

Vol. 5, Issue 1, pp: (85-98), Month: January - April 2018, Available at: www.noveltyjournals.com

# ROLE OF GOVERNANCE STRATEGIES ON CORRUPTION REDUCTION IN SOMALIA

<sup>1</sup>Halima Ali Ahmed, <sup>2</sup>Dr. Fridah Simba

<sup>1</sup>Student - Jomo KenyattaUniversity of Agriculture and Technology-Mombasa Campus <sup>2</sup>Director/Lecturer - Jomo Kenyatta University of Agriculture and Technology-Mombasa Campus

Abstract: Somalia faces many major corruption challenges that affect conflict-torn countries, with widespread corruption and a deeply deep-rooted patronage system damaging the legitimacy of the internationally recognized Federal Government. Corruption distorts resource allocation and government performance. The causes of its development are many and vary from one country to the next, Among the contributing factors are policies, programs and activities that are poorly conceived and managed, failing institutions, poverty, income disparities, inadequate civil servants' remuneration, lack of accountability and transparency. Combating corruption is instrumental to the broader goal of achieving more effective, fair, and efficient government. When there is inadequate transparency, accountability, and probity in the use of public resources, the state fails to generate credibility and authority. Systemic corruption undermines the credibility of democratic institutions and counteracts good governance. The negative impacts of corruption have served as the impetus for international aid institutions to demand the establishment of good governance strategies in Somalia. These strategies attempt to improve integrity, transparency, and accountability in government and private administrative transactions, to achieve sustainable growth and improved service delivery to the public. Transparency, combined with the empowerment of the civil society, helps governments ensure the efficient use of resources and manage a change process that results in increased accountability and improved service delivery, two elements that assist in the creation of an enabling environment for private-sector development and economic growth. It is due to the pressure from international aid institutions to Somalia to create good governance strategies in order to reduce corruption that the study aimed at investigating the good governance strategies that the local government can embrace in reducing corruption in the local government of Somalia. The study was guided by four objectives including, determining the role of accountability in reducing corruption in Local government of Somalia, to find out the role of transparency in reducing corruption in local government in Somalia, to investigate the effect of equitable governance on corruption reduction in local government in Somalia and to assess the role of technology deployment in corruption reduction in local government in Somalia. The researcher used a survey design method for the study. Survey design is a design in which data is collected using questionnaires. For this study, the survey design was preferred because surveys are relatively less costly, easily accessible and also useful in describing the characteristics of a large population and making the results statistically significant even when analyzing the variables. The study selected a sample of 171 respondents from the different segments of the population in Mogadishu Somalia to determine the role of governance strategies to reduce corruption in Somalia. The data collected was tabulated and analyzed. This study employed simple random sampling technique in selecting respondents. This type of sampling is none biased because each member of the subset has an equal probability of being chosen. From the study data analysis and interpretations, the following summary, conclusions and recommendations were drawn; Accountability, transparency, equitable governance and technology deployment were found to play a big role in combating and reducing corruption in local government in Somalia. Thus the Somalia local government should encourage the use of accountability practices, transparency practices, equitable governance actions and the deployment of technology in local government across the country so as to fight corruption.

Keywords: income disparities, civil society, corruption reduction, government performance.



Vol. 5, Issue 1, pp: (85-98), Month: January - April 2018, Available at: www.noveltyjournals.com

# 1. INTRODUCTION

#### **Background of the Study:**

Political instability has been a notable feature of Somalia since its independence in 1960. Somalia is frequently considered an archetypal failed state and terrorist safe haven. Since the overthrow of long-time Somali leader Siad Barre in 1991, Somalia has experienced failed international involvements, large-scale refugee flows, and the ongoing deficiency of even rudimentary state services and institutions; Somalis exist in surroundings of predation and pervasive insecurity and deprivation (Sequeira, 2012)

The politics of Somalia have gone through various periods of change. Following the outbreak of the civil war and the ensuing collapse of the Siad Barre regime in the early 1990s, Somalia's residents reverted to local forms of conflict resolution, consisting of civil law, religious law and customary law. A few autonomous regions, including the Somaliland, Puntland and Galmudug administrations, emerged in the north in the ensuing process of decentralization. The early 2000s saw the creation of fledgling interim federal administrations (Ibrahim, 2011).

The Transitional National Government (TNG) was established in 2000 followed by the formation of its successor the Transitional Federal Government (TFG) in 2004, which reestablished national institutions such as the Military of Somalia. In 2006, the TFG assisted by Somalia troops, assumed control of most of the nation's southern conflict zones from the newly formed Islamic Courts Union (ICU). The ICU subsequently splintered into more radical groups such as Al-Shabaab, which battled the TFG and its AMISOM allies for control of the region.

With the insurgents losing most of the territory that they had seized by mid-2012. In 2011-2012, a roadmap political process providing clear benchmarks leading toward the establishment of permanent democratic institutions was launched. Within this administrative framework, a new Provisional Constitution was passed in August 2012, which designates Somalia as a federation. Following the end of the TFG's interim mandate the same month, the Federal Government of Somalia, the first permanent central government in the country since the start of the civil war, was also formed.

#### **Statement of Problem:**

Somalia is a standout amongst the most fizzled states on the planet, since 1991 Somalia was not having a working government and the nation was enduring the nonattendance of a useful focal government. After the breakdown of the focal government, every one of the foundations was given way, for example, the national bank and different elements of the nation. Somalia confronts numerous significant corruption challenges that influence conflict-torn areas with far reaching debasement and a deeply deep-rooted patronage support framework harming the authenticity of the internationally recognized Federal Government (Ackerman, 2009).

International (2011), both petty and grand forms of corruption are prevalent in Somalia, with widespread misuse of state resources and disregard for ethical conduct by public office holders. A nepotistic job culture, poor book and record keeping and unclear internal procedures and regulations exacerbate corruption challenges and create many opportunities for misusing public resources for private gain. Unethical conducts and misuse of resources can range from unnecessary and extravagant foreign travels to Western capitals to massive mismanagement and misappropriation of state resources (International, 2011).

The TFG itself acknowledged gross financial mismanagement and corruption in its 2010 roadmap towards building durable peace and a functioning state (International, 2011). A Public Finance Management Unit's report released in May 2011 also revealed major discrepancies between TFG financial statements in 2009 and 2010 and the actual internal and external revenue received. The report estimated that more than \$72 million in donor assistance was stolen between 2009 and 2010, and a further \$250 million in revenues could not be accounted for (Freedom House, 2012). In particular, the audit report uncovered gross public financial mismanagement, large scale misappropriation of public and donor funds, unethical and professional negligence, and concealment of actual resource flows among others.

Combating corruption is instrumental to the broader goal of achieving more effective, fair, and efficient government. When there is inadequate transparency, accountability, and probity in the use of public resources, the state fails to generate credibility and authority.



Vol. 5, Issue 1, pp: (85-98), Month: January - April 2018, Available at: www.noveltyjournals.com

Systemic corruption undermines the credibility of democratic institutions and counteracts good governance. There is a high correlation between corruption and an absence of respect for human rights, and between corruption and undemocratic practices. Corruption alienates citizens from their government. Pervasive corruption reduces the efficiency of government in general and in particular reduces the effectiveness of private investment and foreign aid (Grey, 2008)

The negative impacts of corruption have served as the impetus for international aid institutions to demand the establishment of good governance strategies in Somalia. These strategies attempt to improve integrity, transparency, and accountability in government and private administrative transactions, to achieve sustainable growth and improved service delivery to the public (Transparency International, 2011).

Transparency, combined with the empowerment of the civil society, helps governments ensure the efficient use of resources and manage a change process that results in increased accountability and improved service delivery, two elements that assist in the creation of an enabling environment for private-sector development and economic growth. It is due to the pressure from international aid institutions to Somalia to create good governance strategies in order to reduce corruption that the study aims at investigating the good governance strategies that the local government can embrace in reducing corruption in the local government of Somalia.

#### **General Objective:**

The general objective of the study was to assess the governance strategies that the government should embrace to reduce corruption in Somalia

# **Specific Objectives:**

- 1) To determine the role of accountability in reducing corruption in Local government of Somalia.
- 2) To find out the role of transparency in reducing corruption in local government in Somalia.
- 3) To investigate the effect of equitable governance on corruption reduction in local government in Somalia
- 4) To determine the role of technology deployment on corruption reduction in local government in Somalia.

#### 2. LITERATURE REVIEW

#### **Government Accountability:**

Governments are accountable if their tenure in office depends on their actions. Accountability can be enforced through two distinct mechanisms. Governments are politically accountable when they are subject to sanctions by citizens, that is, if voters can remove incumbents from office when they extract rents in excess of the amount voters see as justified. Since people do not observe most actions of governments directly, they make inferences about actions by observing their outcomes (Arroyo, C & Sirker, G, 2005). Accountability ensures actions and decisions taken by public officials are subject to oversight so as to guarantee that government initiatives meet their stated objectives and respond to the needs of the community they are meant to be benefiting, thereby contributing to better governance and poverty reduction.

Evaluating the effectiveness of public officials or public bodies ensures that they are performing to their full potential, providing value for money in the provision of public services, instilling confidence in the government and being responsive to the community they are meant to be serving (Bovens, 2005). Institutions of accountability, such as parliament and the judiciary, provide what is commonly termed as horizontal accountability, or the capacity of a network of relatively autonomous powers (i.e., other institutions) that can call into , question, and eventually punish, improper ways of discharging the responsibilities of a given official. In other words, horizontal accountability is the capacity of state institutions to check abuses by other public agencies and branches of government, or the requirement for agencies to report sideways (World Bank Institute, 2005).

Alternatively, vertical accountability is the means through which citizens, mass media and civil society seek to enforce standards of good performance on officials (World Bank Institute, 2005). Accountability is a mechanism designed to ensure that the affairs or the entities are conducted with due regard to the interests of those who are interested in the affairs of the entity. Accountability guarantees actions and decisions taken by public officials regarding government initiatives and respond to the needs of the community thereby contributing to better governance and poverty reduction (Mitchel, 2008).



Vol. 5, Issue 1, pp: (85-98), Month: January - April 2018, Available at: www.noveltyjournals.com

The Good governance recognizes accountability in terms of improving the delivery of public services, measuring performance and providing incentives to achieve targets and sanctions in case of non-performance. Accountability is not to be viewed only in terms of democratic control and integrity of operations but also in terms of performance. Accountability is important in evaluating the on-going effectiveness of public officials or bodies ensures that they are performing to their full potential, providing value for money, instilling confidence in the government and being responsive to the community (Arroyo, C & Sirker, G, 2005).

Bureaucracy is a social institution, and its members, do not shrink from exercising this power in their own favors, unconcerned about, or to the detriment of, the people whom they profess to serve. No government, of whatever complexion, can evade the need for accountability. In a democracy, accountability inevitably assumes a pre-eminent position as it derives its legitimacy from the people at large (World Bank, 2006).

Accountability is at the heart of every government, what the nature of that accountability, and how it is articulated, however, depends upon the kind of polity a country has. The greater the need for accountability, the greater is the difficulty of its enforcement. Bureaucracy tends to monopolize within itself awesome power, which is not necessarily used for the citizen's welfare. Accountability is important in good governance to keep the public servants tuned to the right perspective, including goals; society needs to have at its disposal definite ways of holding the servants accountable (Arroyo, C & Sirker, G, 2005).

# **Government Tranparency:**

Transparency is the release of information about institutions which is relevant for evaluating those institutions is an issue of major concern for the contemporary social sciences. In the international relations field transparency has been acknowledged for its potential to contribute to regime effectiveness (Mitchel, 2008), to reduce the risks of conflicts and war and for constituting a potential substitute or compensation for the poor prospects of democratic accountability of international organizations (Keohane, 2010).

Transparency and accountability are critical for the efficient functioning of a modern economy and for fostering social well-being. In most societies, many powers are delegated to public authorities. Some assurance must then be provided to the delegators that is, society at large that this transfer of power is not only effective, but also not abused. Transparency ensures that information is available that can be used to measure the authorities' performance and to guard against any possible misuse of powers. In that sense, transparency serves to achieve accountability, which means that authorities can be held responsible for their actions. Without transparency and accountability, trust will be lacking between a government and those whom it governs. The result would be social instability and an environment that is less than conducive to economic growth (Bovens, 2005).

Transparency is also promoted as one of the most important medicines against corruption—the improper use of public office in exchange for private gain. In the recent decade there has been a massive wave of research and debate about the causes of corruption—driven partly by the growing awareness that corruption is not just a moral problem but also a major impediment to development and growth in large parts of the world (Arroyo, & Sirker, 2005).

In the case of oil-producing countries, these concepts take on even greater importance. Oil wealth creates major opportunities, especially in developing countries. The government including parliamentarians—plays an important role in managing these opportunities. At what pace should the oil be extracted? How should the proceeds be used? Which investments will best address the country's development needs? The decisions made on such issues can have a long-lasting impact, and can affect the well-being of today's as well as future generations in a society (Asilis, 2010).

Yet, at the same time, the experiences of some developing countries in the management of oil wealth offer dramatic illustration of the problems that could be posed by resource riches. Typically, the exploitation of oil generates very large and sudden revenue inflows. This change alone creates significant challenges for developing countries, not least because their administrative systems are often not well-equipped to handle such flows. Throw in the uncertainty associated with volatile oil prices, and you have an added layer of complexity that further strains an already over-burdened system. At best, these circumstances challenge the most able policymaker on how to handle the new-found wealth. At worst, they present prime opportunities for outright corruption (Asilis, 2010).



Vol. 5, Issue 1, pp: (85-98), Month: January - April 2018, Available at: www.noveltyjournals.com

Adequate transparency and accountability are therefore critical for ensuring that resource wealth is managed for the benefit of the whole population. Transparency in oil sector operations allows democratic debate on how oil wealth should be handled. In that regard, while the economic implications of poor oil resource management are clear, we must never overlook the likely social consequences of such failure (Asilis, 2010).

In brief, the concept of transparent economic policy-making is very broad and needs to be considered in its entirety if economic policies are to be seen as truly transparent. Nevertheless, our own treatment of the subject will have to be narrower. We shall only consider those aspects of transparency that relate to government policies and of activities carried out by government institutions.

In addition, for many reasons governments tend to be most implicated as the origin of corruption and in the lack of transparency Economic policies and activities of government institutions can be perceived as transparent if the actual policies reflect their actual design in that they transmit the intended messages and signals. Similarly, economic institutions can be treated as transparent if their activities exactly conform to the stated objectives of these institutions and they carry out activities fully consistent with these objectives. Moreover, for economic policies and government institutions to be transparent it must be, of course, assumed that economic policies are clearly formulated, and that government institutions do have clear objectives and mandates. In brief, governments affect transparency through activities that they themselves control – regulatory activities, public sector policies and other (Mauro, 2009).

Transparent economic policies are vital for foreign investors, and the reasons are several. The first reason is that non-transparency imposes additional costs on businesses. These additional costs arise as firms have to tackle the lack of information that should have been provided by the appropriate government department in the implementation of its policies and in the activities of government institutions. For example, firms bidding for a state asset expect to receive full information from the government about the company to be privatized (Mauro, 2009).

Additional costs are also incurred because of corruption - another element of non-transparency identified above. In many countries, bribery is illegal. Bribery raises, therefore, the risks and the costs of non-compliance, and the companies will only take the risk if the rewards are sufficiently high. Corruption can indeed be very costly to firms (Rapp, 2010).

Transparent economic policies are important for FDI because they facilitate cross- border mergers and acquisitions. When firms decide to acquire companies abroad, they will often have to have their acquisitions approved by the Monopoly Commission or its equivalent in the host (i.e. foreign investment receiving) country. Transparent economic policies positively influence business attitudes (Rapp, 2010)

#### **Equitable Governance:**

Governance processes refer to the quality of participation necessary "to ensure that political, social and economic priorities are based on a broad consensus in society and that the voices of the excluded, poorest and most vulnerable are heard in decision-making. Participation is both a right, and a means to more sustainable development. When communities are actively engaged in their development processes, project outcomes will be better targeted to local needs and results will be more sustainable (United Nations Development Programme, 2014).

Socio-economic well-being will be improved, and so too will the legitimacy of the development process itself. Participation in policy development and the design of development interventions by communities and the society at large, in any society or community, enhances trust between those who decide, those who implement the decisions, and the population at large. Furthermore, inclusive participation through consensus and dialogue facilitate and galvanize the development and implementation of policies and reforms, and are crucial for promoting equity and strengthening the cohesiveness of societies (United Nations Development Programme, 2014).

Inclusive political processes which actively engage citizens and other stakeholders build trust in government and help create more responsive and equitable policies and public services that are better suited to diverse needs. Inclusive institutions level the playing field and provide all citizens with opportunities to participate in and shape public policy (Acemoglu, & Robinson, 2012).

However, in practice, politics and policy making can empower some, while marginalizing others. For example, lobbying allows privileged access to decision-making processes for those with greater organizational and financial resources



Vol. 5, Issue 1, pp: (85-98), Month: January - April 2018, Available at: www.noveltyjournals.com

(OECD, 2013). When state institutions are unduly influenced by private interests using nontransparent means, the result is known as "state capture" a form of political corruption. Inequitable distribution of resources and property is more likely to occur when state capture is allowed, political power is allocated disproportionately, and accountability and transparency are limited

#### **Technology Deployment:**

Just as government-induced distortions provide many opportunities for corruption, it is also the case that frequent, direct contact between government officials and citizens can open the way for illicit transactions. One way to address this problem is to use readily available technologies to encourage more of an arms-length relationship between officials and civil society; in this respect the Internet has been proved to be an effective tool to reduce corruption (Anderson, 2011). In some countries the use of online platforms to facilitate the government's interactions with civil society and the business community has been particularly successful in the areas of tax collection, public procurement, and red tape. Perhaps one of the most fertile sources of corruption in Somalia is associated with the purchasing activities of the state. Purchases of goods and services by the state can be sizable, in most countries somewhere between 5-10 percent of GDP. Because the awarding of contracts can involve a measure of bureaucratic discretion, and because most countries have long histories of graft, kickbacks, and collusion in public procurement, more and more countries have opted for procedures that guarantee adequate levels of openness, competition, a level playing field for suppliers, fairly clear bidding procedures, and so on.

Some countries have used the latest technologies to create one of the world's most transparent public procurement systems in the world. Chile is one such country that has launched a public electronic system for purchasing and hiring, based on an Internet platform. It has earned a worldwide reputation for excellence, transparency and efficiency. It serves companies, public organizations as well as individual citizens, and is by far the largest business-to-business site in the country, involving 850 purchasing organizations. In 2012 users completed 2.1 million purchases issuing invoices totaling US\$9.1 billion. It has also been a catalyst for the use of the Internet throughout the country.

In many of the measures discussed above aimed at combating corruption, the underlying philosophy is one of eliminating the opportunity for corruption by changing incentives, by closing off loopholes and eliminating misconceived rules that encourage corrupt behavior. But an approach that focuses solely on changing the rules and the incentives, accompanied by appropriately harsh punishment for violation of the rules, is likely to be far more effective if it is also supported by efforts to buttress the moral and ethical foundation of human behavior.

# **Corruption Reduction:**

Corruption is a significant financial crime which is estimated by the World Economic Forum to cost about 5 per cent of global GDP or \$2.6 trillion dollars. Explanations of corruption, like explanations of crime, tend to focus on the individuals who commit corruption and the wider conditions which give rise to corrupt behavior. Approaches designed to reduce corruption usually propose stiffer sanctions, institutional reforms and the passing of new laws (Graycar, 2012).

Corruption is defined by the World Bank and Transparency International (TI) as "the misuse of public office for private gain." As such, it involves the improper and unlawful behavior of public-service officials, both politicians and civil servants, whose positions create opportunities for the diversion of money and assets from government to them and their accomplices (World Bank Institute, 2005).

Corruption distorts resource allocation and government performance. The causes of its development are many and vary from one country to the next. The contributing factors are policies, programs and activities that are poorly conceived and managed, failing institutions, poverty, income disparities, inadequate civil servants' remuneration, and lack of accountability and transparency (World Bank, 2006).

#### 3. RESEARCH METHODOLOGY

#### Research Design:

This study adopted a descriptive survey method, in which both qualitative and quantitative approaches were used.

#### **Target Population**

This study was conducted in Mogadishu, Somalia, the country's largest administrative and commercial city.



Vol. 5, Issue 1, pp: (85-98), Month: January - April 2018, Available at: www.noveltyjournals.com

**Table 3.1: Target Population** 

Respondents	Target Population	Sample Size (0.57)	
Government	200	114	
Civil Society Groups	100	57	
Total	300	171	

#### Sample Size:

Sample size determination is the act of choosing the number of observations or replicates to include in a statistical sample. The sample size is an important feature of any empirical study in which the goal is to make inferences about a population from a sample (Bryman & Bell, 2015). The total sample size for this study will be obtained using the formulae developed by Cooper and Schinder, (2013) together with (Kothari, 2014). The sample size was 171.

$$n = N / 1 + N (\alpha)^2$$

Where: n= the sample size,

N= the sample frame (population)

 $\alpha$ = the margin of error (0.05%).

$$n = 300 / 1 + 300(0.05)^2 = 171$$

# Sampling Technique:

The study adopted a simple random sampling technique. In this technique, each member of the population has an equal chance of being selected as subject.

#### **Data Collection Instruments:**

This section outlines the methods that was used to collect primary data which was a questionnaire. It also indicates the method that will be used to collect secondary data for the study.

#### **Primary Data:**

The primary research data was collected using a semi-structured questionnaire.

#### **Secondary Data:**

Secondary data was obtained from literature sources through review of published literature such as journals, articles, published theses and text books.

#### **Data Collection Procedure:**

The data collection instrument in this study was a questionnaire. The research instrument were conveyed to the respondents through the drop and pick technique. The researcher approached each respondent, introduced himself to the respondents by explaining to them the nature and purpose of the study and then left the questionnaires with the respondents for completion and picked later within three days.

#### **Pilot Testing:**

Cooper and Schindler (2013) indicates that a pilot test was conducted to detect weakness in design and instrumentation and to provide proxy data for selection of a probability sample. Pilot testing provides an opportunity to detect and remedy a wide range of potential problems with an instrument.

# Reliability:

Cronbach's alpha was used to determine the internal reliability of the questionnaire that was used in this study. Values range between 0 and 1.0; while 1.0 indicates perfect reliability, the value 0.70 is deemed to be the lower level of acceptability (Hair, Black, Barry, Anderson, &Tatham, 2006).



Vol. 5, Issue 1, pp: (85-98), Month: January - April 2018, Available at: www.noveltyjournals.com

# Validity:

The researcher used the most common internal consistency measure known as KMO Bartlett's test. It may be mentioned that its value varies from 0 to 1 but, satisfactorily value is required to be more than 0.6 for the scale to be reliable (Bryman & Bell, 2015). The recommended value of 0.7 is the cut off of reliability.

# Data Processing, Analysis and Presentation:

The collected data was analyzed quantitatively and qualitatively. Descriptive and inferential statistics was done using SPSS version 22 and specifically multiple regression model was applied. Set of data was described using percentage, mean standard deviation and coefficient of variation and presented using tables, charts and graphs. Fraenkel and Wallen, (2014) argue that regression is the working out of a statistical relationship between one or more variables. The researcher used a multiple regression analysis to show the influence of the independent variables on the dependent variables.

The multiple regression equation is as follows;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Y = Represents the dependent variable, Corruption Reduction

 $\beta_0$  = Intercept of regression line

 $\beta_1$  -  $\beta_4$  = Partial regression coefficient of the Independent Variables

 $X_1$  = Government Accountability

X<sub>2</sub>= Government Transparency

X<sub>3</sub>= Equitable Governance

 $X_4$  = Technology Deployment

 $\varepsilon$  = error term or stochastic term.

#### 4. DATA ANALYSIS RESULTS AND DISCUSSIONS

# Response rate:

The study targeted 171 employees of local government in Mogadishu, Somalia. From the study, 117 out of the 171 sample respondents filled-in and returned the questionnaires making a response rate of 68.42% as per Table 4.1 below. According to Kothari and Gang, (2014) a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent; therefore, this response rate was adequate for analysis and reporting.

**Table 4.1: Questionnaire Response Rate** 

	Frequency	Percentage	
Response	117	68.4%	
Non- Respondents	54	31.6%	
TOTAL	71	100	

Table 4.2: KMO & Bartlett Test

KMO and Bartlett's Test						
Kaiser-Meyer-Olkin Measure of Sampling Adequacy. 0.684						
Bartlett's Test of Sphericity	Approx. Chi-Square	141.549				
	df	10				
	Sig.	.000				

## **Reliability Analysis:**

Prior to the actual study, a pilot study was carried out to pre-test the validity and reliability of data collected using the questionnaire. The pilot study allowed for pre-testing of the research instrument. The results on reliability of the research instruments are presented in Table 4.3



Vol. 5, Issue 1, pp: (85-98), Month: January - April 2018, Available at: www.noveltyjournals.com

**Table 4.3: Reliability Analysis** 

Scale	Cronbach's Alpha	Number of Items	Remarks
Government Accountability	0.776	4	Accepted
Government Transparency	0.709	4	Accepted
Equitable Governance	0.783	4	Accepted
Technology Deployment	0.781	4	Accepted
Corruption Reduction	0.891	4	Accepted

The overall Cronbach's alpha for the four categories which is 0.789. The findings of the pilot study showed that all the four scales were reliable as their reliability values exceeded the prescribed threshold of 0.7 (Bryman and Bell, 2015).

#### **Correlation Analysis:**

To establish the relationship between the independent variables and the dependent variable the study conducted correlation analysis which involved coefficient of correlation and coefficient of determination.

#### **Coefficient of Correlation:**

Pearson Bivariate correlation coefficient was used to compute the correlation between the dependent variable (Corruption Reduction) and the independent variables (government accountability, government transparency, equitable governance and technology deployment). According to Sekaran, (2015), this relationship is assumed to be linear and the correlation coefficient ranges from -1.0 (perfect negative correlation) to +1.0 (perfect positive relationship). The correlation coefficient was calculated to determine the strength of the relationship between dependent and independent variables (Kothari and Gang, 2014).

In trying to show the relationship between the study variables and their findings, the study used the Karl Pearson's coefficient of correlation (r). This is as shown in Table 4.4 below. According to the findings, it was clear that there was a positive correlation between the independent variables, government accountability, government transparency, equitable governance and technology deployment and the dependent variable corruption reduction. The analysis indicates the coefficient of correlation, r equal to 0.188, 0.552, 0.485 and 0.148 for government accountability, government transparency, equitable governance and technology deployment respectively. This indicates positive relationship between the independent variable namely government accountability, government transparency, equitable governance and technology deployment and the dependent variable corruption reduction.

**Table 4.4: Pearson Correlation** 

Correlations							
	Corruption reduction	Government accountability	Government transparency	Equitable governance	Technology deployment		
Corruption reduction	1						
	117						
Government accountability	.188*	1					
	.042						
	117	117					
Government transparency	.000	.315**	1				
	.552	.001					
	117	117	117				
Equitable governance	.485**	.326**	.057	1			
	.000	.000	.544				
	117	117	117	117			
Technology deployment	.148	.596**	.108	.351**	1		
	.000	.000	.005	.000			
	117	117	117	117	117		
*. Correlation is significant a	t the 0.05 level	(2-tailed).					
**. Correlation is significant	at the 0.01 leve	el (2-tailed).					



Vol. 5, Issue 1, pp: (85-98), Month: January - April 2018, Available at: www.noveltyjournals.com

# Coefficient of Determination $(\mathbb{R}^2)$ :

To assess the research model, a confirmatory factors analysis was conducted. The four factors were then subjected to linear regression analysis in order to measure the success of the model and predict causal relationship between independent variables (government accountability, government transparency, equitable governance and technology deployment), and the dependent variable (corruption reduction).

Table 4.5: Coefficient of Determination (R<sup>2</sup>)

Model Summary						
Model R Square Adjusted R Square Std. Error of the Estimat						
1	.785 <sup>a</sup>	.616	.606	1.07123		
a.Dependent variable: Corruption Reduction						

b. Predictors: (Constant), Technology deployment, Government transparency, Equitable governance, Government accountability

The model explains 61.6% of the variance (Adjusted R Square = 0.606) on corruption reduction. Clearly, there are factors other than the four proposed in this model which can be used to predict corruption reduction. However, this is still a good model as Cooper and Schinder, (2013) pointed out that as much as lower value R square 0.10-0.20 is acceptable in social science research.

This means that 61.6% of the relationship is explained by the identified four factors namely government accountability, government transparency, equitable governance and technology deployment. The rest 38.4% is explained by other factors in the corruption eradication not studied in this research. In summary the four factors studied namely government accountability, government transparency, equitable governance and technology deployment, or determines 61.6% of the relationship while the rest 38.4% is explained or determined by other factors.

# **Regression Analysis:**

# Analysis of Variance (ANOVA):

The study used ANOVA to establish the significance of the regression model. In testing the significance level, the statistical significance was considered significant if the p-value was less or equal to 0.05. The significance of the regression model is as per Table 4.6 below with P-value of 0.00 which is less than 0.05. This indicates that the regression model is statistically significant in predicting factors of corruption reduction. Basing the confidence level at 95% the analysis indicates high reliability of the results obtained. The overall Anova results indicates that the model was significant at F = 19.886, p = 0.000.

Table 4.6: ANOVA

			ANOVA <sup>a</sup>			
Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	333.572	4	83.393	19.886	.000 <sup>b</sup>
1	Residual	469.676	112	4.194		
	Total	803.248	116			

a. Dependent Variable: Corruption reduction

b. Predictors: (Constant), Technology deployment, Government transparency, Equitable governance, government accountability



Vol. 5, Issue 1, pp: (85-98), Month: January - April 2018, Available at: www.noveltyjournals.com

# **Multiple Regression:**

**Table 4.7: Multiple Regression** 

Coefficients <sup>a</sup>							
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
		В	Std. Error	Beta			
	(Constant)	8.783	3.457		2.540	.000	
	Government accountability	.265	.077	.328	3.424	.000	
1	Government transparency	.145	.078	.143	2.871	.000	
	Equitable governance	.635	.076	.653	8.352	.000	
	Technology deployment	.276	.130	.197	2.131	.000	
a. Dependent Variable: Corruption reduction							

The regression equation was:

 $Y = 8.783 + 0.265X_1 + 0.145X_2 + 0.635X_3 + 0.276X_4$ 

Where:

Y = the dependent variable (Corruption Reduction)

 $X_1$  = Government Accountability

 $X_2 = Government Transparency$ 

 $X_3$  = Equitable Governance

X<sub>4</sub>= Technology Deployment

The regression equation above has established that taking all factors into account (corruption reduction as a result of government accountability, government transparency, equitable governance and technology deployment) constant at zero corruption reduction was 8.783. The findings presented also shows that taking all other independent variables at zero, a unit increase in government accountability will lead to a 0.265 increase in the scores of corruption reduction; a unit increase in government transparency will lead to a 0.145 increase in corruption reduction; a unit increase in equitable governance will lead to a 0.635 increase in the scores of corruption reduction; a unit increase in technology deployment will lead to a 0.276 increase in the score of corruption reduction. This therefore implies that all the four variables have a positive relationship with equitable governance contributing most to the dependent variable.

From the table we can see that the predictor variables of government accountability, government transparency, equitable governance and technology deployment got variable coefficients statistically significant since their p-values are less than the common alpha level of 0.05.

# **Results of Hypotheses Testing:**

**Table 4.8: Hypotheses Testing** 

Research Hypothesis	β	t	Sig.	Comments
HO <sub>1</sub> : Accountability has no significant effect on corruption reduction in local government in Somalia	.328	3.424	000	Reject H <sub>0</sub> 1
HO <sub>2</sub> Transparency has no significant effect on corruption reduction in local government in Somalia	.143	2.871	000	Reject H <sub>0</sub> 2
HO <sub>3</sub> : Equitable governance has no significant effect on corruption reduction in local government in Somalia	.653	8.352	000	Reject H <sub>0</sub> 3
Technology deployment has no significant effect on corruption reduction in local government in Somalia	.197	2.131	000	Reject H <sub>0</sub> 4



# International Journal of Novel Research in Marketing Management and Economics Vol. 5, Issue 1, pp: (85-98), Month: January - April 2018, Available at: <a href="https://www.noveltyjournals.com">www.noveltyjournals.com</a>

# 5. SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATION

#### **Summary of the findings:**

The study established that government accountability reduces financial misappropriations hence helping the government to save financial resources. The study established that the local government in Mogadishu, Somalia expenditure is within the set budgetary allocation and this helped state officers to plan for their income and expenditure. The study established that there is participation of the poor in government decision making which provides essential feedback on corruption reduction and equitable governance. The study established monitoring systems and electronic payment systems play a huge role in combating fraud and bribery thus reducing the level of corruption in local governments in Mogadishu, Somalia.

#### **Conclusion:**

The study concluded that business conduct and ethics guidelines reduces financial misappropriations hence helping the government to save financial resources. The study concluded that the local government in Mogadishu, Somalia spends within the set budgetary allocation and this has helped state officers to plan for their income and expenditure. The study concluded that participation of the poor in government decision making provides essential feedback on corruption reduction and equitable governance. The study concluded that monitoring systems and electronic payment systems should be deployed in local government in Mogadishu, Somalia to combat fraud and bribery thus reducing the level of corruption in local governments in Mogadishu, Somalia.

#### **Recommendation:**

That the local government in Mogadishu, Somalia should implement adopt accountability policies such as integrity and business conduct ethics to curb corruption. That the local government in Mogadishu, Somalia should encourage transparency in government institutions by investing heavily on transparency matters so as to create awareness of the budgetary allocations and how to spend within the budget limits. That the local government in Mogadishu, Somalia should hold consultative meetings on development agendas and encourage participation of the poor in government decision making so as to create a sense of inclusivity on equitable governance and corruption reduction. That the local government in Mogadishu, Somalia should adopt e-procurement, monitoring systems and electronic payment systems in technology deployment so as to combat fraud and bribery thus reducing corruption.

#### **REFERENCES**

- [1] Aaronson, S., & Reeves, J. (2013). The European Response to Public Demands for Global Corporate Responsibility. National Policy Association Journal, 372(2017), 1-15.
- [2] Acemoglu, S, & Robinson, I. (2012). Public participation in public policy. International Governance Structures, 116(2), 267-282.
- [3] Argryis, C. (2013). Intergrating individual or the organization. Journal of Global corperate governance, 117(3), 635-658.
- [4] Arroyo, C, & Sirker, G. (2015). Paramount Accountability. International Disclosure on Performance, 15(1), 1-31.
- [5] Asilis. (2014). Generations Accountability. Society Accountability Journal, 116(2), 327-340.
- [6] Bauer, R. (2013). Relationship between governance and capital expenditure. Journal of Economic Geography, 62(4), 231-274.
- [7] Berle, L. (1976). Corporate Agency. Journal of Corperate agency.
- [8] Blaire, M. (2013). Owneship and control. The broking institution Washington, D.C. journal, 53(4), 453-498.
- [9] Braun, A. (2014). Emerging Market for European Corporate Governance. Journal of Economic Geography, 6(2), 195-218.
- [10] Brown, L., & Caylor, M. (2009). Corporate governance and firm operating performance Review. Cambrodge: Cambridge University Press.



Vol. 5, Issue 1, pp: (85-98), Month: January - April 2018, Available at: www.noveltyjournals.com

- [11] Bryman, A., & Bell, E. (2015). Business Research Methods. London: Oxford University Press.
- [12] Chandler, I. (2002). Advanced Resourse Dependency. Newyork: McCraw.
- [13] Clarkson, M. (2015). A risk based model of stakeholders. Journal on guide to good cooperate governance, 33(1), 6-18.
- [14] Cohen, A. (2014). What matters in corporate governance. International Journal of innovative Business, 5(1), 112-115.
- [15] Dalton, J. (2015). Corporate leadership governance. Journal of strategic management, 11(4), 403-411.
- [16] Donaldson, L. (2013). Dynamic Capabilities. Strategic Management Journal, 33(1), 33-46.
- [17] Donaldson, L., & Davis, J. (2015). Stewardship theory or agency theory in CEO governance. Academy of Management Review, 15(3), 315-335.
- [18] Eisenhardt, K. (2014). What is corporate capability. Strategic management journal, 33(1), 1-5.
- [19] Fama, E. (2013). Financial agency. Journal of Financial Institutions, 24(10), 997-1010.
- [20] Freeman, R. (2013). Divergent stakeholder theory. Journal of Management review, 77(2), 255-296.
- [21] Freeman, R. (2014). Stakeholder Theory of corporate governance. Strategic Management Journal, 65(6), 806-823.
- [22] Gabbitas, O. (2013). Firm size and export performance. Journal on Economic performance, 16(4), 207-211.
- [23] Gompers, P. (2015). Corporate governance and equity prices. Quarterl journal of economics, 77(2), 593-608.
- [24] Guzeh, S. (2012). Financial Performance. Journal of Strategic Corporate Governance.
- [25] Himmerlberg, C. (2015). Undestanding the determinants of managerial ownership. Journal of Financial Economics, 120(4), 489-507.
- [26] Jensen, M, & Meckling, W. (2012). Management Behavior. Journal of Financial Economics.
- [27] Jensen, M. (2010). Corporate Governance at the Cross roads. Landon: Prentice Hall.
- [28] Jensen, M., & Meckling, H. (2006). Theory of the firm:Management behavior, agency costs and capital structures. Landon: Prentice Hall.
- [29] Jensen, M., & Meckling, W. (2015). A composition view of firm growth. Journal of Management and Organization Review, 8(6), 165-185.
- [30] John, K. (2013). Corporate Governance and board effectiveness. Journal of banking and finance, 39(1), 52-63.
- [31] Kalungu, S. (2013). Impact of corporate governance. Unpublished MBA Thesis University of Nairobi.
- [32] Keasey, K. (2013). Corporate Governance. Journal of financial economics, 64(3), 336-351.
- [33] Kihara, M. (2015). Relationship between ownership structure and governance structure. Journal of Applied Probability, 17(1), 1-31.
- [34] Kim, C. (2016). Staff productivity. Corporate productivity commission.
- [35] Knoeber, C. (2016). Managerial compensation and the threat of takeover. Journal of Financial Economics, 48(4), 543-562.
- [36] Kothari, M. (2014). Research Methods.
- [37] Lamport, M. (2013). Corporate Governance and firm performance. Strategic Management Journal, 11(3), 379-411.
- [38] Lipton, M. &. (2013). Modest Proposal for Improved Corporate Governance. Newyork: McCraw.
- [39] Lorch, J. (2013). A model proposal of improved corporate governance. Journal of financial economics, 11(3), 379-411.



Vol. 5, Issue 1, pp: (85-98), Month: January - April 2018, Available at: www.noveltyjournals.com

- [40] Maranga, N. (2014). Effect of corporate governance on financial performance of small and medium enterprises. Unpublished MBA thesis University of Nairobi.
- [41] Martin, J. (2013). Dynamis capabilities. Strategic management journal, 16(4), 615-639.
- [42] Masibo, J. (2015). The relative power of CEOs and Board of Directors. Strategic Management Journal, 11(3), 419-426.
- [43] Mccolgan, P. (2013). Agency theory and corporate governance. Journal of accounting and finance, University of Strathclyde, 53(4), 453-498.
- [44] Metric, A. (2013). Corporate governance and equity prices. Quarterly journal of Economics, 11(2), 135-152.
- [45] Mugenda, O. M., & Mugenda, A. G. (2009). Research Methods: Quantitative and Qualitative Appraoches. Nairobi: Acts Press.
- [46] Mwango, S. (2014). Relationship between corporate governance practices and financial services. International Journal of Business Management, 23(1), 97-124.
- [47] Namisi, R. (2012). Board of Directors composition. Unpublished Research.
- [48] Njuguna, M. (2012). Independence of Directors. Unpublished MBA Thesis.
- [49] Opiyo, A. (2013). Relationship between corporate governance and financial performance. Published MBA Thesis University of Nairobi.
- [50] Organozation for Economic Cooperation and Development. (2012). Paramount Corporate Governance. Landon: OECD Press.
- [51] Otieno, B. (2011). Effect of corporate governance on the performance of companies. Published MBA Strathmore University.
- [52] Palia, D. (2014). Link between managerial ownership and performance. Journal of financial economics, 24(4), 913-930.
- [53] Penrose, A. (2015). Resourse Dependency Theory. Journal of Academy of Management, 52(4), 493-521.
- [54] Rutagi, S. (2013). Agency costs and capital structures. Journal of Financial economics, 67(4), 702-717.
- [55] Senbet, L. (2013). Corporate governance and board effectiveness. Journal of banking and finance, 49(1), 245-265.
- [56] Somalia Capital Markets. (2002). Independence of boards. Mogadishu: Government Printer.
- [57] United Nations Development Programme. (2014). Project Outcomes. UNDP monthly Journal .
- [58] Vyas, K. P., & Bapat, V. P. (2011). Design Approach to Kundan Jewellery-Development. In ICORD 11: Proceedings of the 3rd International Conference on Research into Design Engineering. New Delhi: Bangalore, India.