EFFECT OF ANTICORRUPTION INITIATIVES ON CORPORATE GOVERNANCE IN SOMALIA

Warsame, A. D., & Kimemia, L.
EFFECT OF ANTI-CORRUPTION INITIATIVES ON CORPORATE GOVERNANCE IN SOMALIA

Warsame, A. D., *1 & Kimemia, L. 2

*1Jomo Kenyatta University of Agriculture and Technology [JKUAT], Mombasa, Kenya
2Jomo Kenyatta University of Agriculture and Technology [JKUAT], Mombasa, Kenya

Accepted: April 8, 2018

ABSTRACT

The general objective of study was to investigate the effects of anticorruption initiatives on corporate governance in Somalia. More specifically, the study sought to achieve the following objectives; to find out the effect political anticorruption initiatives on corporate governance in Somalia, to examine the effects of the bureaucratic anticorruption initiatives on corporate governance in Somalia, and to investigate the effect of electoral anticorruption initiatives on corporate governance in Somalia. Purposive sampling technique was used to select 300 Banadir local government staff that constituted the sample size from the sectors of Banadir local government. The study adopted a descriptive survey design which conducted a set of questionnaires divided into five parts. Part A designed to capture the respondents’ background including sex, age, level of education etc. Part B to collect data on the political anticorruption initiatives. Part C to collect data on bureaucratic anticorruption initiatives and part D to collect data on electoral anticorruption initiatives, Part E collected data on police anticorruption initiatives and part F collected data on corporate governance. Both descriptive and inferential statistics were used to analyze data with the help of statistical package for social sciences (SPSS) version 23.0. The study did a regression model summary that indicates the coefficient determination R square as 0.39 meaning that 39% of the relationship is explained by the identified four independent variables. The study indicated that political corruption, bureaucratic corruption and electoral corruption has positive and significant relationship with effective governance with a p value less than 0.005. Police anticorruption initiatives had an insignificant relationship with corporate governance with a p value more than 0.005. These conclusions are drawn from the study political anticorruption initiatives variable has the highest influence on governance of Somalia as a factor. The electoral anticorruption initiatives significantly affect governance as has been revealed from the study. The study recommended that political anticorruption initiatives had the highest positive effect. Therefore, its role to produce fundamental decisions and actions in formulating policies has to be maintained and considered. It is also recommended that bureaucratic institution be facilitated to formulate good policies and programs that can be implemented to enhance service delivery to the general public.

Key terms: Anticorruption, Bureaucratic corruption, Corruption, Corporate governance, Electoral corruption
INTRODUCTION

Corruption is a multifaceted social, political and economic phenomenon that impacts negatively of all nations. Corruption challenges democratic societies, reduces economic development and contributes to governmental instability. Corruption fights the foundation of democratic government by distorting polling processes, perverting the rule of law and creating bureaucratic quagmires whose only reason for existing is the soliciting of bribes. Economic development is stunted because foreign direct investment is discouraged and small businesses within the country often find it difficult to overcome the "start-up costs" necessary because of corruption (United Nations Office on Drugs and Crime, n.d.)

On the other hand, there is no single universal definition of “good governance,” nor is there a limitation of its range, that commands universal approval. The word good governance is used with great flexibility; this is a benefit, but also a source of some difficulty at the operational level. Depending on the context and the overriding objective sought, good governance has been said at several times to encompass: complete respect of human rights, the rule of law, effective participation, multi-actor partnerships, political pluralism, transparent and accountable processes and institutions, an efficient and effective public sector, legitimacy, access to knowledge, information and education, political empowerment of people, equity, sustainability, and attitudes and values that foster responsibility, solidarity and tolerance (United Nations Human Rights Office of the High Commissioner, n.d.).

According to Transparency International the office of the American president seen as most corrupt institutions in this survey questioned about the amount of corruption in nine influential and important groups. These included the national government (the president’s office, members of congress, government officials), public officials who work at the service level (tax officials, the police, judges, local officials), and those who are not part of government but who often exercise strong influence (business executives, religious leaders). Of these types, government institutions and officials in Washington are perceived to be the most corrupt in the country. The results show that 44 per cent of Americans now say that most or all of those in the Office of the President are corrupt, up from 36 per cent who said the same last year (Transparency International, 2017).

In India a high level of corruption has been broadly perceived as a main challenge in improving the quality of governance. While human greed is obviously a driver of corruption, it is the fundamental incentives and poor enforcement system to punish the corrupt that have contributed to the escalating arc of graft in India. The complex and nontransparent structure of command and control, monopoly of the government as a service provider, underdeveloped legal framework and lack of information and weak notion of citizens’ rights have provided incentives for corruption in India (Singh, n.d.).

Also, Jamaica has been consorted as highly corrupt whereby a high level of the population has perceived that corruption is very common among public actors. The complexity of corruption emerges as problematic as it worsens the performance and quality of public services, opposes the idea of democracy (the rule of the people) and, jeopardizes the legitimacy of the Jamaican political system. The immoral and unethical view on corruption has resulted in that bribe taking and giving has become commonplace as illegal payments have become the norm in some institutions of the public sector (Bogicevic, 2012).
Looking corruption in Africa is a development and social issue which becomes an impediment to change and a serious constraint on economic growth and poverty reduction. Corruption in African countries has become endemic, as such, it is found almost in all aspects of life. Endemic corruption implies a breakdown of the rule of law and in most instances a loss of state legitimacy (Msanya, September, 2015). As a result, people come to rely on connections and favors instead of formal political, social and economic rules and illegitimate use of state resources becomes acceptable. Where corrupt practices have become entrenched, large scale corruption by which government officials amass large fortunes co-exists with petty corruption by which officials at almost every level request payment to perform tasks or provide services which they should be doing as part of their job. An average African comes to see corruption and the inefficiencies and distortions it creates, as an inevitable side of life (Msanya, 2015).

Also, corruption leads for the Nigeria’s lack of good governance, poor growth and development as well as decline in morals and values. Here, corruption has induced the distortion of the economy through wastes and misallocation of resources; thus, the need for measures to effectively prevent and control corruption in the system. Another implication is that corruption has been known to accelerate capital flight from the country. Foreign bank vaults reportedly hold large sums of Nigerian money deposited by corrupt public officials. The current investment climate in Nigeria is so unattractive that even Nigerian citizens in the Diaspora are unwilling to invest at home, not to talk of prospective foreign investors. In addition, the Nigerian Stock Exchange has remained seriously undercapitalized due to corruption, thus frustrating the process of economic growth and good governance (Mercy, 2015).

The good thing is that some African governments have established some preventive and reactive strategies or measures to combat the virus. Preventive strategies include the plan of actions containing the number of commitments designed to prevent corruption by setting for the management of public resources and the use of the public authority for building voluntary compliance and for strengthening systems of supervision and monitoring. Whereas reactive strategies include the plan of actions those contain the number of measures to improve Government’s ability to sanctions (Robert, 2012).

Examples of African governments improved are Cape Verde and São Tomé and Príncipe are the most improved African countries in the 2016 index. Both countries held democratic presidential elections in 2016. It is no surprise that the independent electoral observer teams labelled the Cape Verde elections for 2016 as “exemplary”. This election that saw Jorge Carlos Fonseca re-elected, was held in a framework of a continuously improving integrity system, as observed by various African governance reviews. In São Tomé and Príncipe elections held in July 2016 led to a smooth change of government, which is increasingly a challenge in the African region (Banoba, 2016).

The good thing is that some African governments have established some preventive and reactive strategies or measures to combat the virus. Preventive strategies include the plan of actions containing the number of commitments designed to prevent corruption by setting for the management of public resources and the use of the public authority for building voluntary compliance and for strengthening systems of supervision and monitoring. Whereas reactive strategies include the plan of actions those contain the number of measures to improve Government’s ability to sanctions (Robert, 2012).
Examples of African governments improved are Cape Verde and São Tomé and Príncipe are the most improved African countries in the 2016 index. Both countries held democratic presidential elections in 2016. It is no surprise that the independent electoral observer teams labelled the Cape Verde elections for 2016 as “exemplary”. This election that saw Jorge Carlos Fonseca re-elected, was held in a framework of a continuously improving integrity system, as observed by various African governance reviews. In São Tomé and Príncipe elections held in July 2016 led to a smooth change of government, which is increasingly a challenge in the African region (Banoba, 2016)

According to Transparency International (TI), Somalia is the most corrupt country in the world, followed by Afghanistan, Myanmar and Iraq, an international watchdog has said in its annual report released on Transparency International found Somalia to be most corrupt country, topping a list of the 178 countries surveyed (Aljazeera, 2010). This is not the first time Somalia has retained the dubious honor of being the world’s most corrupt country for the tenth consecutive year ranking as released by Transparency International. The annual report entitled Transparency International’s Corruption Perceptions Index ranks 176 countries on a level of 0 (most corrupt) and 100 (least corrupt) on their corruption level in the public sector. Somalia scored 10 points, the lowest of all sovereign nations (Hiiraan Online, 2017).

Corruption can be regarded as an endemic practice that has a negative impact on a wide range of practices and entities that constitute good and democratic governance in the public sphere. Areas most affected by corruption in any country include the rule of law, existing political processes, governance processes and civil society all of which have a bearing on democratic governance (Mapuva, 2014 ).

Research hypothesis

- **Ho1** There is no significant effect of political anticorruption initiatives on corporate governance in Somalia
- **Ho2** There is no significant effect of bureaucratic anticorruption initiatives on corporate governance in Somalia
- **Ho3** There is no significant effect of electoral anticorruption initiatives on corporate governance in Somalia
- **Ho4** There is no significant effect of police anticorruption initiatives on corporate governance in Somalia

RELATED LITERATURE

**Theoretical framework**

**Public choice theory**

Public choice theory applies the method of economics theory and practice of politics and government. This theory has given us important insights into the nature of democratic decision making. Public choice theory is often referred to as a school of economics in fact it is more an approach of political science. It does not try to explain how the economy works. It uses the method and tools of economic to explore how politics and government work efficient, effective and indeed legitimate (Butler, 2012).

In political-science perspective, public choice theory may be seen as the subset of positive political theory, which deals with subjects in which material interests are assumed to prevail. When talking about corruption and public choice theory, the individual is assumed to be rational, meaning that a person decides to become corrupt because the expected benefits outweigh the expected disadvantages. In other terms, public officials are corrupt because they believe that the potential...
benefits of being corrupt exceed the potential costs. The advantage of Public Choice Theory is that instead of looking for general determining factors, it focuses on a particular situation of a corrupt official who calculates costs and benefits. However, in this sense, it does not take into account the larger social context, which is also the main disadvantage of the theory (Mikaelsson and Sall, 2014).

To sum up, public choice theory according to McShane & Nilsson (2010) in their research, that public choice theory gives a clear cut explanation of the behavior of the politicians and bureaucrats. Public choice theory can consequently in many ways explain the existence of corruption. The basic assumption that a civil servant acts the same way at work as he or she would in the market place allow as to investigate corruption with economic tool.

Principal-agent / agency theory

According to Suzan Rose-Ackerman 2010 in her title Comparative Administrative Law; deployed the agency theory or principal-agent theory to suggest the relationships between residents, bureaucracy, and customers that offer chances for corruption. Principal-agent theory is based on the assumption that public administrators to maximize their private, and corruption happens when bureaucracy chooses to do that over public benefits. Suzan Rose-Ackerman mentioned that the agency theory needs to operate under perfect information condition that not being available to the agents (Msanya, 2015).

Agency theory has been suggested as a conceptual foundation for examining this vertical relationship between the government and the public, which includes the news media, individual citizens and NGO. The influential principal-agent model posits that through the political process, the news media and the rest of the public (the principals) exact accountability and control corruption in government (the agents) by “limiting official discretion, increasing controls over officials, and reducing state power (Relly, 2011).

Institutional theory

Institutional Theory is a policy-making that highlights the formal and legal aspects of government organizations. The Institutional theory is a commonly accepted theoretical posture that stresses sensible myths, isomorphism, and legality. When we look carefully we find that Institutional theory addresses on the deeper and most tough aspect of social structure. Also, Richard Scott adding that it considers the processes by which structures; including rules, routines and norms, become established as authoritative procedures for social manners (Msanya, 2015).

Institutional theory has been debated in many studies and literatures for instance DiMaggio and Powell (1983) had identified three mechanisms including coercive, normative and mimetic that might affect organizations guest for change. Coercive isomorphism defines organizational changes as the consequence of a political decisions introduced by the government. In public sector an organizational must the new rules and regulation by the government. In normative isomorphism organizational and occupations are subjected to change as the consequence pressure from the government. As well as Mimetic isomorphism states to environment doubt and indefinite goals that lead organizations to copy others (Sudibyo and Jianfu, 2015).

However, the rationalization of corruption research has moved from the competitive marketplaces to the state and professions. Tolbert and Zucker (1996) explained that based on individual’s interest, they would agree and follow social norms automatically, without any critical consideration or confrontation.
For example, corrupt environment would lead individuals to perform corruptly as they considered it as a shared norm. Organizational culture is the tradition where decision-making is morality-based, while organizational structure is a structure that goals on identifying and adjusting any corrupted action arises within the organization. Compliance systems are constructed to stop and prevent corrupt actions through the development of anti-corruption programs and codes of conduct within an organization (Sudibyo & Jianfu, 2015).

**Conceptual Framework**

Political anticorruption initiatives
- Resource allocation
- Strong government
- security

Bureaucratic anticorruption initiatives
- competitive salary
- accountability
- stick and fast punishment

Electoral anticorruption initiatives
- Voting
- Transparency
- Information
- Government involvement

Police anticorruption initiatives
- Accurate evidences
- Accuse, arrest, and harass dishonest person
- Participating reporting organized crimes

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 1: Conceptual Frame work</td>
<td></td>
</tr>
</tbody>
</table>

**Political Anticorruption Initiatives**

In the definition shared by most political scientists, political corruption is all deal between private and public-sector performers through which collective goods are unlawfully changed into private benefits. This definition does not differentiate clearly between political and civil servant’s corruption. It starts the essential participation of the national and national agents in corruption, without any idea as to the level of authority where corruption takes place. In a more strict definition, political corruption or grand corruption take in political decision makers at the high level of the political system. Political corruption happens when the politicians and government agents, who are enabled to make and enforce the laws in the name of the individuals, are themselves corrupt. Political or grand corruption leads to policy formulation and legislation which is definitely tailored in a way so as to offer benefits for politicians and legislators (Msanya, 2015).

From a microeconomic point of view, a corrupt political environment is characterized by a number of interest groups concerned with a politician’s decision, private, hidden transfers (bribes) paid to the politician by (at least) one of the interest groups, the outcome of this type of political influence game should be a socially inefficient policy. Surveying the microeconomic literature on corruption reveals that, surprisingly, there is no model that fully matches these characteristics of political corruption (Strîmbu, 2013).

During the last five years, UNDP’s contribution to the global anti-corruption movement has been expanding the political policy and normative agenda on transparency and accountability and helping to make a link between anti-corruption and human development. Consequently, anti-corruption is now being recognized as an essential ingredient in national and global development agendas such as
the 2011 United Nations Conference on the Least Developed Countries, Group of 20 (G20) meetings, the 2012 United Nations Conference on Sustainable Development (also known as Rio+20), and United Nations Economic and Social Council. While questions remain on the impact of anticorruption initiatives and whether or not corruption is on the decline, there has been tremendous movement on the anti-corruption discourse over the last two decades. There is increasing evidence that anticorruption efforts are contributing to promote transparency and accountability in decision-making processes Despite significant progress on anti-corruption, corruption remains a major challenge for development. According to a recent study by Gallup, people in countries worldwide perceive corruption as a widespread problem. This includes countries with free press -- an indicator of good governance and development -- and those where media freedom is limited. (UNDP, 2014)

Bureaucratic Anticorruption Initiatives

Before the definition of bureaucratic corruption let’s define what is bureaucratic in the works on public administration, the terms bureaucracy, civil service and public service are used as a substitute of administration. State bureaucracy or the civil service is known to be part of the executive branch of government. Bureaucracy is charged with the responsibility of formulating and implementing policies and programs of the administration (Enahoro, 2016).

Bureaucratic Corruption is committed at the implementation end of rules and regulations. This “small scale” corruption is practiced by normal citizens in their daily lives when facing public officials or accessing public services like health, education, licensing authorities, police, customs, tax authorities etc. The money involved are often small as compared to political corruption, so that bureaucratic corruption is often named as "routine" or "petty" Corruption (Jafri, 2017)

According to (Nwankwo et al., 2015) bureaucratic corruption occurs in the public administration or the implementation end of policies and programmes of government. It is the kind of corruption that affects the citizen daily at places like the schools, local licensing office, police, the various ministries etc. Bureaucratic corruption has been identified as a systematic practice that occur low level of transparency and accountability as the major source of development failures in governments. Bureaucratic corruption deepens poverty and makes the poor poorer and makes it problematic for a smooth running of the governments system. This is because it weakens the features of transparency and accountability etc. for which a bureaucrat stands for. Therefore, we subscribe that public administrators’ corruption would affect the practices of public service.

Bureaucrats are likely to be corrupt if they have the opportunity to be corrupt and if the expected cost of corruption for the bureaucrat is smaller than the expected gain. In countries with deeply entrenched corruption, where many top bureaucrats are political appointees, not career civil servants, corruption is sometimes hierarchically organised, so that political and bureaucratic corruption are interlocked (Ullah, 2012). In addition, civil servant corruption leads to misallocation of resources and thereby triggering a drastic fall in both the quantity and quality of services provided. Therefore, creates a loss of trust in the legitimacy of political system which seriously undermining its acceptance by the citizens. This obviously escalates the deficit trust between the government and its citizenry (Lawal et al., 2013).
Electoral Anticorruption Initiatives

According to (Idoko et al., 2015) this type of corruption is the manifestation of electoral corruption which includes rigging, and the use of thugs to intimidate people during elections. Electoral corruption is usually anti-productive because it is used to entrust power to unqualified people in politics. Electoral fraud is an illegal intervention with the procedure of an election. Actions of fraud negatively impacted the process of vote calculation to bring about an election outcome, whether both by increasing the vote share of the preferred candidate or discouraging the vote share of the opposing candidates. Also, electoral fraud is called voter fraud; the mechanisms that involved include fake voter recording, intimidation at polls and wrong vote counting. Many kinds of electoral fraud are forbidden in electoral law but others are in violation of common and general laws such as those banning assault, harassment. Although the term ‘electoral fraud’ covers only those actions which are unlawful, the term is sometimes used to define acts which although legal, are deliberated to be ethically unacceptable (Casimir et al., 2013).

Let take an example of voting intimidation occurred in Somalia as Nur Farah the auditor general has told the BBC bribes of between ($1,000 - $5,000) have been paid, as massive cases of corruption and voter extortion marred the parliamentary elections in Somalia. The BBC has also learned that some candidates have been proposing bribes of up to ($1.3m) to secure votes (BBC, 2016).

Corruption linked with vote buying and political funding Long periods of indifference alternate with sudden, high profile crises, with the demand to 'chuck out the rascals' heading the government or the ruling party, and with calls for reform. It is, in fact, difficult to isolate those reforms which have started as anti-corruption initiatives since so much legislation concerning the financing of elections and political parties has been introduced as a reaction to scandals. The most effective anti-corruption initiative relating to political financing is, therefore, one of the most difficult - namely systematic and fearless enforcement (ACE, 2018).

By the way fair elections provide a significant means of improving government openness by making elected officials accountable to the people voting and maximize voters’ trust in the government. However, vote fraud weakens the critical function in many new and post-conflict democracies, where instability and weak government permit ruling part to exercise important power. While election fraud can take various forms; buying votes, intimidating voters, stuffing ballot boxes, etc. Vote fraud that occurs through the aggregation process is likely to affect involvement between candidates and election staffs. In a fair and clear election, vote counting for a candidate before and after aggregation process should be matching (Berman et al., 2010).

Police Anticorruption Initiatives

Transparency International reported that police in eighty-six countries were judged the fourth most corrupt public institution after political parties, public officials generally, and parliaments and legislature. Police corruption is severely regressive, with people in the lowest quintile of income reporting most frequently that they had paid bribes to police. Diplomats, aid administrators, and other field personnel report that police corruption wastes resources, undermines security, makes a mockery of justice, slows economic development, and alienates populations from their governments (Bayley and Perito, 2011).

According to Lamanil & Venumadhava (2013) the police Department is said to be the most corrupt
department where bribes are taken by constables upwards to high status officers. What is surprising is that the police take money both from the accused and the complainants. The powers enjoyed by the police are so wide that they can accuse, arrest, and harass even an honest person. Cases of beating the poor people (e.g., rickshaw-pullers, labourers, shopkeepers, vendors, etc.) on small pretexts and taking away all the money in their pockets, accepting money from truck-drivers, taking ‘hafta’ (weekly fixed amount), from shopkeepers and the like are very common cases of corruption. We find that in USA the law enforcement agencies are full of major scandals.

The widespread corruption in police dept in USA even reported by Knapp Commission in 1972.6 The British police also suffer from this problem. The Royal Commission on police in 1972 found that 42.4% people a thought that there was some truth in the suggestion that police sometime take bribes. The situation in India also is not too good. The corruption in police has become a byword in India.

A report says African people see police are the most corrupted. Police have the highest rate of bribery in Kenya 75% of the ordinary citizens view the police as the most corrupted institutions in the whole country. Also, the report says 92% of Zimbabwe people see the police are the extremely corrupt and have the highest frequency of bribery above any other institution, the report mentioned about seventy five million people have paid a bribe in 2015 to escape punishment by the police or courts to get basic service that they need (Transparency International, 2016).

Police corruption affects not only civilians and officers, but also the credibility of the government and of law enforcement. Police corruption cases create significant tension between the police and public, because police are charged with enforcing the law, preserving order, and serving the public. There are many harmful results of corruption for the public officials, such as economic, social, and political consequences, but the most serious one is the undermining of confidence in the institutions involved (Sarikaya, 2015).

Corruption in the administration of law means that equal access is denied. It undermines fair trials, fair elections, economic and social opportunities, cultural expression, and access to the necessities of food, housing, health, education, and water. Because the police are the primary institution for implementing law in any society, police corruption stops the implementation of the rule of law in place. When police sell their services for private profit, the rule of law ceases to exist. Eliminating police corruption is required for any country that has establishing the rule of law as a national objective. Ignoring this imperative means that international efforts at nation building proceed at their own peril (Bayley and Perito, 2011).

Corporate Governance

Before we define and look the concept of corporate governance lets define what is meant by governance in these research paper, there is no one universal definition of governance but in this research dienes according to UNDP Governance is the exercise of political, economic, and administrative authority in the management of a country’s affairs at all levels. It comprises the complex mechanism, processes and institutions through which citizens and groups articulate their interests, mediate their differences and exercise their legal rights and obligation. Governance includes states but transcends it by taking the private sector and civil society. All three are critical for sustaining human development. The state creates conducive political and legal climate (Daniel, 2014).
The above definition is more explicit and comprehensive in defining governance, so let’s look and define what is meant by corporate governance. Corporate governance importance arises in modern corporations due to the separation of management and ownership control in the organizations. The interests of shareholders are conflicting with the interests of managers. The principal agent problem is reflected in the management and direction related problems due to the differential interests of firm’s stakeholders. There is not a single definition of corporate governance rather it might be viewed from different angles. Let’s take this definition from OECD in 1999 defined corporate governance as: Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders, And spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set, and the means of attaining those objectives and monitoring performance (Khan, 2011).

In 1994 the World Bank defines it as government that is epitomised by predictable, open and enlightened policy making; a bureaucracy imbued with professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and behaving under the rule of law”. One can deduct from these international definitions that good governance encompasses various characteristics, dimensions and principles. The concept of effective governance has produced varying understandings and interpretations by scholars over what should be included in the overall definition. Leftwich provides a broader interpretation in which he includes the following features as being essential: An efficient public service; A judicial system that is independent; A legal framework that is enforceable; Management and administration that is accountable for public funds and to an independent public auditor; and Respect for human rights and the law in all spheres of government (Nelson, 2016).

Also, the International Development Agencies (IDAs) such as the World Bank (WB), the United Nations Development Programs (UNDP), and the Asian Development Bank (ADB) have identified a number of basic components for corporate governance. Amongst these components four are common and universally recognized: accountability, participatory, predictability, and transparency. Governance can be good or bad. Governance is sound when rule of law is respected, democratic pluralism realized, free and fair election is conducted, human and property rights are granted, powers of three branches of government are separated, freedom of associations and press are enforced, legal frameworks properly worked (Daniel, 2014).

Vyas-Doorgapersad and Aktan, (2017) the International Monetary Fund (IMF) emphasizes that the corporate governance agenda includes promoting transparency, accountability, efficiency, fairness, participation and ownership. These values translate into a broad objective to improve political accountability, participation, an effective rule of law, transparency, and flows of information between governments and their citizens. Later the World Bank, state reform should reinvigorate the state’s institutional capability. World Bank recommends three basic incentive mechanisms to enhance state capability: Rules and Restraints within the Public Sector; Mechanisms That Promote Citizen “Voice” and Participation; Mechanisms That Promote Competition. World Bank and other international organizations are sharing the idea of “better government requires good institutions.
Regardless of the level of social and economic development and in countries with varying forms of government corruption is always a two-way transaction with a supply and a demand side. Without the good governance at the highest-level poses perhaps the greatest threat to the stability and well-being of societies. Therefore, must be given the highest priority in the implementation of effective governance and strategies. It perpetuates double standards unfavorable to the development of an anti-corruption culture. The concept of efficiency in the context of good governance also covers the sustainable use of natural resources and the protection of the environment (Kefela, 2011).

**METHODOLOGY**

The study adopted a descriptive survey design. According to Mugenda descriptive research design as a systematic, empirical inquiring into which the researcher does not control directly independent variable as their manifestation has already occurred or because the inherently cannot manipulated (Said, 2016). The regression model used was

\[ y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \epsilon \]

Where

**RESEARCH FINDINGS AND DISCUSSIONS**

Political anticorruption initiates effect on corporate governance in Somalia.

<table>
<thead>
<tr>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlimited government power increases the rate of corruption and misallocation of resources.</td>
<td>294</td>
<td>3</td>
<td>5</td>
<td>3.55</td>
</tr>
<tr>
<td>Corruption is a part of leaders’ culture in Somalia.</td>
<td>294</td>
<td>2</td>
<td>5</td>
<td>4.19</td>
</tr>
</tbody>
</table>
Somalia Parliamentarians are not able to ask the president and prime minister to account because of bribes and threatening.

Insecurity and precarious of office leads to corrupt actions like theft and misuses of resources.

Referring to above Table, majority of respondents agreed that unlimited government power increases the rate of corruption and misallocation of resources. This evidenced by a mean score of 3.55 and standard deviation of 0.550. On whether corruption is part of leaders’ culture in Somalia, respondents agreed and responded with a mean score of 4.19 and standard deviation of 0.658. The respondents were asked if the Somalia parliamentarians are not able to ask the president and prime minister to account because of bribes and threatening. This statement is in support of Msanya (2015) observation that so long as those who are enabled to make and enforce the laws in the name of the individuals, are themselves corrupt the war on corruption cannot be won. Mapuva (2014) adds that political participation on corruption is worthless as long as political participation is biased even to extend of excluding citizens. The respondents strongly agreed with this statement as shown by a mean of 4.13 and standard deviation of 0.846. Respondents strongly agreed as indicated by a mean score of 4.03 and standard deviation of 0.738 that insecurity and precarious of office leads to corrupt actions like theft and misuses of resources.

Effects of the bureaucratic anticorruption initiatives on corporate governance in Somalia

Table 2: Effects of the bureaucratic anticorruption initiatives on corporate governance in Somalia

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil servants ask or expect to be paid a bribe in a return for a service.</td>
<td>294</td>
<td>2</td>
<td>5</td>
<td>4.15</td>
<td>0.626</td>
</tr>
<tr>
<td>Nepotism gets clear in appointing someone to position for reasons based on tribal affiliation.</td>
<td>294</td>
<td>2</td>
<td>5</td>
<td>4.29</td>
<td>0.844</td>
</tr>
<tr>
<td>Bureaucracy is involved in the corruption in Somalia government.</td>
<td>294</td>
<td>3</td>
<td>5</td>
<td>3.67</td>
<td>0.636</td>
</tr>
<tr>
<td>Poor salary of public administrators is a factor that encourages corruption.</td>
<td>294</td>
<td>2</td>
<td>5</td>
<td>4.08</td>
<td>0.711</td>
</tr>
</tbody>
</table>

Nepotism gets clear in appointing someone to position for reasons based on tribal affiliation. Referring to Table Above, majority of the respondents strongly agreed with a mean of 4.15 and standard deviation of 0.626 that civil servants ask or expect to be paid a bribe in a return for a service. On commending nepotism and appointment based on tribal affiliation. Respondents strongly agreed with the statement as evidenced with a mean score of 4.29 and standard deviation of 0.844.
deviation of 0.844. As to whether bureaucracy is involved in the corruption in Somalia government, respondents agreed with this sentiment as indicated with a mean score of 3.67 and standard deviation of 0.636. The response is in agreement with Nwankwo et al. (2015) observation that bureaucratic corruption occurs in the public administration and at places like the schools, local licensing office, police, and at various government ministries. Jafri (2017) adds that the money involved in this kind of bureaucratic corruption is often "routine" or "petty" Corruption (Jafri, 2017). Respondents also agreed as shown by a mean score of 4.08 and standard deviation of 0.711 that poor salary of public administrators is a factor that encourages corruption.

Effect of electoral anticorruption initiatives on corporate governance in Somalia

Table 3: Effects of the electoral anticorruption initiatives on corporate governance in Somalia

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Candidates and politicians pay huge amount of money for vote buying.</td>
<td>294</td>
<td>2</td>
<td>5</td>
<td>4.01</td>
<td>.792</td>
</tr>
<tr>
<td>The election committee themselves are party of corruption because the ruling part nominated them.</td>
<td>294</td>
<td>2</td>
<td>5</td>
<td>3.98</td>
<td>.729</td>
</tr>
<tr>
<td>The last election in Somalia was conducted fairly</td>
<td>294</td>
<td>2</td>
<td>5</td>
<td>1.91</td>
<td>.710</td>
</tr>
<tr>
<td>Candidates have direct and indirect impact on electoral Fraud</td>
<td>294</td>
<td>2</td>
<td>5</td>
<td>3.91</td>
<td>.846</td>
</tr>
</tbody>
</table>

The study sought to find out the effect of electoral anticorruption on corporate governance in Somalia. Referring to above Table, majority of the respondents agreed as indicated with a mean of 4.01 and standard deviation of 0.792, that candidates and politicians pay huge amount of money for vote buying. This was affirmed by (BBC news, 2016) that some candidates proposed bribes to the tune of up to ($1.3m) to secure votes. Respondent agreed with a mean score of 3.98 and standard deviation of 0.729 that election committee themselves are party of corruption because the ruling part nominated them. On whether the last election in Somalia was conducted fairly. Respondents strongly disagreed with the statement as indicated with a mean score of 1.91 and standard deviation of 0.710 that last election was conducted fairly. Lastly respondents were then asked whether candidates had direct and indirect impact on electoral fraud, the respondents agreed with this sentiment as indicated with a mean score 3.91 and standard deviation of .846.

Effect of police anticorruption initiatives on corporate governance in Somalia

Table 4: Effects of the police anticorruption initiatives on corporate governance in Somalia

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Somali police are the least corrupted institution of Somali government.</td>
<td>294</td>
<td>1</td>
<td>5</td>
<td>2.10</td>
<td>.737</td>
</tr>
<tr>
<td>The police mostly falsify evidences and take bribes.</td>
<td>294</td>
<td>1</td>
<td>5</td>
<td>4.30</td>
<td>.838</td>
</tr>
</tbody>
</table>
Referring to the above Table, majority of the respondents disagreed with a mean score of 4.8 and standard deviation of 0.37 that Somali police are the least corrupted institution of Somali government. Respondents also affirmed with a mean score of 4.30 and standard 0.838 that police do falsify evidences and take bribes. On whether police misuse power, accuse, arrest, and harass innocent persons, respondents were in agreement with this statement as shown with a mean score of 3.65 and standard deviation of 0.609. This is in line with Bayley & Perito (2011) findings that police corruption wastes resources, undermines security, and makes a mockery of justice. Lamanil & Venumadhava (2013) adds that police department is the most corrupt department where bribes are taken by constables upwards to high status officers, slows respondents strongly disagreed with a mean score of 2.18 and standard deviation of 0.647 that police do not accept bribes in exchange for not reporting organized crimes and illegal activities.

### Corporate governance in Somalia Descriptive Statistics

**Table 5: Corporate governance in Somalia descriptive statistics**

<table>
<thead>
<tr>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Somalia government understands its duties and responsibility</td>
<td>294</td>
<td>2</td>
<td>5</td>
<td>2.11</td>
</tr>
<tr>
<td>The government fights corruption and promotes good governance</td>
<td>294</td>
<td>2</td>
<td>5</td>
<td>2.03</td>
</tr>
<tr>
<td>The government officials support accountability and transparency</td>
<td>294</td>
<td>2</td>
<td>5</td>
<td>2.02</td>
</tr>
<tr>
<td>Citizens have participation role in government actions</td>
<td>294</td>
<td>2</td>
<td>5</td>
<td>3.96</td>
</tr>
</tbody>
</table>

Referring to the above Table, majority of the respondents disagreed with a mean score of 2.11 and standard deviation of 0.835 that Somalia government understands its duties and responsibility. On whether the government fights corruption and promotes good governance. Respondents with a mean score of 2.11 and standard 0.835 disagreed that the government is committed to fight corruption and in promoting good governance. Respondents also disagreed that the government officials do support accountability and transparency (Mercy, 2015).

According to (Mercy, 2015) accountability and transparency spurs economic growth and good governance. On whether citizens have participation role in government actions, respondents agreed with this statement as indicated with a mean score of 3.96 and standard deviation of 0.641. According to Transparency International (TI), Somalia is the most corrupt country in the world, followed by...
Afghanistan, Myanmar and Iraq, an international watchdog has said in its annual report released on Transparency International found Somalia to be most corrupt country, topping a list of the 178 countries surveyed (Aljazeera, 2010).

Correlations 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

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 6 below. According to the findings, it was clear there was a positive correlation between the independent variables, police anticorruption initiatives, electoral anticorruption initiatives, bureaucratic anticorruption initiatives and political anticorruption initiatives and dependent variables corporate governance. The analysis indicates the coefficient of correlation, ‘r’ equal to 0.343, 0.357, 0.303 and 0.538 for police anticorruption initiatives, election anticorruption initiatives, and electoral anticorruption initiatives respectively. This indicates a significant relationship between independent variables and dependent variable.

Table 6: Correlation Analysis

<table>
<thead>
<tr>
<th></th>
<th>Political anticorruption</th>
<th>Bureaucratic anticorruption</th>
<th>Electoral anticorruption</th>
<th>Police anticorruption</th>
<th>Corporate governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.538**</td>
<td>.303**</td>
<td>.357**</td>
<td>.343**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>294</td>
<td>294</td>
<td>294</td>
<td>294</td>
<td>294</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td></td>
<td></td>
<td>.316**</td>
<td>.602**</td>
<td>.567**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>294</td>
<td>294</td>
<td>294</td>
<td>294</td>
<td>294</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.559**</td>
<td>.559**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>294</td>
<td>294</td>
<td>294</td>
<td>294</td>
<td>294</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.439**</td>
<td>.439**</td>
<td>.439**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>294</td>
<td>294</td>
<td>294</td>
<td>294</td>
<td>294</td>
</tr>
</tbody>
</table>
Regression Analysis
Coefficient of Determination
Table 6 above shows an overall P-value which less than 0.005 (5%). This shows that overall regression model is significant at the calculated 95% level significance. It further implies that the studied independent variables namely; police anticorruption initiatives, bureaucratic anticorruption initiatives, electoral anticorruption initiatives and political anticorruption initiatives have significant effect on corporate governance of Somalia. The regression model summary indicates the coefficient determination R square as 0.39. This means that at 39% of the relationship is explained by the identified four independent variables. The rest of 61% is explained by other factors not studied in this research.

Table 7: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.624</td>
<td>.390</td>
<td>.381</td>
<td>.32556</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Political anticorruption initiatives, Electoral anticorruption initiatives, Bureaucratic anticorruption initiatives, Police anticorruption initiatives.

Analysis of Variance (ANOVA)
ANOVA was used to establish the significance of the regression model. The model is considered significant if its p-value is less or equal to 0.05. The significance of the regression model is as per Table 7 below, with p-value of 0.000 which is less than 0.05. This indicates that the regression model is statistically significant in predicting the corporate governance of Somalia. 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=46.113, p-value = 0.000, this shows that the overall model was significant and that police anticorruption initiatives, election anticorruption initiatives, electoral anticorruption initiatives and political anticorruption initiatives significantly affects corporate governance of Somalia.

Table 8: Analysis of Variance (ANOVA)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>19.550</td>
<td>4</td>
<td>4.887</td>
<td>46.113</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>30.631</td>
<td>289</td>
<td>.106</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>50.181</td>
<td>293</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: corporate governance
b. Predictors: (Constant), Police anticorruption initiatives, Political anticorruption initiatives, Electoral anticorruption initiatives, Bureaucratic anticorruption initiatives

table 9: Multiple Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
Political anti-corruption initiatives  | 0.085 | 0.060 | 0.078 | 0.416 | 0.004
Bureaucratic anti-corruption initiatives  | 0.252 | 0.074 | 0.218 | 0.396 | 0.001
Electoral anti-corruption initiatives  | 0.392 | 0.048 | 0.462 | 0.227 | 0.000
Police anti-corruption initiatives  | 0.021 | 0.066 | 0.021 | 0.323 | 0.002

a. Dependent Variable: corporate governance

From the table above, regression equation can be established as follows:

The general regression Model arrived at was

\[ Y = 1.044 + 0.085X_1 + 0.252X_2 + 0.392X_3 + 0.021X_4 + \varepsilon \]

Where,

\[ Y = \text{Corporate governance} \]
\[ X_1 = \text{Political anti-corruption initiatives} \]
\[ X_2 = \text{Bureaucratic anti-corruption initiatives} \]
\[ X_3 = \text{Electoral anti-corruption initiatives} \]
\[ X_4 = \text{Police anti-corruption initiatives} \]
\[ \varepsilon = \text{Error term of the regression} \]

Hence;

\[ \text{Corporate governance (Y)} = 1.044 + 0.085 \times \text{Political anti-corruption initiatives} + 0.252 \times \text{Bureaucratic anti-corruption initiatives} + 0.194 \times \text{Electoral anti-corruption initiatives} + 0.021 \times \text{Police anti-corruption initiatives} + \varepsilon \]

The Beta Coefficients in the regression model shows that all of the tested variables had positive relationship with corporate governance tested being statistically significant with p-values less than 0.05.

The findings implied that a unit change of \( X_1 \) (Political anti-corruption initiatives), will result to 0.085 change in corporate governance. A unit change of \( X_2 \) (Bureaucratic anti-corruption initiatives), will result in 0.252 change in corporate governance and a unit change of \( X_3 \) (Electoral anti-corruption initiatives), will result in 0.392 change in corporate governance. A unit change of \( X_4 \) (Police anti-corruption initiatives), will result in 0.021 change in corporate governance.

The \( Y \)- Intercept (\( \beta_0 = 1.044 \)), predicts that corporate governance will be 1.044 when all other independent variables are zero. From the analysis in table 7, Political anti-corruption Bureaucratic anti-corruption initiatives \( X_2 \) (\( \beta = 0.218, p<0.05 \)), has the strongest relationship with the corporate governance followed by \( X_1 \) (\( \beta = 0.078, p<0.05 \)) Electoral anti-corruption initiatives \( X_3 \) (\( \beta = 0.462, p<0.05 \)), Police anti-corruption initiatives \( X_4 \) (\( \beta = 0.021, p<0.05 \)). All the four variables significantly predicted the corporate governance in Somalia. The study indicated that political anti-corruption initiatives, bureaucratic anti-corruption initiatives, electoral anti-corruption initiatives and police anti-corruption initiatives has significant relationship with corporate governance with p value less than 0.005.

Hypotheses Testing Summary

Hypothesis 1: From the findings the first hypothesis of the study, \( H_01 \) there is no significant effect of political anti-corruption initiatives on corporate governance in Somalia was rejected and conclusion made that there is significant effect of political
Hypothesis 1: The first research hypothesis, Ho1 there is no significant effect of political anticorruption initiatives on corporate governance in Somalia was rejected and conclusion made that there is significant effect of political anticorruption initiatives on corporate governance in Somalia.

Hypothesis 2: The second research hypothesis, Ho2 there is no significant effect of bureaucratic anticorruption initiatives on corporate governance in Somalia was rejected and conclusion made that there is significant effect of bureaucratic anticorruption initiatives on corporate governance in Somalia.

Hypothesis 3: The third research hypothesis, Ho3 there is no significant effect of electoral anticorruption initiatives on corporate governance in Somalia was rejected and conclusion made that there is significant effect of electoral anticorruption initiatives on corporate governance in Somalia.

Hypothesis 4: The fourth research hypothesis, Ho4 there is no significant effect of police anticorruption initiatives on corporate governance in Somalia was rejected and conclusion made that there is significant effect of police anticorruption initiatives on corporate governance in Somalia.

Table 10: Hypotheses Testing summary

<table>
<thead>
<tr>
<th>Research Hypotheses</th>
<th>Sig.</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ho1</td>
<td>0.004</td>
<td>Reject Ho1</td>
</tr>
<tr>
<td>Ho2</td>
<td>0.001</td>
<td>Reject Ho2</td>
</tr>
<tr>
<td>Ho3</td>
<td>0.000</td>
<td>Reject Ho3</td>
</tr>
<tr>
<td>Ho4</td>
<td>0.002</td>
<td>Reject Ho4</td>
</tr>
</tbody>
</table>

CONCLUSIONS

From the study political anticorruption initiatives variable has the highest influence on governance of Somalia as a factor. Therefore, the government agencies are advised to consider this factor as important in terms of priority issue for corporate and effective governance of Somalia.

The electoral anticorruption initiatives significantly affect governance as has been revealed from the study. To improve openness and win public confidence, the law makers and enforcers need to observe electoral laws and let elected officials be accountable to the electorates in order to reach good, effective and corporate governance in Somalia.

The study revealed its corporate governance of Somalia is significant. This institution is in charge of policy formulation and implementation. The government should facilitate it to formulate good policies and programs to improve governance.

The study revealed that this variable has positive affect governance of Somalia. In order to curb wastes on resources and improve economic development, police anticorruption initiatives have to be promoted.
RECOMMENDATIONS

The study found out that the political anticorruption initiatives affect and promote corporate governance of Somalia. It is therefore recommended that policy formulation and legislation should be maintained to benefit all citizens.

The study revealed among the four-variable discussed, political anticorruption initiatives had the highest positive effect. Therefore, its role to produce fundamental decisions and actions in formulating policies has to be maintained and considered.

The study recommended that the police anticorruption initiatives be maintained by training and promoting the officers in order to improve service delivery for all citizens. It is also recommended that bureaucratic institution be facilitated to formulate good policies and programs that can be implemented to enhance service delivery to the general public. Promoting civic engagement and social accountability the demand side of anti-corruption through youth and women’s empowerment and the participation of civil society and the media; improving results-based management and institutional effectiveness for effective implementation of anti-corruption initiatives and monitoring their results.

Research for further Study

This study focused on anticorruption initiatives and their effect on corporate governance of Somalia. Since only 39% of results was explained by independent variables in this study, it is recommended that a further study be carried out on other factors such as education, training, infrastructures etc. that might have effect on corporate governance of Somalia.

REFERENCE


Lamani1, R. B., & Venumadhava, G. S. (2013). Police Corruption in India. *International Journal of Criminology and Sociological Theory, 228-234*


Mikaelsson, A., & Sall, S. (2014). *Does corruption have a significant effect on economic growth: An empirical analysis examining the relationship between corruption and economic growth in developing countries.*


Said, H. M. (2026). *The effects of mobile money transfer on the financial performance of small and medium enterprises in Mogadishu.*


Strîmbu, O. (2013). *Three essays on political corruption and common agency.*


