

The Role of Financial Oversight in Reducing Financial Corruption: A Descriptive and Analytical Study at Asiacell Telecommunications Company

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Abstract

This study seeks to examine the effect of financial control on financial corruption through the state of financial control at Asiacell Telecommunications Company. The research method was descriptive-analytical and the main tool used was a questionnaire. The research involved a sample of 70 financial and administrative employees. The study examined the financial control variable in terms of its dimensions (internal control, internal audit, and transparency and disclosure), and financial corruption in terms of its dimensions (bribery and abusing power, embezzlement and financial manipulation, and the absence of transparency and control).

The statistical analysis demonstrated a high level of implementation of financial control in the company. Moreover, there was a high, significant, positive correlation between financial control and financial corruption reduction, with a correlation coefficient of 0.816. The regression analysis also revealed a strong influence of financial control on the reduction of financial corruption, with a coefficient of determination ($R^2 = 0.665$), meaning financial control accounts for a great deal of variance in financial corruption.

The study made several conclusions, including the fact that the effective strength of financial control systems helps to minimise the level of financial corruption in an organisation. The research also made a number of recommendations, such as the need to establish internal control systems, improve the independence of internal auditing, and improve transparency and disclosure.

Keywords: *Financial Control; Financial Corruption; Asiacell.*

1. Introduction

Financial control is a key principle upon which contemporary organisations are built to ensure the prudent use of financial resources and to ensure that efficiency and transparency are achieved in financial reporting. It is an integrated framework of practices and rules designed for asset protection, error and variance detection, and adherence to established financial laws and standards. As the world faces more economic hardships and the growth of financial

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activities, the need has emerged to enhance the effectiveness of financial control as a mechanism to combat symptoms of financial corruption that challenge the sustainability of institutions and restore trust among stakeholders.

Corruption in finance is one of the most alarming issues for companies because of its impact on financial and administrative performance. It results in resource and efficiency losses and undermines strategic goals. Therefore, the role of financial control takes on the first line of defence against this problem through appropriate control mechanisms, such as internal audit, monitoring, and disclosure and transparency mechanisms.

Accordingly, this study aims to explore the role of financial control in preventing financial corruption by reviewing the situation of control in Asiacell Telecommunications Company, and revealing the level of effectiveness of control in identifying financial deviations and preventing the risk of their occurrence, to provide some recommendations that improve the effectiveness of the control system and ensure the integrity of financial transactions in the company.

2. Research Problem

The problem of research is the increasing financial corruption in some companies, which has a negative effect on the effectiveness of financial and administrative performance, resulting in wasting resources and preventing organisations from achieving their objectives. While many corporations have internal financial control systems, these may not be fully effective due to implementation deficiencies, poor compliance with control procedures, or the lack of experience and expertise in the control department.

Hence, there exists the necessity to examine the reality of financial control in Asiacell Telecommunications Company to identify whether it can minimize manifestations of financial corruption, as well as identify irregularities in a timely manner. Thus, the research problem may be stated as the following key question: How well does financial control help to decrease financial corruption in Asiacell Telecommunications Company?

3. The Importance of the Research

The relevance of this study lies in its emphasis on a critical subject that is at the heart of administrative and financial processes in organisations — the role of financial control in alleviating financial corruption, especially in the telecommunications sector, which is an important and sensitive economic sector. Sound financial control helps increase the level of transparency and integrity, minimise financial aberration, and has positive effects on performance efficiency and organisational goal achievement.

Another practical significance of the study is the analysis of the reality of financial control in Asiacell Telecommunications Company. This assists the management in identifying the strengths and weaknesses of the control system and aligning it with current best practices. Moreover, the study offers a scientific model that may be useful to scientists and individuals working on the subject of financial management and control, and adds value to the literature on fighting financial corruption.

Moreover, the study is also important in providing viable recommendations that will help decision-makers to ameliorate financial control systems and improve their capacity to minimise corruption. This will provide the best utilisation of financial resources and strengthen stakeholder confidence in the performance of the organisation.

4. Research Objectives

The research aims to achieve the following objectives, which help in developing an insight into the role of financial control in mitigating financial corruption:

1. Find out the conceptual framework of financial control and financial corruption.
2. Examine the established financial control systems in Asiacell Telecommunications Company.
3. Show how financial control can be useful in identifying and alleviating financial anomalies.

4. Establish the correlation between the power of the control system and the degree of financial corruption at the company.
5. Determine the greatest challenges that hinder efficient application of financial control.
6. Provide recommendations and proposals that would help to increase the role of financial control and decrease financial corruption.

5. Research Hypotheses

Research hypotheses are one of the basic components that the researcher must test empirically to determine the nature of the relationship between the variables in the study, which include financial control and financial corruption. The hypotheses of the research are set as follows:

Hypothesis 1: There is a statistically significant relationship between financial control and the reduction of financial corruption at Asiacell Telecommunications Company.

Hypothesis 2: Financial control has a statistically significant effect on reducing financial corruption at Asiacell Telecommunications Company.

6. Research Population and Sample

The research population comprises all employees of Asiacell Telecommunications Company in financial, administrative and auditing positions, as they have a direct role in the implementation of financial control systems and monitoring of accounting processes in the company.

The research sample consists of 70 individuals, chosen randomly at different levels of administration so that different views can provide a favourable representation of the actual picture of the audit system. The sample was used to gather accurate field data using a questionnaire to assist in the analysis of the role of financial control in curbing financial corruption and draw real conclusions that can be generalised to the research population.

7. Theoretical Framework of the Research

7.1 Financial Control

The Concept of Financial Control

One of the key concepts of contemporary accounting and management thinking is financial control. It is a comprehensive network geared towards proper utilisation of financial resources, checking that laws and regulations are followed, and identifying and countering financial anomalies as soon as possible.

Albrecht et al. (2021, p. 14) defined financial control as a process that is systematic and directed towards securing the assets of an organisation by assessing the financial operations of an organisation and controlling the financial performance to assure that it is of a nature to achieve predefined goals. According to Chen et al. (2020, p. 233), financial control is an element of corporate governance that helps to increase the level of transparency and minimise the risk of financial corruption in organisations.

Similarly, Hassan and Othman (2022, p. 58) consider financial control as a series of processes and policies that the management employs to track and assess financial performance in a bid to enhance operational efficiency and reduce deviations. According to Kassem and Higson (2019, p. 97), the successfulness of financial control largely hinges on the power and autonomy of the internal audit system in the organisation. IFAC (2020, p. 21) explains that financial control is an essential part of the governance system, and aims to ensure the reliability of financial reports and enhance confidence in the accounting information provided to stakeholders.

The Importance of Financial Control

Financial control is of paramount importance in modern organisations, as it represents a fundamental tool for ensuring the rational use of financial resources and achieving efficiency and effectiveness in financial performance. Financial control contributes to strengthening financial discipline within the organisation by monitoring the implementation of financial operations and ensuring their compliance with applicable laws and regulations, thus reducing opportunities for financial deviations and errors (Al-Shammari, 2021, p. 34).

The importance of financial control is also highlighted by its active role in curbing financial corruption through the mechanisms it provides for the early detection of manipulation and embezzlement, as well as its preventative role in preventing such practices before they occur. A study by Al-Azzawi (2020, p. 78) demonstrated that the existence of an effective control system directly contributes to reducing instances of financial corruption within governmental and private institutions.

Furthermore, financial control contributes to improving the quality of financial reports by ensuring the accuracy of accounting data and information, which enhances the credibility of financial statements and helps management make sound decisions based on reliable information (Hussein, 2019, p. 55). Adherence to control procedures also leads to increased transparency and financial disclosure, which enhances stakeholder confidence in the organisation's performance (Al-Tamimi, 2022, p. 91).

The importance of financial control is further demonstrated in supporting the planning and management control process. It provides accurate information on actual performance compared to planned performance, which helps in performance evaluation and timely correction of deviations (Saleh, 2021, p. 63). Moreover, it contributes to protecting the organisation's assets from loss or misuse by implementing a robust control system that ensures the integrity of financial operations (Jassem, 2020, p. 47).

Indicators for Measuring Financial Control

Financial control can be measured through a set of key indicators that reflect the level of effectiveness of the control system within the organisation. Recent literature has indicated that measuring financial control depends mainly on indicators related to internal control, internal auditing, transparency and financial disclosure as interrelated elements in building an effective control system (COSO, 2019, p. 12):

1. **Internal Control:** Internal control is defined as a set of processes, policies, and procedures designed and implemented by management to ensure the achievement of the organisation's objectives related to operational efficiency, the reliability of financial reporting, and compliance with laws and regulations. Internal control is one of the most important financial safeguards within organisations, as it works to reduce the risks of errors and financial manipulation by establishing clear controls for separating tasks and continuously monitoring financial operations (Romney & Steinbart, 2021, p. 214).
2. **Internal Audit:** Internal audit is defined as an independent and objective activity that provides assurance and consulting services. It aims to improve the organisation's operations and help it achieve its objectives by evaluating the effectiveness of risk management, control systems, and governance (IIA, 2020, p. 5). Arena and Azzone (2020, p. 88) indicate that internal audit is an important control tool that contributes to detecting errors and financial deviations and providing corrective recommendations to management, thereby enhancing the efficiency of financial performance and reducing the potential for corruption.
3. **Transparency and Financial Disclosure:** Financial transparency is defined as the clarity, accuracy, and reliability of the financial information that an organisation provides to its stakeholders, enabling them to understand financial performance and make sound decisions (IFAC, 2020, p. 17). Bushman et al. (2020, p. 45) also explain that financial disclosure enhances the quality of corporate governance by reducing

information asymmetry between management and stakeholders, thereby reducing opportunities for financial corruption and increasing confidence in financial reports.

7.2 Financial Corruption

The Concept of Financial Corruption

Financial corruption is a serious phenomenon facing both public and private institutions, due to its negative impact on the efficiency of financial and administrative performance, and on stakeholder trust in the organisation. The concept refers to a set of illegal behaviours and deviations related to the misuse of power or position to achieve personal gain at the expense of public funds or organisational resources.

Financial corruption has been defined as the abuse of entrusted power for private gain, whether financial or non-financial, thereby harming the public interest and undermining the principles of integrity and transparency (Transparency International, 2020, p. 4). Rose-Ackerman and Palifka (2019, p. 23) further explain that financial corruption represents behaviour that deviates from the official duties of a public or private official for personal gain, including bribery, embezzlement, and manipulation of financial data. This definition throws light on the behavioural aspect of corruption and its close association with the misuse of official power.

According to the OECD (2020, p. 11), financial corruption does not rest solely on direct actions like theft or bribery, but rather on the intentional inefficiency in applying laws and financial controls, which results in an opaque environment that helps facilitate financial wrongdoing. Heidenheimer and Johnston (2019, p. 57) indicate that financial corruption represents a flaw in the financial governance system within institutions, where weak oversight and transparency increase the opportunities for the illicit exploitation of financial resources.

Causes of Financial Corruption

The causes of financial corruption in organisations are numerous and vary depending on the administrative and economic environments and the level of financial control in place. Financial corruption is the result of the interaction of a range of organisational, administrative, and behavioural factors.

Mauro (2019, p. 33) indicates that weak control systems and a lack of transparency are among the most important reasons for the spread of financial corruption within institutions. Weak control creates a fertile environment for financial manipulation and the misuse of resources. Rose-Ackerman and Palifka (2019, p. 61) also emphasise that conflicts of interest and the absence of administrative accountability significantly contribute to increasing the likelihood of financial corruption.

The OECD (2020, p. 18) argues that administrative complexity and excessive bureaucracy can create indirect opportunities for corruption, as some employees exploit administrative loopholes for personal gain. Heidenheimer and Johnston (2019, p. 72) explain that weak enforcement of laws and deterrent penalties is one of the most noticeable factors that promote the perpetuation of corrupt practices in institutions.

Transparency International (2020, p. 9) asserts that poor institutional integrity and culture of ethical practices will further promote higher levels of financial corruption, particularly where there is no effective and independent system of oversight.

Indicators for Measuring Financial Corruption

In recent research, financial corruption has been gauged using a collection of indirect indicators, as it is not easy to gauge it directly. These indicators are based on the perception of employees and the degree of transparency and governance of the organisation (Transparency International, 2020, p. 6). The indicators used to measure financial corruption are as follows:

1. **Bribery and Abuse of Position:** This is where an employee or official makes personal use of their official powers to obtain personal gains, both direct and indirect, in order to expedite procedures or confer personal privileges with which they are not legally invested. This type is regarded as one of the most common forms of financial corruption. According to Rose-Ackerman and Palifka (2019, p. 88), bribery is an unlawful transfer of goodwill between two individuals with the intention of affecting administrative or monetary judgments to meet personal needs at the cost of the public interest.
2. **Embezzlement and Financial Manipulation:** The term refers to the unauthorised taking of money or other property of an organisation, or the falsification of financial documents and records in order to hide financial information or deceive authorities. According to Mauro (2019, p. 41), embezzlement and financial manipulation are defined as conduct that entails the unlawful misappropriation or utilisation of communal or personal money and resources to advantage the individual, and it is mostly related to infirm internal controls.
3. **Weak Transparency and Control:** This indicator is related to the lack of openness in financial processes and the weakness of internal control measures, which provide a conducive atmosphere for the occurrence of financial corruption without its timely identification. Transparency International (2020, p. 10) notes that a lack of financial transparency and inadequacy of financial disclosure systems result in an increase in the possibility of financial corruption due to low levels of accountability and institutional control.

8. The Practical Aspect of Research

This section analyses field data collected from a sample at Asiacell Telecommunications Company, aiming to test the research hypotheses and achieve its objectives. A range of descriptive and inferential statistical methods were employed, including the arithmetic mean, standard deviation, coefficient of variation, correlation coefficient, and linear regression, to diagnose the research variables and demonstrate the nature of the relationship and influence between financial oversight and financial corruption.

8.1 Description and Diagnosis

Description and Diagnosis of Financial Control Indicators

Table 1 presents the results of the descriptive analysis of the dimensions of financial control at Asiacell Telecommunications Company, using the arithmetic mean, standard deviation, and coefficient of variation, to diagnose the level of adoption of financial control from the perspective of the sample members.

Table 1. Descriptive Analysis of Financial Control Indicators

S.	Dimensions	Arithmetic Mean	Standard Deviation	Coefficient of Variation
1	Internal Control	3.54	0.75	30.44%
2	Internal Audit	3.75	0.90	24.01%
3	Transparency and Financial Disclosure	3.80	0.89	23.46%
Total		3.69	0.84	25.97%

Table 1 shows the results of the descriptive analysis of the dimensions of financial control at Asiacell Telecommunications Company. The arithmetic means ranged between 3.54 and 3.80, with an overall mean of 3.69,

indicating a "high" level of adoption of financial control according to the sample group's perspective. Transparency and financial disclosure had the highest arithmetic mean (3.80) and the lowest coefficient of variation (23.46%), indicating the highest homogeneity and consistency in employees' responses. Next was internal audit (arithmetic mean of 3.75 and a coefficient of variation of 24.01%), and then internal control, which scored the lowest arithmetic mean (3.54) and the highest coefficient of variation (30.44%), showing much variation in responses about its effectiveness. In summary, the total coefficient of variation of 25.97% shows a satisfactory level of consistency in the responses. Overall, the findings revealed that the company has good financial control, along with a suggestion to improve their internal control standards to minimise variation.

Description and Diagnosis of Financial Corruption Indicators

The results of the descriptive analysis of the financial corruption indicators at Asiacell Telecommunications Company are shown in Table 2, using the arithmetic mean, standard deviation and coefficient of variation to identify the level of implementation of financial controls from the sample members' point of view.

Table 2. Descriptive Analysis of Financial Corruption Indicators

S.	Dimensions	Arithmetic Mean	Standard Deviation	Coefficient of Variation
1	Bribery and Abuse of Position	3.79	0.94	23.66%
2	Embezzlement and Financial Manipulation	3.62	0.85	29.63%
3	Weak Transparency and Control	3.79	0.96	25.33%
Total		3.73	0.91	26.20%

Table 2 presents the descriptive statistics of the indicators of financial corruption at Asiacell Telecommunications Company from the sample's point of view. The arithmetic means vary from 3.62 to 3.79, with an overall arithmetic mean of 3.73, slightly higher than the hypothesised mean of the scale. This reveals a "moderate to high" level of perception of financial corruption practices. The indicators of "bribery and abuse of power" and "lack of transparency and oversight" had the highest arithmetic means (3.79 for each), but the former had the lowest coefficient of variation (23.66%), suggesting consensus on its prevalence. On the other hand, "embezzlement and financial manipulation" had the lowest arithmetic mean (3.62) and highest coefficient of variation (29.63%) due to variation among the respondents' views of this form of corruption. The overall coefficient of variation (26.20%) suggests acceptable variation. The findings conclude that lack of transparency and oversight is perceived as the most common form of corruption, along with bribery. However, care should be taken when interpreting the results of the financial manipulation dimension because of the high variation among the responses.

8.2 Hypothesis Testing: Correlation and Impact

Pearson Correlation

Table 3 shows the results of the Pearson Correlation test to measure the nature and strength of the relationship between the two research variables: financial control as the independent variable and financial corruption as the dependent variable.

Table 3. The Relationship Between Financial Control and Financial Corruption

Independent Variable	Dependent Variable	R	Sig	Type of Relationship
Financial Control	Financial Corruption	0.816	0.000	Direct

Table 3 shows the results of the correlation test between financial control and financial corruption. The correlation coefficient was (0.816), indicating a strong positive relationship between the two variables. The statistical significance level (Sig = 0.000) was less than the accepted significance level (0.05), indicating that the relationship is statistically significant.

This means that increased effectiveness of financial control leads to a reduction in financial corruption within the organisation. Therefore, the first hypothesis, which states that there is a statistically significant relationship between financial control and financial corruption, is accepted.

Testing the Effect Relationship: Regression Analysis

Table 4 shows the results of the simple linear regression analysis conducted to measure the effect of financial control as the independent variable on financial corruption as the dependent variable, in order to test the hypothesis of effect in the research.

Table 4. Simple Linear Regression Analysis

Independent Variable	F	β	T	R ²	Level of Significance
Financial Control	133.2	0.805	11.54	0.665	0.000

Table 4 shows the results of the simple linear regression analysis to measure the impact of financial control on reducing financial corruption. The regression coefficient was ($\beta = 0.805$), indicating a positive effect of financial control on financial corruption.

The value of (T = 11.54) at a significance level of (Sig = 0.000), which is less than (0.05), indicates that the effect is statistically significant. The value of the coefficient of determination (R² = 0.665) means that financial control explains 66.5% of the changes in financial corruption, while the remaining percentage is attributed to other factors not considered in the model. The value of (F = 133.2) is statistically significant, confirming the validity of the model used to explain the relationship between the two variables.

9. Conclusions

The findings revealed that the application of financial control in the company studied is generally high, but there are differences in the level of implementation and consistency of each dimension of the financial control. The research also showed that there is a significant positive correlation between financial control and financial corruption reduction, which proves that improved control leads to a reduction in corruption. The regression analysis showed that financial control has a strong influence on the reduction of financial corruption, explaining a significant proportion of variance in it. This highlights the need for the organisation to adopt suitable and integrated control systems. On the other hand, the study found some differences in the views of the sample members, especially in some of the dimensions, which suggest the need to improve some dimensions of control and improve its application.

10. Recommendations

Based on the research results, the researcher recommends the need to improve the financial control systems in the organisation by establishing internal control systems and revising their procedures to keep pace with the latest practices. This includes promoting the independence of internal audit departments and enabling them to carry out their monitoring role effectively and efficiently. The researcher also suggests raising the level of financial reporting and transparency through producing high-quality financial reports and timely and reliable information, which increases trust and reduces corruption. In addition, the study stresses the need for training and development programmes for financial and auditing employees, as well as cultivating a culture of integrity and responsibility within the firm, and the use of new electronic monitoring techniques that help in detecting financial problems early and preventing illegal practices.

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