for instance, has been plagued by inefficiency and corruption, leading to recurring electricity crises. As a result, energy prices have increased significantly, which has directly impacted inflation (World Bank, 2020). In 2020-2022, electricity price hikes of 10%-15% per year were approved, driven by Eskom's need to cover its inefficiencies and debt, adding to inflationary pressures.

Corruption often leads to excessive government spending and debt accumulation, which in turn can fuel inflation. As the government borrows more to cover fiscal deficits, interest rates may rise, and inflation can become a risk due to the increased money supply and reduced investor confidence in the economy (Aisen and Veiga, 2006).

3. Methodology

The study used time-series methods to study the relationship between inflation, corruption, political instability, and the exchange rate in South Africa.

3.1 Johansen Test: Eigenvalue Test

According to Dwyer (2015), the Johansen tests are the maximum Eigen-Value test and the trace test, which was r the rank of π. As the discussion above indicated, this is the same as the number of cointegration vectors. The Johansen tests are likelihood-ratio tests. For both test statistics, the initial test is a test of the null hypothesis of no cointegration against the alternative of cointegration. The tests differ in terms of the alternative hypothesis.

The Johansen is a multivariate generation of the augmented Dickey-Fuller test. The generalization is the examination of linear combinations of variables for unit roots. The Johansen test and estimation strategy maximum likelihood make it possible to estimate all cointegration vectors when there are more than two variables. There are three variables, each with unit root, and two cointegration vectors. More generally, if n-1 cointegration vectors. The Johansen test estimates all cointegration vectors just as the Dickey-Fuller test does. The existence of a unit root implies that asymptotic distribution does not apply (Dwyer, 2015)

3.2 Vector Error Correction Model (VECM)

Normalising the cointegrating vectors concerning the variables of interest is standard practice for better interpretation (Mahadea and Kabange, 2022). Hence the Johansen cointegration test was performed on exchange rate and political instability, inflation,

and corruption. If cointegration has been established between the variables, this implies that one can analyse long-run relationships, equilibrium relationships among variables, and short-run deviations from that equilibrium. Hence, the VECM is applied to determine cointegrated variables' short-run relationships (Simuyu, 2015).

Suppose cointegration does not exist in the long run. In that case, the VECM is reduced to the vector autoregressive (VAR) model, and the Granger causality tests are then used to determine causal links between variables (Simuyu, 2015). In the VECM, the cointegration rank shows the number of cointegrating vectors. Subsequently, the Johansen normalisation restriction is imposed to restrict the exchange rate as the target variable.

3.3 Impulse Response

Phillip and Hymans (1991) opined that an econometric model must be used to forecast future economic development. According to Touvila *et al.* (2020), forecasting is a technique that uses historical data as inputs to make informed estimates that are predictive in determining the direction of the trend. As for this study, future predictions must be undertaken for policymakers to analyse relevant data and make predictions about an economy's future. Forecasting helps governments, individuals, institutions, and economists understand what the near future will look like.

Impulse Response Functions (IRF) are used to better understand the model's dynamic behaviour in the long run. Thus, the IRF of a system is the reaction of any dynamic system in response to some external changes (Pauwels, 2017).

The departure point of every IRF for a linear VAR model is its moving average representation, which is also the forecast error impulse response (FEIR) function, and the determination of optimal lag length required in the VAR model. In this study, IRF was used to assess innovations or shocks, providing an accurate understanding of the impact of external shocks on real exchange rates, political instability, and other control variables.

4. Research Results and Discussion

Normalising the cointegrating vectors concerning the variables of interest is standard practice for better interpretation (Mahadea and Kabange, 2022). Hence, the Johansen normalisation restriction was imposed on the exchange rate, inflation, corruption, and political instability.

Furthermore, the signs of the normalised cointegrating coefficients were reversed in the long run to enable proper interpretation. Since there is a single cointegrating relationship, in the long-run, it is important to render the model as being related to the dependent variable.

Table 1. *Johansen normalisation restriction imposed*

Beta	**Coef.**	**Std.err**	**z**	**P>lzl**	**95% conf. interal**
_cel					
	1	_	_	_	_
inflation	5.324	0.560	9.50	4.226	6.423
corruption	-1.392	0.485	-2.87	-2.345	-0.440
political instability	13.367	8.470	1.58	-3.233	29.969
cons	20.493	_	_	_	_

Source: *Author's calculations 2022.*

So, there is a need to normalise the long-run part of the VECM in terms of the variable that is entered first in the estimated level VAR model to get a meaningful economic interpretation of the estimated coefficients. This is also done to allow for forecasting abilities. The restriction is placed on the exchange rate indicated as the target variable. ce1 indicates the cointegrated equation of the VECM, an interpretation of the Johansen normalisation restriction imposed.

In the long run, inflation has a negative impact on the exchange rate. In the above table, Beta (coefficient) is the estimated coefficient for each variable under the Johansen normalisation constraint. Here, it reflects how much each variable is expected to change with respect to the normalised variable, cel, which could be a central endogenous variable in the model (often taken as 1 for standardisation).

The standard error measures the variability or uncertainty around each coefficient estimate. Lower values suggest higher reliability in the coefficient estimates. The z-statistic is the coefficient divided by its standard error, indicating how far each coefficient is from zero in standard deviations. Larger absolute values indicate stronger evidence against the null hypothesis (which assumes the coefficient is zero). P>|z|: This is the p-value for the z-statistic.

A lower p-value (typically <0.05) suggests that the coefficient is statistically significant. 95% confidence interval gives the range within which the true coefficient is expected to lie with 95% confidence. If zero is within this range, the result might not be statistically significant. cel: This is the exchange rate, which has been set as the normalised variable with a coefficient of 1, meaning that other coefficients are expressed relative to this baseline.

Because there is no standard error or statistical significance on the results since it is normalised, it serves mainly as a reference for interpreting the other variables. An inflation of 5.3 indicates a positive relationship with the exchange rate, meaning that as inflation rises, the exchange rate will also increase.

A high z-score of 9.50 and a low p-value suggest that this relationship is statistically

significant. The confidence interval of (4.226, 6.423), which doesn't include zero, further supports the statistical significance.

A corruption level of -1.392 indicates a negative relationship with the exchange rate. Higher corruption levels are associated with a decrease in the exchange rate normalised variable. The z-score of -2.87 and the p-value mean that this relationship is statistically meaningful. The confidence interval of (-2.345, -0.440), also excluding zero, confirms significance.

The political instability of 13.367 suggests a strong positive relationship with the exchange rate. Increases in political instability might be expected to significantly raise the exchange rate. Statistical Significance A z-score of 1.58 and a confidence interval including zero (-3.233, 29.969) imply this result is not statistically significant at common thresholds (like 0.05). This suggests the political instability's effect on the exchange rate may not be as reliable as the other factors.

The constant of 20.493 suggests a positive base level for cel when all other variables are at zero. Since no standard errors or z-scores are provided, this value sets a baseline level for the normalised variable, cel, but its precision is unknown without more statistical information. In this model, inflation and corruption show significant impacts on the normalised variable (possibly a proxy for economic or political health, represented by cel). Political instability has a positive but non-significant effect, meaning its influence is uncertain and varies widely, as seen in the wide confidence interval.

Table 2. *The Vector Error Correction Model (VECM)*

Variable	**Coefficient**	**Standard Error**	**t-statistic**
Constant	-1.822	-	-
LN Corruption	-1.592	2.665	-0.597
Exchange Rate	1.000	0.000	0.000
Inflation	3.368	0.335	10.025
LN Political Instability	0.909	0.311	2.922

Source: *Authors calculations 2022.*

$$LNcprt = \beta_0 + 3.368\,\pi t + 3.368xr + 1.000\,LNpist + \mu t$$

The constant of -1.822 represents the baseline level of the dependent variable when all other variables are held constant. The negative coefficient suggests that, without the influence of other factors, the dependent variable tends to have a lower value. This implies a baseline negative trend or equilibrium, LN corruption = -1.592, standard error = 2.665, t-statistic = -0.597. The coefficient of -1.592 for LN corruption (logged corruption) suggests a negative relationship between corruption and the dependent variable.

This means that as corruption increases (or corruption control decreases), inflation tends to decrease. In general, higher levels of corruption tend to reduce political stability. A t-statistic of -0.597 indicates that the relationship between corruption and political instability is not statistically significant, as a t-statistic value of 1.96 or greater (in absolute terms) is typically required for 95% confidence. This suggests that, in this model, the effect of corruption on political instability is weak or uncertain.

Corruption weakens economic institutions and policy effectiveness, which typically results in negative economic outcomes like higher inflation. Exchange rate = 1.000, standard error = 0.000, t-statistic = 0.000. The coefficient for the exchange rate is 1.000, suggesting a positive relationship between the exchange rate and corruption. In the context of inflation, this would imply that as the exchange rate rises, the currency depreciates.

A depreciating currency makes imports more expensive, leading to inflation, particularly in economies heavily reliant on imports for essential goods. However, the zero t-statistic suggests that the exchange rate may have been fixed or normalised for this analysis, leading to a non-significant result. In practice, the exchange rate plays a crucial role in inflation dynamics.

Inflation = 3.368, standard error = 0.335, t-statistic = 10.025. The inflation of 3.368 suggests that inflation has a strong positive relationship with corruption. This means that higher inflation is associated with an increase in corruption, which could lead to economic instability. A t-statistic of 10.025 is a highly significant result, as the t-statistic far exceeds the threshold for significance (usually around 1.96).

This indicates that the relationship between inflation and corruption is statistically robust. Inflation is a powerful factor in economic models, particularly in the context of economic instability. High inflation erodes purchasing power, disrupts price stability, and can lead to social and political unrest. The strong positive relationship in this model suggests that inflation plays a central role in driving changes in corruption, economic growth, and political instability.

Political instability = 0.909, standard error = 0.311, t-statistic = 2.922. The positive political instability of 0.909 indicates the positive relationship between corruption and political instability. As political instability increases, corruption also increases. A t-statistic of 2.922 is significant, indicating that the relationship is statistically robust and the effect of political instability on corruption is meaningful.

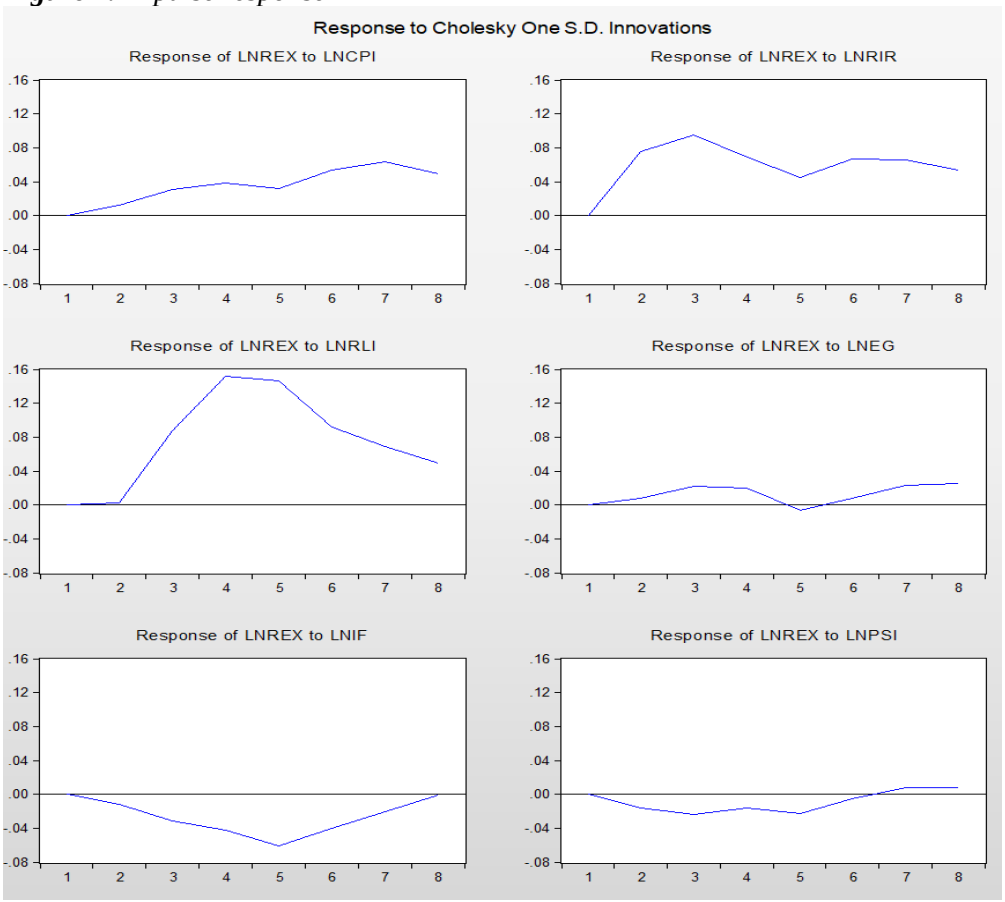
Political instability tends to have destabilising effects on the economy, leading to uncertainty, reduced investor confidence, and erratic policy measures. This result aligns with the broader literature, which shows that countries experiencing political instability often face rising inflation, reduced economic growth, and deteriorating governance.

The restriction is placed on the exchange rate indicated as the target variable. Ce1 indicates the cointegrated equation of the VECM interpretation of the Johansen normalisation restriction imposed. In the long run, gross domestic product and inflation negatively impact on the exchange rate. The coefficients are significant at a 1% level (Table 2).

4.1 Impulse Response Function Results

In the long run, corruption control and real interest rates positively impact on the exchange rate, and the coefficients are statistically significant at a 1% level. In the long run, the rule of law has a positive impact, while political instability negatively impacts the exchange rate. However, both coefficients were not statistically significant in the long run. This indicates a positive reaction of exchange rates to shocks in corruption in South Africa. However, from period four to period five, the reaction of the exchange rate to corruption declines but is still positive (Figure 1).

Figure 1. *Impulse response*



Source: *Authors' calculations 2022.*

The impact of corruption control on a shock on the exchange rate is that its response to one SD shock is positive during periods three and four and increases at a decreasing rate.

During period five, the impact of corruption on a shock on the exchange rate stabilises but gradually decreases from period six in the long run; this shows that shocks to the exchange rate will remain stable on corruption in the long run. The IRF is within the 95% confidence level for all variables.

Another major finding was that while SA is said to be enjoying its democracy, inflation as of 2022 was at 5.9%, which caused corruption to increase by 100%, increasing political instability by almost 96%. There must be a comprehensive call to combat corruption and stabilise the economy by creating jobs and encouraging FDI.

The exchange rate volatility negatively correlates with government integrity (−0.46) and has been decreasing over time, usually being lower in low-corruption countries (2.9% versus 6.6% in high-corruption countries).

This image displays the **impulse response functions (IRFs)** from a **Cholesky decomposition** for the response of the exchange rate (LNREX) to various shocks. Each panel shows how the exchange rate reacts over time to a one-standard deviation innovation (shock) in different variables. Here's an interpretation based on Figure 1.

Response of REX (exchange rate) to LNCPR (corruption):
The response of the exchange rate to a shock in CPR is positive and increases steadily until around period 4, after which it starts to level off and slightly decrease. A positive shock to inflation (CPR) initially causes the exchange rate to appreciate (a positive response). This could imply that higher inflation leads to higher interest rates, attracting foreign investment, and thus strengthening the currency. However, the effect diminishes over time.

Response of REX (exchange rate) to π (inflation):
The response shows an initial negative dip around period 4, after which it returns toward zero. A shock to inflation expectations leads to a depreciation of the exchange rate initially, likely due to anticipated weakening of the currency in response to higher expected future inflation. However, the effect dissipates over time.

Response of REX (exchange rate) to LNPSI (political instability):
There is minimal response early on, followed by a small positive increase after period 4. A shock to political stability leads to a slight appreciation of the exchange rate. Political stability generally enhances investor confidence, which could strengthen the currency, although the effect appears weak and gradual.

5. Conclusions, Proposals, Recommendations

5.1 Conclusions

The inherited bureaucracy and political culture that originated in the Apartheid era have rendered corruption issues difficult to trace and tackle (Ozler and Rodrick, 1992). This bureaucracy created a new economic elite of ANC members or associates following 1994 and shaped an environment where corruption flourished in the democratic era.

The new and old political order created their types of corruption, benefiting those in their inner circles. Forms of endemic corruption were passed on to the new order in 1994, and new forms of corruption have emerged, adding new layers of theft from the state's purse. In conclusion, these findings reinforce the importance of economic growth, strong legal frameworks, and transparent institutions in controlling corruption.

South Africa's government must integrate these elements into a cohesive strategy that promotes growth while strengthening governance for sustainable political stability and prosperity. While targeting inflation between 3 and 6% might help mitigate political instability in the short term, the SA government cannot rely on this alone. Broader institutional reforms and economic strategies are necessary to manage the trade-offs between inflation, corruption, and political stability.

The results introduce important variables−corruption, inflation, exchange rate, and political instability− that provide a clearer picture of the dynamics between economic growth, institutional strength, and corruption control. This analysis highlights the interdependence of economic and institutional factors in controlling corruption and promoting overall stability and prosperity.

5.2 Proposals

Based on the interpretation of the impulse response functions (IRFs) and the dynamics between the exchange rate REX) and the various factors (inflation, interest rates, growth, political stability, etc.), the following proposals can be made to manage and stabilise the exchange rate while addressing the root causes of fluctuations. The central bank should continue to pursue inflation-targeting policies, ensuring that inflation remains within a manageable range.

Tight monetary policy, including raising interest rates, when necessary, can help manage inflationary pressures. The IRFs show that inflation (LNCPR) has a significant and sustained positive impact on the exchange rate. High inflation leads to currency appreciation due to raised interest rates, but uncontrolled inflation can lead to political instability. Managing inflation π) will also help stabilise long-term exchange rate movements.

Governments should prioritise enhancing political stability by fostering transparent and accountable governance, reducing corruption, and ensuring smooth political transitions. Political instability (LNPSI) shows a minor positive response, but in the long term, political stability is crucial for building investor confidence. Political crises tend to result in exchange rate depreciation due to uncertainty. Strengthening governance can prevent shocks from destabilising the exchange rate.

Diversify the economy to reduce reliance on any single sector or external economic conditions (such as commodity prices). Policies aimed at fostering multiple sectors (agriculture, technology, and services) can create a more resilient economy. External shocks, such as those affecting commodity prices or global interest rates, often result in fluctuations in exchange rates. Diversification can help mitigate the impact of these shocks on the domestic economy and currency.

A flexible exchange rate regime that allows for periodic interventions should be implemented when necessary while avoiding rigid control of currency values. The central bank should use foreign exchange reserves judiciously to manage volatility without setting a fixed exchange rate. While the IRFs show short-term responses to various shocks, a flexible exchange rate regime helps the economy absorb external shocks and adjust gradually.

Direct intervention should only occur in times of extreme volatility to maintain confidence in the currency. Strengthen institutional frameworks to reduce corruption by implementing stricter regulations, ensuring enforcement, and promoting transparency in government spending and business operations. Corruption has a negative impact on economic growth and can destabilise the exchange rate by eroding investor confidence. Reducing corruption will lead to more predictable government spending and economic activity, which supports long-term currency stability.

5.3 Recommendations

Strengthening governance through anti-corruption measures and promoting transparency is vital. This will reduce the negative impact of inflation on corruption control. Rather than solely relying on inflation targeting, the government needs a more holistic strategy that includes fiscal policies, social investment, and public sector reforms to ensure long-term political stability.

Effectively communicating economic policies and showing responsiveness to public concerns can build trust in government decisions, reducing the risk of political unrest even during times of moderate inflation. The government must foster anti-corruption efforts; judicial independence, transparent legal processes, and fair enforcement will help improve corruption control substantially. Promote public sector transparency and accountability and encourage civil society engagement to combat corruption at all levels.

South Africa can achieve this through digital transparency platforms and public oversight mechanisms. While SA is said to be enjoying its democracy, inflation in 2022 was at 5.9%. This led to a 100% increase in corruption, contributing to a nearly 96% rise in political instability.

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