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## COLLEGE SOCIAL SCIENCE AND HUMANITY

## DEPARTMENT OF GOVERNANCE AND DEVELOPMENT STUDIES

**THE EFFECTS OF CORRUPTION ON ECONOMIC DEVELOPMENT IN WOLKITE TOWN; GURAGE ZONE, SNNPR**

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**PREPARED BY** **ID**

**BEYENE FENTA…….092/09**

**SENA ASAFA …… 333/09**

**TSEGAHUN GUNBO …….. 393/09**

**ADVISOR NAME**

**MR.ABEBE AMARE (M A)**


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**WOLKITE ETHIOPIA**

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### DEPARTMENT OF GOVERNANCE AND DEVELOPMENT STUDIES

# ASSESSING THE EFFECTS OF CORRUPTION ON ECONOMIC DEVELOPMENT IN CASE STUDY OF WOLKITE TOWN


**By** **Id**

**Beyene fenta .....092/09**

**Sena asafa.....333/09**

**Tsegahun gunbo.....393/09**

**Advisor**

**Mr. Abebe amare (ms)**


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## LIST IF ACRONYM

GDP: Growth domestic product

FDI: foreign direct investment

FEACC: Federal ethic and anti -corruption commission

HDI; Human development indicator

OECD; Organization for economic cooperation and development

TIAR; Transparency international annual report

TII: Transparency international index

UNDP: United nation development program

WB: Word bank

## Abstract

The main objectives of this study were to assess the effects of corruption on economic development in wolkite town. Corruption is a challenge to development. Scholars define corruption as abuse of public office for private benefit. Using this working definition, this study explores the main causes, the aggravating factors, vulnerable to corruption and the means to combat corruption. The purpose of this research is to explore in what extent the problem of corruption was manifested in wolkite town.to accomplished this research we are used a descriptive types of research design. Accordingly we are also used a mixed research approach. Furthermore the researchers were employed primary sources of data were gathered through distribute questioner for the respondents that are reside in Wolkite town. Additionally qualitative sources of data were sustained through interview of purposively selected government officials. Finally, we would have analyzed the result both in qualitative and quantitative methods. This implies that the qualitative data was analyzed in the form of words, opinions and sentences. And also the quantitative data was analyzed in the form of tables, frequencies and percentage.

**Key words:**

Corruption

Economic development

Transparency

Good governance

# Chapter one

## 1. Introduction

### 1.1Background of the study

Corruption is a predicament that has entrenched itself in all sectors, both in developed and developing countries. However, research carried out shows that it is more prevalent in the developing countries. Corruption manifests itself in different forms under different environments and contexts and therefore it is impossible to have a universal definition that encompasses all. However, corruption has widely been defined as abuse or misuse of public office and funds for personal gain. (Pellegrini & Gerlagh, 2008).

Corruption has recently become a major issue in foreign aid policies. However, behind the screens it has always been there, referred to as the "c-word". The major concern for international aid policy through the last five decades is to improve the living conditions for the poor in the poorest countries of the world. This endeavor requires a close co-operation with the national governments in poor countries. Generally speaking, however, the governments in poor countries are also the most corrupt. This is one of the few clear empirical results of recent research on corruption. The level of GDP per capita holds most of the explanatory power of the various corruption indicators (Treisman, 2012; Paldam, 2007).

In the context of Ethiopia, the widespread manifestation of corruption is the norm that the state is functioning as a part and parcel of its mega system of politics. Comprehensively, the significant causes of corruption in Ethiopia are 'poor governance, lack of accountability and transparency, low level of democratic culture and lack of citizen participation, lack of clear regulation and authorization, low institutional control, extreme poverty and inequality, harmful cultural practices, centralization of authority and resources, family and ethnic loyalties and obligations, blurred distinction between private and public interests, weak financial management, weak legal and judicial system, over regulated bureaucracy, deterioration of acceptable moral and ethical values, desire to want more ,unsound polices , and most importantly inefficient civil service system (FEACC,2005).

## 1.2 Statement of the problem

Corruption has a significant influence on economic development on many aspects. The implication is that corruption has adverse consequences on the country's development. Corruption undermines government ability to provide basic services such as healthcare and education and leads to wastage of public resources. Further, corruption increases the cost of doing business, discourages foreign and local investments, distorts public expenditures, reduces economic efficiency and slows down administrative processes hence, undermining development and service delivery (Nyaga & Theuri, 2012)

Corruption discourages international trading by which the rent seekers have resistance to remove the trade Restriction as the importers and exporters used to pay bribes to the officers in order to facilitate trades. Corruption especially hurts small and developing countries such as sub Saharan African countries, Latin America, and new industrial countries. In developing countries, corruption level is high and the economic growth is slow down by corruption. A strong relationship between corruption and weak corporate governance is found (Caron, Ficici & Richter, 2012).

Our country Ethiopia is one of the developing countries in the world mostly affected by corruption which is caused by poverty, unemployment, poor governance, low level of democratic culture, lack of clear regulation and authorization. Corruption ruins the public trust in government institution and damage the social capital as well as human capital. The effect of social capital decline extensively on low income group and bring less incentive for the poor to participate in productive activity. Because of the prevalence of corruption, unable to getting fair, fast and equitable public services at various levels of government institutions and have posed major threats to Ethiopia economic development (Gashaw, 2015).

Our study area, Wolkite town has also the southern part of Ethiopia were corruption is coexist and undermine the livelihood of the society because various factors such as, poor governance, absence of punishment, poverty, unemployment, low wages and salaries, biased revenue collection .This lead to income inequality and a wide difference between the rich and poor. The effect of corruption has many dimensions related to political, economic, social and environmental effects.

According to Wolkite town Ethic and anti-corruption commission officer, 2019), corruption hinders the development process of the town in many ways. The economic impacts of corruption

in Wolkite town, includes low productivity and low economic growth, increased costs of goods and services, scarcity of public resources to finish different projects such as schools, hospitals and roads. In this regard, they said that because of corruption infrastructures are not constructed on time, with standardized quality and area coverage (required quantity).

IN spite of the fact that, Many researchers for instance, Theuri,(2011),Akivaga(2005) , are conduct a study on the adverse consequence of corruption in all most all countries in general. Berhanu zeleke (2016) also conduct research on the challenges and opportunities of development particularly in urban and rural land biased in Ethiopia. Furthermore, gashaw ayferam (2015) conduct the study on the causes and consequence of corruption in ambo town. However, we are conduct research ought to review the negative consequence of corruption in economic development and growth specifically in Wolkite town. Therefore the researcher are motivate to do a research considering the problem or the adverse effects of corruption on economic development and finding solutions and maintaining justice or fairness by changing malpractices and culture of corrupt acts of the society that reside in the town plus the country at large.

## 1.3 Research questions

- How does corruption affect economic development in Wolkite town?
- What are the determinant factors motivate corrupt practice in the study area?
- What has the challenges faced the public sector leaders combating corruption?
- What mechanism does the office implement to combat against corruption?

## 1.4 Objectives of the study

### 1.4.1 General objective

To assess the effect of corruption on economic development in Wolkite town, Gurage zone, SNNPRS.

### 1.4.2 Specific objective

- 1 To explain the effects of corruption on economic development through different Transmission channels in the study area.

- To explore the determinant factors that motivates corruption practice.
- To analysis the challenges of public sector leaders combating against corruption.
- To examine the mechanism help to fight against corruption in the study area.

## 1.5 Significance of the study

this research would provide the following significances; firstly, It helps to creates better understanding for the society about the adverse effects of corruption on economic development, secondly, helps to understand the root cause of corruption thirdly, it helps to set up a better strategies fight against corruption stand with the society, in addition to this to ensure the principles of justice and fairness and a further references for the future students or researchers.

## 1.6 Scope of the study

Corruption is crucial issue and broad topic that touches all administrative organs from federal government to local level of administrative bodies at wereda level and everybody at the house hold level. But we are delimited geographically in Wolkite town; SNNPRS on the effect of corruption only on economic development.

## 1.7 limitation of the study

In order to finalize this research, the researchers was faced various bottlenecks in addition to time and financial shortage. The first and most decisive problem was inaccessibility of related secondary materials to strengthen the investigated primary source results. This means we are not possibly get written documents concerning the current corruption cases and issues. The second limitation was in availability and discomfort of participants to respond freely especially to carry out interviews in a few sectors.

## 1.8 Organization of the Study

This study was organized in five chapters. Chapter one contains background of the study, the research problem, objectives of the study, research questions, scope and limitation of the study and its significance. Chapter two deals review of related literatures on the effects of corruption on economic development. Chapter three is methodology part for the study, which contains description of study area, research methodology, research design, source of data and collection tools, sample and sampling techniques, and data analysis. Chapter four deals the data presentation, analysis and interpretation part sustained from the target populations using the data collecting tools. The last chapter is Chapter five it includes conclusion and recommendation.

# Chapter Two

# 2. Review of related literature

## 2.1 Concepts of Corruption

In the definition shared by most political scientists corruption is any transaction between private and public sector actors through which collective goods are illegitimately converted in to private regarding pay offs (Heidenheimer, Al 2008:6).

There is no single satisfactory and international accepted definition of the term corruption. Since what seems to be corrupt in one society may not be necessarily be perceived so in another. Though there is various definition of the term corruption it is difficult of defines corruption in concise and concrete terms that can be applied to all forms, types and degrees of corruption (berrihun, 2011).

Further defines corruption as the misuse of power, office or authority for private benefits or gain through bribery, extortion influence peddling, nepotism, fraud, speed money or embezzlement. However, most authorities seem to agree to broadly define corruption as the misuse of official power or position for illegitimate private gain (UNDP, 2010).

Corruption is the betrayal of public trust for individual or sectoral gain, efforts to secure wealth or power through illegal means for private gain at public expense. Therefore, based on the above statements and definitions, corruption could also be defined, as an action or omission against an established rule of law, procedure and accepted norm on the part of the custodian of an office be it in the public or private realm, in its an abusive exercise of that authority, so as to obtain something for itself or to another person or to a group of persons; or to deny somebody its right for something ( Fjeldstand and Ogundiya2009) .

## 2.2 Social interaction and Corruption

Corruption is a widespread phenomenon affecting human societies throughout time and space. Contemporaneous corruption scandals not only occur in developing countries such as Nigeria, India, and China but also in developed economies such as France, Germany and United States. Even in Scandinavian countries, like Sweden and Norway, supposedly free-from-corruption, managers of state owned companies have been found to be taking bribes (for an overview see

Rose-Ackerman, 1999).

Corruption in the public sector is recognized to be the greatest obstacle to development. A higher level corruption is associated with lower investment and economic growth. Corruption weakens the effect of industrial policies and induces private sectors to violate tax and regulatory laws. Foreign direct investment is also depressed by a high level of corruption (Wei, 2000). Anticorruption policies are therefore very important since corruption can induce great harm to countries. Some stress that bribery may increase the overall efficiency of an economic system. issues such as tax evasion, violation of environmental rules, certification of unqualified people for public benefits, and grants of immunity to organized crime do not have such an effect. In addition, bureaucrats have an incentive to delay transactions in order to extract higher payments (see Rose-Ackerman, 2011)

Reducing corruption requires a thorough understanding of its causes. Sizable literature has emerged to investigate the determinants of corruption. Current research associates corruption with cultural tradition, economic development, political institutions and government policies. For example, in his comprehensive cross-country study, Treisman (2000) finds that Protestant traditions, history of British rule, long exposure to democracy, higher average income and high levels of imports depress corruption, while decentralization encourages it. Brunetti and Weder (2003) present evidence that press freedom can control corruption. Using a within-country data set, Glaeser and Saks (2006) document that economic development and education decrease corruption while income inequality and racial fractionalization may increase corruption in America. However, few have explored the impact of social interaction on corruption.

## 2.2 The incidence of corruption

In order to develop an appropriate and successful strategy to fight against corruption is vital to understand distinguishing patterns of corruption that manifests in revenue collecting public sector or elsewhere. The findings of (Chibwana 2008) show that corruption in the public sector is symbol of unsuccessful governance at the countrywide. In this respect, authority is being referred to imply the traditions and institutions by which power in a country is exercised, including the process by which governments are selected, monitored and replaced, the capacity of the government to effectively formulate and implement sound policies, and the respect of citizens

and the state for the institutions that govern economic and social interactions among them. Here, corruption has been perceived to initially materialize itself in the following forms or patterns:

**Bribery-** It involves the direct or indirect offer or provision of any undue payment, gift or other advantage to a public official, in violation of their legal duties, in order to obtain or retain business or obtain any undue favor. Bribery is at the core of any definition of corruption and always includes at least two parties (ibid).

**Nepotism**-is a form of favoritism, where an office holder with the right to make appointments, prefers to nominate to positions kinfolk, family members and friends, irrespective of their qualification (ibid).

**Embezzlement-**is theft of public resources by public officials. It is also understood as another form of misappropriation. It may involve one person.

**Fraud-**is a crime that involves some element of deceit, trickery or swindle. It is a broader legal and popular term that includes both bribery and embezzlement.

**Extortion-**is when money or other resources are extracted from somebody through coercion, violence or other threats to use force and pressure.

**Favoritism**-is a mechanism of abuse of power meaning "privatization" and a highly biased distribution of common resources.

## 2.3 Types of corruption

Scholars classify corruption into various types. Some of this includes grand corruption, bureaucratic corruption, political corruption, and systemic or organizational corruption.

## 2.3. Grand corruption

Jain (2014)stated that grand corruption is the most vitiate type of corruption and its incurs within the political elote.AS the corrupted decisions come from the absolute top of the public hierarchy, which is invented to balance the interest of the entity society, this type of corruption can affect everyone in the country. Two types of grand corruption has coexist and practiced by officials, authoritative, and politician.

### 2.3.1 Political corruption

The definition of political corruption can be very abroad, embracing all kinds of miss behavior. It is also defined as any behavior which violates and undermine the norms of the system of public

order which are deemed indispensable for the maintenance of political democracy (Michael and Korajian,2004).political corruption is manifested in manipulation of election, people and institutions in order to gain ( retain) power and office (otite, 1986 ).

Political corruption is often confused with grand corruption. The miss entrusted power by political leaders, more specific meaning is corruption within political or electoral process. The use of resource, machinery, personal and authority or perpetuate one's positions such as during electoral campaign, corruption in political finance such as vote buying, the use of illicit funds, the sale of appointments and abuse of state resource (TI,2004 and Braking2007).

### 2.3.2 Bureaucratic corruption

Bureaucratic corruption may be regarded as political corruption which mostly occurs during the implementation of public policies. It involves bureaucrats and public administration staff both at the central and local level.

### 2.3.3 Systemic corruption

This categorization is based on the state of the acceptance of corruption as a norm entrenched in the custom and behavior condoned in general in a given institution or country; and not based on the economic value of the transaction tainted with corruption or with the status of the personalities involved in the corrupt practice. Systemic corruption is a situation where corruption becomes more or less a norm in a given state or society.

## 2.4 cause or motives of corruption actions

If we talk the human nature as a base we may explore why all political systems have experienced corruption. But it does not explain why some officials engage in corruption while others do not. These differences we can understand by making apparent the causes and opportunities for corruption. As we have seen in the first chapter there are many different definitions of corruption and, consequently, the causes and opportunities for corruption are also expected to be many in number.

According to chibawana , the most drivers or Causes of corruption are ; the rule of law is weakly embedded, ineffective institutional accountability, weak commitment of leaders in fighting corruption, lack of effective sanction and penalties, monopoly of services, delaying of bureaucracy and absence of ethical code of conduct (chibawana, 2008).

Accordingly Leslie Holmes (1993 p.157) the causes of corruption divides into three categories, cultural, psychological, and system-related.

**Cultural factor**: "In many countries certain types of corruption are more or less acceptable often depending on the scale in the traditional political culture." Some countries have more of a reputation for corruption particularly because of traditional attitudes towards family, kinship, etc.

**Psychological factors.** There are number of psychological factors that help to explain some types of corruption. The Psychological factors are factor that can encourage peoples to act corruptly due to creating fear. For example in a hierarchical situation a subordinate may fear the consequences of not acting in a similar way to his/her corrupt superior.

**System related factors**: in this case if it had to introduce fundamental economic, legal, ideological and social changes yet to change the system. Beside the cause of corruption there can be also opportunities for corruption because of the institutional structure. This opportunity is more important for accelerating widespread and high level of corruption. When officials have monopoly of power over provisions of a government goods it's crucial for explaining the incidence of corruption without theft. Monopoly power could exist for the legal reason that a certain officials are the only charged with performing a certain tasks (Klitgard,R, 2009).

## 2.5 Impacts of Corruption

There is no society that is totally free of corruption and no strategy can guarantee successful eradication of it forever. Entrenched corruption hampers political and economic development, undermines institutions and impedes competitive participation in both arenas. Anti-corruption forces and civil society or organization remains weak, formal boundaries and links between politics and the economy are poorly institutionalized and lack credibility. While real corruption both reflects and helps perpetuate weak and un even development, it forces only motivation constrains and countervailing forces and consequently can become deeply entrenched (Michael and Johnson, 2004:159).

In developing countries corruption has hampered national socio economic and political progress. Public resources are allocated in efficiency and competent and honest citizens feel frustrated and the general populations level of distrust rises. Consequently, productivity is lowered administrative efficiency is reduced and legitimacy of political and economic order is undermined. Corruption in developing countries also impairs economic development by

transferring large sums of money precisely in the opposite direction to what is needed to address poverty (kameswari, 2006:8-9).

A according to Transparency International on anti-corruption convention in Africa (2005), corruption harems and undermines societies in any ways. As stated in the preamble of the united nation convention, corruption poses serious threat to the stability and security of society, undermines the institution and the values of democracy, ethical values and justice, and jeopardizes sustainable development and the rule of law. When corruption is wide spread in a country, the adverse effects are felts in different ways by people through society, from business people to school teacher to hospital patient. The anti-corruption convention in Africa states that corruption causes damage in various ways: corruption affects the poor and weak especially those who cannot exert considerable influence like women, children, the elderly and those of wresting with chronic disease without resources at their disposal. They simply have fewer options when confronting barriers to accessing basic public services and other resources. They also tend to be most affected by the misallocation of public resources and resulting in habited economic development program to combat poverty is also adversely affected by corruption and is thus made in effective.

In Ethiopia the effect of corruption on political and economic development is that, it renders the state in capacitated and impotent. With these negative impacts, corruption is destructive to the state's ability to extract taxes, implement coherent and rational development polices, redistribute resources among groups and regions and consequently to its ability to transform the society and the economy according to political priorities.

In economic aspects of Ethiopia, corruption has negative impacts on the level of and quality of economic development. As the regression analysis indicates the amount of corruption is negatively linked to the level of investment and economic growth. That is to say more corruption, the less investment and economic growth..

**Corruption violates human right:** corruption violates human right political and civil right by distorting or rendering use less useless political institution and process and undermines the functioning of judiciary and law enforcement authorities. Corruption also violates economic and social right by denying equitable access to public services such as health and education, placing obstacles in the way of earning livelihood in the public or private sector by distorting decision making process regarding the allocation of resources. (TIAR,2005).

**Corruption undermines representative democracy**: in countries with a system of elected representative entrusted with decision making power, corruption enables wealthy individuals or institutions to holed disproportionate influence in national provisional and local politics. This can be the results of buying citizens vote in election or buying the votes of preliminary representatives on matters such as taxation, distribution of public resource and regulation of business or even foreign policy (ibid).

**Corruption is barrier to economic development**: corruption halts the ongoing development by distorting public spending, under mining efficiency and discouraging investment and growth .it worsens efforts by the private sectors to take advantage of business and growth opportunities and undermines economic competition (TIAR, 2004). It also under cuts the efficient allocation of financial resources for economic development and alters the composition public expenditure. In addition to the detrimental effects on economic growth corruption jeopardizes free trade distorts competitiveness and weakens stability up on which the free market system is based (Kameswari, 2006).

**Corruption is a tool of organized crime**: corruption can be a means for organized crime it damages the credibility of government institutions and it may deter foreign investors because of its associated lack of secure property rights and low bureaucratic quality. It is also detrimental to both social and economic health and wellbeing whenever it occurs regardless of the state or countries level of development (kameswari, 2006:10).

According to African union convention corruption hurts or undermines development, democracy and good governance and destroys democracy (during election, for example corruption result in candidates with most vote not to take office ) and erodes the legitimacy of government, because they are not the peoples choices, absences of transparency and accountability results in suspicion and mistrust impacting negatively on the rule of law e.g. corporation in the judiciary consults in courts judgment not being implemented destroys the capacity of institution to perform well and corruption in civil services promotions results in less qualified people making decisions and controlling how resources are used, destroys competition and increases the cosset of business, destroys the capacity of individuals to perform well (but people who are skilled, honest and able remain unemployed, while those who are dis honest connected have jobs and corruption facilities other criminal activities like drug traffic, terrorism, prostitution and money laundering.

Generally corruption threats, economic growth, political stability, social development, the contribution of democracy and public mortality.

### 2.5 1 The Impacts of Corruption on Economic Development of Ethiopia in Post 1991 period

In the post 1991 period the various impacts of corruption have been seen on the economic and development of the country. during the imperial and the Derge regimes of political corruption have undermined the legitimacy of the governments and weakened their structure, reduced, productivity, hindering development, worsening poverty, marginalized the poor, created social unrest and finally fastened their down fall (Tordoff,1992).

Likewise, it has continued to pose threats to the countries development in the post 1991 period. Currently, political corruption is believed to be one of the major factors that significantly contribute the reduction of government revenue. It can also negative affects the ongoing poverty reduction efforts that the country has planned at the national level.

### 2.5.2 Channels through which corruption can affect output and economic development

A more comprehensive analysis of countries' experiences and transmission channels would help define specific policy recommendations designed to address the risks for corruption affecting economic performance.

**A. Private investment**

When private business investment is subject to government regulation, corruption in the form of bribes for processing the pertinent requests will increase the cost of investment (Bardhan, 1997). This will reduce its profitability and thus, all else equal, the overall volume of private investment. Alternatively, it may lead to the redirection of the investment to less productive projects (and/or the firm moving to the informal sector) in order to avoid paying a bribe, entailing a sub-optimal allocation of resources. In either case, the level of output, and probably its rate of growth, will be reduced. Several empirical studies discern a negative effect of corruption on FDI ( Voyer and Beamish (2004).

**B. Competition and Entrepreneurship**

In many cases corruption can damage effective competition, for example by weakening regulation and antitrust enforcement intended to correct market imperfections or by creating

barriers to new entry or other restrictions on competition to preserve the privileges of established firms. The corruption-competition relationship is closely related to the effect of corruption on an economy's openness to trade and investment, since the later has major implications for the prevalence of effective competition. Several empirical studies find a significant statistical relationship between economic openness and the level of perceived corruption. Entrepreneurship is the main driver of economic efficiency and innovation. It has been noted that innovation is disproportionally affected by corruption as start-ups are subject to more regulation than established business. Reduced profitability of investment, increased transaction costs, and increased uncertainty all combine to make entrepreneurship less attractive by reducing its overall rewards. This is likely to reduce the number of people opting for this career path, as well as their eagerness to accumulate the requisite human capital to exercise it competently ( Nickell, 2004 ).

**C. Government spending**

An important channel through which corruption affects economic performance is by impacting on both the volume and the composition of government expenditures and revenues.

that civil servant find less opportunity to manipulate structure of government spending for their own interest if size of government is small. While the bigger size of government create more opportunity to engage in self-seeking activities on government spending (Alesina and Angeletos, 2005).

**D. Human capital**

Corruptions also have some indirect negative impacts on human development through lowering economic growth. Corrupt countries tend to have less human development Using Human Development indicator. The presence of corruption in education institution leads to low quality of human capital. Transmission of knowledge is the main function of education institutions; high level of educational achievement means that high quality of human capital (Rumyantseva, 2005).

### 2.5.3 Arguments against Corruption

Some forms of corruption are more harmful for development than others are, but corruption can never be good for development. Recent econometric studies in several countries indicate that increases in corruption are associated with decreases in economic growth. In fact, the cost of corruption to the economy does not be necessarily judged by the size of the illicit transactions involved. Similarly, the costs of unnecessary regulations or administrative restrictions are more

than the size of the rent they create. In cases where government regulatory and commercial functions are performed by the same organization, as is frequently the case in countries in transition from a centrally planned to a market-based economic system, the distinction between corrupt and legitimate business practices may become blurred in the eyes of participants (Bottelier,2016).

## 2.6 Strategies fight against corruption

The WB (2004 ) states that, the battle against corruption in African countries is a serious issues or problem that will only be successfully combated with the introduction of culture of courage ,sacrifice ,honesty and integrity, committed political leadership, the establishment and enforcement of clear and widely accepted ethical codes are helpful to root out corruption.

According to the Transparency International Index of 2004 there are various anti-corruption strategies helps to combating corruption. Those enforcement, preventive, institutional building and public awareness strategies budget reform, Good financial management system, civil society and media.

**Enforcement strategies** can be practiced through the enforcement of depoliticized law, provision of adequate powers of investigation and provisional importation of the" whistle blowers" punishment of guilty officials who have fined and making senior officials more accessibility to prosecution (TII,2004).

**Preventive strategies** this include simplifying government programs and procedures, depersonalize government, increasing accountability, disclosing financial and gifts speeding the privatization process, improving ethical standard and changing the incentive mechanism (ibid).

**Institutional building strategies** denote the role of institutions like auditor general, an ombudsman office to serve as an in dependent agent to investigate complaints private partnership against corruption, modern financial management systems, competitive procurements, open the budgetary process and promote judicial reformers (Ibid).

**Public awareness strategies**: create public understanding of the causes and cost of access base line to measure progress, insure the independence of the media and their ability to access information, and encourager public private partnership and the development of civic advocacy group (Ibid).

**The Budget Reform** is the other factor combating corruption. Government should undertake only what it can do well within its resource constraints. Government should develop well-functioning budget processes, allocate resources strategically, and enable programs and projects to be implemented efficiently and effectively. There should be frequent reports to the legislature on budget implementation that enable comparisons to be made between budgeted and actual revenues and expenditures (World bank, 2007).

**Good financial management system** is also a powerful instrument for preventing, discovering, or facilitating the punishment of fraud and corruption According to World Bank (2007) many of the Bank's borrowers have weak government financial management systems.

**Civil society and the media** are crucial to creating and maintaining an atmosphere in public life that discourage fraud and corruption, Indeed, they are arguably the two most important factors in eliminating systemic corruption in public institutions. They may play an important role as watchdogs of public sector.

The Ethiopian government has adapted the preventive approach as a major cause of action and line of thought in its fight against corruption with creative measures reinforcing it. The federal ethics and anti-corruption education among the public and plugging loop holes in the working procedures of public offices and enterprises are at the heart of preventing corruption offences (Profile of FEAAC, 2006).

## 2.7 Conceptual framework

The need for understanding the effect of corruption is the independent variable because corruption is instant features as a result of low level of democracy, lack of good governance and transparency, system failure, lack of responsiveness and so forth. This means all are independent variables. In other hand this are the causes of corruption. Consequently economic development is also a dependent variables, because corruption affects economic development when if its high level of corrupt acts there was low level of development. Therefore, because of ineffective state structure, lack of good governance or else corruption is occurred and this leads decline of productivities, wastage of public resources, declining of service quality and revenue collection, bring on corruption, reduce investment, increasing of public spending were occur on.

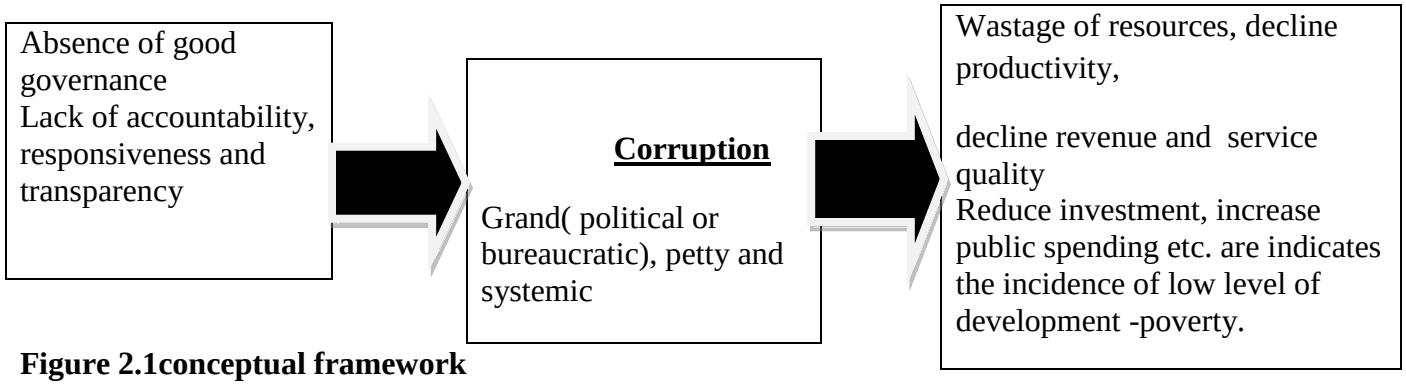



**Figure 2.1conceptual framework**

**(Source: adapted from literature review)**

# Chapter three

# 3. Research methodology

## 3.1 Description of the Study Area

Wolkite town is the administrative center of the Gurage zone of the southern nations, nationalities and peoples region (SNNPR) and established in 1937. This town has a latitude and longitude of 8/17’ N 37/47’ E and 8.283/N 37.783/E and on elevation between 1910 and 1935 meters above sea level. It is surrounded by Kabana Woreda and it was a part of the formers Woreda. The town is located in south west of Addis Ababa at 155km and west to Woliso town at 42 km as well as found east to Jemma town at 158km (Wolkite municipal, statistics bureau). The total population of Wolkite town is 28866, to whom 15074 are males and 13792 are females, among those 48.17% has Orthodox Christian while 42.31%of the population has Muslims, 7.86 %were protestant and the rest 1.35 were catholic Christians (SNNPR Census 2007).

## 3.2 Research methodology

This Chapter discusses about the research methodology for the study. The sample size and sampling technique is explained. Moreover the data collection instruments that are used in the research are elaborated and their applicability is discussed. Finally, a brief descriptions of the statistical techniques used for analysis are also provided. The purpose of this study is to assess the effect of corruption on economic development in case of Wolkite town. This is a descriptive type of study therefore the research methodology is designed in order to give proper answer for the research questions of the study. To conduct this study the researcher was used both primary and secondary sources of data. The primary sources of data are obtained through questionnaire and interviews from selected participants. Whereas the secondary sources of data is gathered from internets and annual corruption reports plus other related written documents to the topic of corruption. And then finally analyze by used qualitative and quantitative ways of the collected data.

### 3.2.1 Research approach

In this study the researcher was use a mixed research approach. The rationale behind using the combinations of both qualitative and quantitative research techniques is to give depth and breadth information to the findings solutions for the problem from different perspectives. Because it is appropriate to collect both quantitative and qualitative sources. Mixed research method has experienced a tremendous rise in popularity in the field of social science. A mixed research approach helps triangulate evidence using data from both approaches and assumed to minimize the weakness of relying on either approaches.

### 3.2 .2 Research design

Research design refers to the overall strategy that helps to choose to integrate the different components of the study in a coherent and logical ways. In general the research topic is more about concepts, perceptions, opinions and behaviors. Therefore in this study we are used a descriptive research design to describe the effect of corruption on economic development. Because descriptive research design helps to provide answers to the questions of who, what, when, where and how associated with a particular research problem plus used to obtain information concerning the status of the phenomena.

### 3.2.3 Source of data and data collection instruments

In this work, both primary and secondary data sources are collected to explore and assess the impacts of corruption on economic development. Both data sources are essential to understand the complex issues of corruption and it requires critical understanding from different perspectives.

#### 3.2.3.1 Sources of data

**Primary Data Sources**

To carry out this research Primary sources of data are collect through Questioner from Wolkite town residents. Furthermore, to do so this research we are also collected qualitative data through interviews of government officials specifically from Gurage zone high court, justice department and municipal finance officers.

**Secondary Source of data**

Secondary data sources are obtained from document analysis like: books, magazines articles, World Bank Journals, journals and periodicals, the annual reports of the institution, research

reports, regulations, internet, annual reports and other written documents related to the topic. However, we are used mainly internet to accomplished our investigation.

#### 3.2.3.2 Data collection instruments

The researcher would collect primary data from residents of the town and employees or government officials in Wolkite town by using interview and questionnaire. The secondary sources of data were also collected from available documents like proclamations and internet.

- **Questionnaire**
- To do this investigation the researcher was prepared a list of questions present to the respondents in wolkite town residents to gain available information. The questions has both closed ended and open ended and simple to understand by the respondents. Open ended allows respondents to answer in a free flowing narrative form, close ended in the other hand choose in a simple form. The reason for using questionnaire is good for gathering descriptive data and can cover a wide range of topic.
- **Interview**

Despite the fact that, interview is used to gather qualitative data. The researchers was used an unstructured (in-depth) interview to get available information about the identified problem. Because in-depth interview helps to capture the respondent's perception by their own words, which allows the meaningfulness of experience from respondent's perspective. Interview used to explores topics in-depth, new insights, because face to face contacts to interviewers. In this case the researcher was prepared open ended questions to the selected higher government officials.

## 3.4 sampling techniques and sample size

### 3.4.1 Sampling techniques

The researcher was used non-probability sampling techniques to select sample. From the non-probability sampling, the researcher was applied accidental and purposive sampling techniques. Because it has impossible extremely to collect data from the whole population of the town and purposive sampling technique has the best sampling for high population and in order to gain skilled respondents. An accidental sampling technique has also simple to the researcher to get respondents accidentally that helps to obtain data.

### 3.4.2 Sample size

In order to increase the validity of the study, representative sample size and suitable sampling technique have been given special care and emphasis. Therefore the researchers would selected 20 respondents for questionnaire. Amo 20 of them are accidentally selected from the residents in Wolkite town. The rest 5 respondents are select from higher government official in wolkite town. In Wolkite town there are 23 government sectors, among others the researche was purposively select five basic sectors to get reliable information. Thus, court house, municipality, justice reform, finance and youth and sport bureau. Because we believe to gain better data concerning about corruption, due to the fact all in those entire bureau there is anti-corruption officers.

## 3.6 Data Analysis

### 3.6.1 Quantitative and qualitative data analysis

Both quantitative and qualitative data analysis techniques were used in this study. We are analyzed the qualitative data that obtain from the higher government officials through interview in the narrative form, words and sentences. Accordingly, the quantitative data was also analyzed in the form of tables, charts, interpretation and summarized empirical numerical data for the purpose of describing the data obtained from the samples respondents that resides in Wolkite town

## 3.7 Ethical Consideration

To start and undertake the research, the necessary approval of the topic is obtained from the department of Governance and Development study .The researcher requested and obtained formal letter from the department to help him undertake the research study to gather data from all in all of the concerned body on the issue of corruption and its impact on economic development in the study area. During the whole process from respective institutions, the researcher planed in advance to behave the discussions with at most ethical manner. Further brief description about the title and objective of the study has made clear to respondents for all concerned institutions have informed in polite manner that the information they give would not be disclosed to anyone else in order to provide the available raw data.

# CHAPTER FOUR

## 4. Data presentation analysis and interpretation

In this chapter the researchers were analyzed and interpreted the collected data that obtained from the selected respondents through interview and questionnaires by qualitative and quantitative methods. Generally the following sections discussed all the findings of the research.

In the first section of this chapter demographic characteristic of respondents is summarized. In the second part, causes, and determinant factors of corruption were analyzed. In the third section, consequences or results of corruption was summarized. In the fourth, Section challenges of public sector leaders were analyzed. In the last section we analyzed the strategies and mechanisms that help to fight against corruption.

### 4.1 Demographic Characteristics of Sample Respondents

This section discusses personal information of respondents. And the result obtained concerning their demographic features is summarized below.

Table 4.1 Demographic Characteristics of Sample Respondents

| | | | |
|---|---|---|---|
| 1 | Sex | Frequency | Percentage |
| | Male | 12 | 60% |
| | Female | 8 | 40% |
| | Total | 20 | 100% |
| 2 | Age | | |
| | <25 | 7 | 35% |
| | 25-35 | 11 | 55% |
| | 36-40 | 1 | 5% |
| | Above 40 | 1 | 5% |
| | Total | 20 | 100% |
| 3 | Marital status | | |
| | Single | 10 | 50% |
| | Married | 10 | 50% |
| | Divorce | 0 | 0% |

| | | | |
|---|---|---|---|
| | Total | 20 | 100% |
| 4 | Level of education | | |
| | Elementary(1-8) | 1 | 5% |
| | High school(9-12) | 5 | 25% |
| | Diploma | 5 | 15% |
| | BA degree | 10 | 50% |
| | Master degree | 1 | 5% |
| | Total | 20 | 100% |
| 5 | Job classification | | |
| | Merchant | 1 | 5% |
| | Teacher | 6 | 30% |
| | Police | 3 | 15% |
| | Others(unemployed) | 10 | 50% |
| | Total | 20 | 100% |

(Source: own survey, 2019)

As indicated in the table 4.1 above, 12 (60%) of the respondents are males and 8 (40%) are males. this indicates that majority of the sample respondents are males off those more likely knows about corruption because of the fact that most of the time males are involves in corrupt acts relative females.

The age of respondents are concerned in the second demographic characteristics of respondents, only 7 (35%) of respondents fall the age of below 25 years. 11(55%) of respondents are between the age of 25 to 35 and 1 (5%) of respondents are between 36 to 40 years and lastly 1(5%) of the respondents are above 40 years; as the more numbers of respondents are youth those are below 36 years. In this regard out of the total respondents were fall between the age of 25-35. So that participants are youths and thus youths were more affected by corruption. Due to this the participants are great heartedly offers reliable data to the researches.

Respondents were also asked about their marital status and the following results are found. The proportions of those who are married are 10 respondents which is 50% of the sample respondents. And the rest 10 (50%) of sample respondents are not married From this we can generalize that half of the respondents are feeling responsibility of their family and on issues of

life. The marital status of the target population has played a vital role on our study. Because, most of the time corruption was practiced by house holders mainly for manage and feeding on households when if low income is perceived.

We were also asked respondents about the level of education. From this the result indicate in the above table were 1(5%) from the total of 20 respondents had elementary 5 (25%) are high school (9-12) completed, were 3 (15%) are Diploma holders and 10 (50%) of the total respondents are BA Degree holders, among them one was graduated in second degree. Lastly the researchers were asked the job of the sample respondents. Although, 10 (50%) of the respondents didn't have a permanent jobs even if a degree holders. The other 3 (15%) of the respondents are works in police, uniquely one of the sample respondents was merchant. But the rest 6 are teachers, which covers 30 percent of the total respondents. Generally this indicates that majority of the sample respondents are works in teacher. Thus, us the level of education and job of the respondents is determinant factors to the researcher's weather it have get valuable data or not.

## 4.2 Corruption

Corruption is a global phenomenon which occurs ever were and experienced by all societies at varying times. Corruption is found almost everywhere it is stubbornly entrenched highly in the poor countries of sub Saharan Africa, Latin America, newly industrialized countries and in several of the past communist countries. Accordingly, Corruption has been one of the main factors that hinder development and execrated poverty in Africa. In these regard, Ethiopia is not exceptional rather corruption is rampant problem that the country interfaced for years under different regimes (Koen, 2001).This also true in case of Wolkite town because it has the southernmost prominent part of Ethiopia.

**Table 4.2 Existence of corruption in Wolkite town**

| Does corruption has exist in Wolkite town | Frequency | Percentage |
|---|---|---|
| Yes | 20 | 100% |
| No | 0 | 0% |
| Total | 20 | 100% |

**(Source; own survey, 2019)**

From the table 4.2 shows that all of the sample respondents which are 100% believe corruption has existed in Wolkite town. In other hand no one is opposed the existence of corruption in

Wolkite town. In this regard one said that corruption is a socially constructed and consolidated baddish phenomenon that was occurred anywhere.

## 4.3 The current status of corruption in Wolkite town

According to the response of the Gurage zone high court it's difficult to manifest the level of corruption in Wolkite town. Because, "there was not clear parameters distinctively educe in what level corruption has rampant. However, a few individuals could fulfill his/her personal interest in the expense of others through illegal ways sought to disobey the rule of law". Accordingly, some peoples favor to seat somebody in position and office holder (ruler) prefer spoken folk and family member's wife, brothers and sisters relatives, children nephews collisions in laws etc. Generally speaking corruption is highly practiced in Wolkite town in particular and in Ethiopia at large.

## 4.4. Indicators for the existence of corruption in Wolkite town

The researchers were collected data about the major indicators for the existence of corruption in Wolkite town from the sample respondents through distributing Questioners. Thus the result was found in table 4.3 lies below**.**

**Table 4.3 corruption indicators**

| **Objectives** | **Items** | **Responses in number** | **Percentage** |
|---|---|---|---|
| Indicators for the existence of corruption in Wolkite town | Lack of accountability | 5 | 25% |
| | Hideaway/lack of public information | 4 | 20% |
| | Lack of institutional control | 1 | 5% |
| | Deception of government revenue/tax | 10 | 50% |
| | **Total** | 20 | 100% |

(Source: own survey, 2019)

There are various indicators that indicate the occurrence of corruption. As indicated in the table 4.3 lies above 5% of the total respondents replied us Lack of institutional control had had the major indicators for the occurrence of Corruption in Wolkite town. Additionally 20% of the sample response were of hideaway of public information held in Wolkite town due to the practice of corrupt respond 25% out of the total respondents agreed upon lack of accountability

is the deceive indicators. Finally the majority of the respondents which covers 50% answered us deception of tax sought have the most set off indicators for the existence of corruption in Wolkite town. Tax was the basic government revenue. However, it was decent by corrupters. Therefore the government should be building strong parameters and measurements to correct anyone do corrupt in what to do wrong. In addition to this we are also obtained qualitative sources of data to strengthen the essay.

According to the information perceived from the court department there are various issues that indicate the incidence of corruption in Wolkite town. Among others poor quality of services are provided. This is happened particularly in construction services because of the fact that the greediness, needfulness and selfishness behavior of the contractors, a few individuals were over rich within a short period of time. Furthermore, lack of accountability and transparency, low level of Institutional control and hidden of public information are the observed indicators for the incidence of corruption according to Wolkite town justice officer.

## 4.5 Causes and determinant factors of corruption in Wolkite town

The researcher have intensively discussed with most of the respondents about the triggering factors and aggravating reasons that increase the occurrence of corruption in Wolkite town in particular. In the following part, factors which optimize occurrence of corruption in perpetuation are explained.

**Table 4.4 Causes and determinant factors of corruption perceived in Wolkite town**

| Causes a factors of corruption in Wolkite town | Frequency | Percentage |
|---|---|---|
| Low salary for officials | 1 | 5% |
| Ineffective sanction and penalty | 4 | 20% |
| Lack of accountability and transparency | 5 | 25% |
| Misunderstanding about corruption is wrong | 0 | 0% |
| Communities agreed upon corruption consider as culture | 2 | 10% |

| | | |
|---|---|---|
| Greediness behavior of officials | 8 | 40% |
| Total | 20 | 100% |

(Source: On survey, may 2019)

As shown from table 4.4 5% of the total participants replied us low salary for officials were caused corruption. Out of the sample respondents 20% replied ineffective sanction and penalty leads to the occurrence of corruption. Furthermore, out of the total sample of 20 respondents 5 ( 25%) were agreed that lack of accountability and transparency of officials had the most aggravated factors push to increase the exercising of corruption. According to the response of 10 % of the respondents were of corruption were occurred because of the communities considered as a culture. Accordingly, the majority of the total respondents which covers 40% were responses as the greediness behavior of government officials has motives to act corruptly. There is also other driving factor for the occurrence of corruption, those are misunderstanding of the community about the wrongness of corruption action, and the communities are adopted corruption as a culture. Generally speaking corruption was occurred due to ineffective penalty by the government, lack of responsive and transparent officials, and selfishness or greediness behavior of public leaders are the major factors that manifest corruption according to the participants replied.

In this regard the researchers were gathered qualitative data through interview among from purposively selected government sectors to strengthen this study. According to justice and court office it is possible to posit a number of reasons and aggravating factors which make corruption to occur and it can go a number of many dimensions that suggest to corruption prone conditions. Those are ineffective punitive methods, absence of technically and knowledgeably equipped ethical code of conduct, uncompetitive nature of the business, delays in decision over services, poor civil service management human factors like; greediness behaviors, lack of leaders commitment in fighting corruption, good opportunities to conduct corruption, individuals agreement considered as a culture, misunderstanding that corruption is wrong.

## 4.6 The most common forms of corruption manifested in Wolkite town

**Table 4.5 forms of corruption**

| No | Form of corruption | Frequency | Percentage |
|---|---|---|---|
| 1 | Beriberi | 7 | 35% |

| | | | |
|---|---|---|---|
| 2 | Fraud | 4 | 20% |
| 3 | Favoritism | 4 | 20% |
| 4 | Nepotism | 3 | 15% |
| 5 | Embezzlement | 1 | 5% |
| 6 | Theft | 1 | 5% |
| 7 | Extortion | 0 | 0% |

(Source: Own Survey, 2019)

Corruption has occurred in different forms in varying degrees. Majority of the sample respondents 35% are agreed upon (beriberi) the benefit that are paid willingly is the most serious form of corruption which is widely practiced in Wolkite town.20% of the total respondent replied that Fraud is the second most serious problem the same is true of favoritism. Furthermore, nepotism, embezzlement, theft and extortion respectively are less practice compared to the first three forms of malpractice. To do so, qualitative type of data gathered through interview, thus shows extortion is the least because it requires coercion and violence. Generally speaking beriberi is highly practiced in Wolkite town. More clearly the following chart lies below indicates which form of corruption were highly practiced in Wolkite town according to our survey.

## 4.7 Effects resulted or consequences of corruption

The effects of corruption are cancerous tumor in the economy. Corrupt country is likely to achieve aggregate investment levels of almost 5 per cent less than a relatively uncorrupt country and lose about half a percentage point of gross domestic product per year. It is also shown to slow down own foreign direct investment (UNDP 2008).

In Ethiopia corruption has hindered national, social, economic, and political progress in way of un fair resource allocation and diverted public resources by government officials for private gain. Consequently, democracy is aborted, good governance and rule of law is eroded, productivity is lowered, administrative efficiency is reduced and the legitimacy of political and economic order is undermined.

**Table 4.6 impacts of corruption as social and economic effect**

| **No** | Effects of corruption | Frequency | Agreed in | Disagreed | Disagreed |
|---|---|---|---|---|---|

| | | of agreed | % | In number | in % |
|---|---|---|---|---|---|
| **1** | Wastage of public resources | 18 | 80% | 2 | 10% |
| **2** | Affect trade and marketing | 18 | 80% | 2 | 10% |
| **3** | Bring on poverty | 15 | 75% | 5 | 25% |
| **4** | Delaying of service provision | 20 | 100% | 0 | 0% |
| **5** | Reducing of productivity | 17 | 85% | 3 | 15% |
| **6** | Results in poor quality of service | 20 | 100% | 0 | 0% |
| **7** | Weakening of democracy | 17 | 85% | 3 | 15% |
| **8** | Reducing investment | 17 | 85% | 3 | 15% |

**(Source: own survey, 2019)**

Respondents were asked to indicate the different kinds through which consequences or effects of corruption are manifested in economic, social and human factors in Wolkite town. Majority of respondents which is more than 80% of the sample respondents duly agree that corrupt officials embezzle or waste the publics resource, reducing investment, and results in poor quality of services has provided if there is less control over their daily activity. According to the discussion held with some Officials in court and justice department, corruption undermines the legitimacy of the governments and weakening their structures, reducing productivity in the context, reducing revenue of the state, worsening poverty, creating social unrest, reducing of investment and finally speeding up downfall of the state.

Unfortunately, the poor is the exceptional social part which is vulnerable and marginalized rather than the rich specially those who categorized in small tax payers scheme and unable to pay the bribe are usually discriminated by an offer of corrupt officials, as per one interviewee replied. Therefore, from the data collected from primary and secondary sources, the quality of service improvement to increase the government's revenue is challenged by the greed behavior of leaders, officers and institutional leaders.

Furthermore, because of the existence of corruption the path of economic development is stagnant and affects income distribution. This implies that corruption widening the gap between the rich and poor by influencing the composition of government expenditure. However, economic development has measured by allocation of resources, living standards of the entire population, walfer of the society, Level of employment, daily perceiving income and so on. Otherwise, economic development is not taking into account. However, this is not true in case of

Wolkite town due to the manipulation of public resources by greedy officials and business owners plus to that there was huge number of youths would have unemployed of which even if are a diploma or degree holders.

Corruptions can effects on human capital formation, which is the most important input in the process of production and transformation that is called economic development. First corruption weakens tax administration and can lead to tax evasion and improper tax exemptions as discussed above. Therefore, for a given tax system, the higher the level of corruption, the lower the revenue and the lower the resources available for funding public provision of certain service, including education.

We are collected data from Wolkite town finance bureau through interview about how was corruption affects economic development. According to him corruption reduces public revenue and increase public spending. It, thus contributes to lager fiscal deficits, making it more difficult for the government to run a sound fiscal policy.in addition to this corruption is likely to increase income inequality. Because of well positioned individuals take advantage of the government activities at the cos t of the rest of the population. More specifically, corruption distorts markets and allocation of resources. Because it;

**1. Corruption reduces the ability of the government to impose necessary regulatory controls and inspections to correct market failures. This is because** the government does not perform well its regulatory role on banks hospitals, food distribution, transportation activities, financial markets and soon (interview from ethic and finance bearue).

**2. Corruptions distort incentives:** as already maintained able individuals allocate their energies to rent seeking and to corrupt practices and not to productive activities. In some cases, the resulting activities have a negative value added.

**3. Corruptions reduce or distort the fundamental role of the government on enforcing of contracts and protection of property rights of an individual.** When one can buy ones way out of a commitment or out of a contractual obligation, or when one is prevented from exercising ones property rights. Because of corruption, one of the fundamental roles of government is distorted and growth could have negatively affected (interview result).

**4. Corruption is likely increase poverty**. Because if reduces the income earning potential of the poor.

**5. Corruption reduces investment,** if reduce the rate of growth and development. Such reduction in investment is assumed to be caused by the higher costs and by the uncertainty that corruption create. In this analysis, reduction in the rate of growth is a direct consequence of corruption, the decline of the investment rat (interview result from ethics and finance bearue).

**6. It reduces expenditure for education, and health.** Because public expenditure for education and health does not lend itself easily to corrupt practices on the part of those who makes budgetary decision

**7. Corruption reduces tax revenue:** mainly because of the impact that it has one tax administration and on customs, thus, reduces the ability of the government to carry out need public expenditure. This implies that reduce expenditure for operation and maintenance for reasons similar to those that reduce expenditure for health and education. For all the above reasons corruption is likely to reduce economic growth and development (Wolkite town finance office).

**Table 4.7 vulnerable to corruption**

| | Vulnerable groups | Response in number | Percentage |
|---|---|---|---|
| Who is more vulnerable to corruption? | Farmers | 9 | 45% |
| | Civil servants | 7 | 35% |
| | Merchants | 3 | 15% |
| | Higher government officials | 1 | 5% |
| Total | | 20 | 100% |

As shown in table 4.8 Majority of the respondents which was covered 45% had replied that farmers were mostly affected and vulnerable to corruption. Whereas 35% of the sample respondents agreed on civil servants those are not have in higher position were vulnerable and suffer from corruption again. Contrary to this some of the respondents are replied us merchants and higher government officers was less affected by corruption. Generally speaking farmers and civil servants are misery from corrupt action. In spite of the fact that, too much farmers doesn't have enough farming lands, many peoples were landless and a few are excessively holding lands and became landowners due to corruption. Similarly speaking civil servants also mostly affected by corruption in a case the incentives may have been embezzled by leaders or High level

officials. Further it works on the current position for a long period while a few was growing up in high level of position within a short period of time.

## 4.8 Combating corruption

**Table 4.8 indicators of responsible party for combating corruption**

| | Responses of respondents | Frequency | Percentage |
|---|---|---|---|
| Who is responsible for combating corruption? | Police | 0 | 0% |
| | Anti-corruption commissioners | 7 | 35% |
| | Higher government officials | 2 | 10% |
| | Communities | 11 | 55% |
| | Total | 20 | 100% |

(Source: own survey, 2019)

As indicated from the above table majority of the sample respondents believe that the community as a whole should have responsible for combating corruption. This implies that combating corruption action didn't have the sole duty of police, government or anti-corruption commissioners rather each and every citizen should be played a vital role in preventing and curating malpractice.

Is there any governmental or non-governmental institution was established to combat against corruption in Wolkite town? In this case we are asked the respondents in questioner and the result was found below lies in table 4.9.

**Table 4.9 governmental and non-governmental institutions**

| Does any governmental or non-governmental institution is established to prevent corruption in Wolkite town? | **Responses** | **frequency** | **percentage** |
|---|---|---|---|
| | Yes | 11 | 55% |
| | No | 9 | 45% |
| | Total | 20 | 100% |

**(Source: own survey, 2019)**

As indicated in the above table majority of the sample respondents which covers 55% replied as there was governmental institution mainly established in any sphere of the country to prevent and fight against corruption. However 45% of the respondents are replies as there were not any governmental or non-governmental institution has established. Although according to the responses of the majority ethics and anti-corruption commission and ombudsman were the most widely applicable institutions in preventing the misuse of legal authorities illegally for fulfilling personal interest in the expense of the need of others. This we call it corruption, whereas the rest

are heart fully Sayed that yet still not anti-corruption institution is established weather in governmental or non-governmental level.

## 4.9 Government policy to fight against corruption

We are asked the respondents about in what Level the government policy could perform in combating against the misuse use of legal authorities for the sake preferring personal interest or some else in the expense of others. In this regard the result is found below in table 4.10

**Table 4.10 performance of government policy in combating corruption**

| | Responses | Frequency | Percentage |
|---|---|---|---|
| How to evaluation of the government policy to fight against and combating corrupt action | Good | 2 | 10% |
| | Very good | 0 | 0% |
| | Poor | 9 | 45% |
| | Very poor | 9 | 45% |
| | Total | 20 | 100% |

**(Source: Own survey, 2019)**

From table 4.10 laid above out of 20 respondents 2 (10%) are replies that the government has good as to perform and implement policies in combating corruption by approval of anti-corruption commission, creating strategies such as curative, and preventive. However, 9(45%) of the total respondents say that the government policy ls less effective and poor in preventing and combating corruption even if it creates strategies. The problem is ineffectiveness in performing and implementing the policy. Accordingly, 9(45%) of the total respondents replied that government policy has very poor in combating corruption. Generally speaking majority of the respondents has response as to suggest the weakness of government in ensuring rule of law, justice and fair trial. Therefore we shall to commit everybody actively in somehow to prevent corruption. Furthermore, the justice department officer adds a point about the policy of government in preventing corruption. He Sayed that there were a structured policy and strategy in combating corruption. But it does not have effectively implemented. According to him we suffer from misery from corruption by few embezzled individuals until the government constructs a rigid strategy.

## 4.10 Challenges of public sector leaders to combating corruption

According to the data obtained from some government officials through of interview public sector leaders have face challenges to fight against corruption and their followers lack consistent commitment and determination to create complete change of attitude by providing education and training sessions. Transparency and accountability of authoritative to government policies was not that much strong. For instance people who commit similar corrupt practice do not have equally punished or not mean equal measurement was taken. This would erode the trust of the officials. In connection with this, the fight against corrupt practice using available laws is not also as strong as it ought to be.

This implies in short, there are a lot of factors that limits public sector leaders combating corruption based on the data obtained from the interviewees. Thus, vague policy, lack of initiatives from top management and the government, the gap between the actions and regulations, higher officials considered that corruption is new concept, knowledge of ethical code of conduct, strong tis of some employees, dominant influence of leaders, environment of work that incentivize petty corruption, relative absence of effective check and balance, lack of robust relationship with the media, weak relationship with the general public and no participatory nature. In addition to this the public sector leaders are unwillingness to actions responsibly in assumed of new and emerging generations and evasion of the 12 principles of ethics.

## 4.11 strategies and mechanisms help to combat corruption

We are also asked the respondents about what strategies and mechanism do have in combating corruption in Wolkite town. The results were analyzed in the following table below.

**Table 4.11 mechanisms of combating corruption**

| No | Strategies and mechanism employed in municipal level to combat corruption | Responses in Number | Percentage |
|---|---|---|---|
| 1 | Law enforcement strategy | 5 | 25% |
| 2 | Preventive strategy | 9 | 45% |
| 3 | Institutional building strategy | 6 | 30% |
| Total | | 20 | 100% |

**(Source: Own survey, 2019)**

According to the Responses indicated in table 4.7 out of the total respondents 25% of them replies that law enforcement strategy was applicable to prevent corruption in Wolkite town municipals. This implies that the concerned body legislate rules, regulations to dignify rule of law, ensuring justice and fair trial. Whereas 30 percent of the respondents reply institutional building strategies has mandatory exostively fight against corruption. In addition to this the majority of the respondents which covers 45 % believe as preventive strategy had as long as practiced in Wolkite municipals. To do so the finding we are also asked some government officials about the basic strategies that are helps to combat corruption and sustained qualitative data mainly from court office, justice department, municipality, anti-corruption and ethics officer. **To strengthen this research study the researchers were collected qualitative information from Wolkite town justice department, court, and municipal finance offices through interview. The result would have summarized us follow.**

**1. Preventive strategy**

This strategy was focuses on the preventive that constitution and other laws afford to prevent corruption before they existence through different mechanisms. this include simplifying government programs and procedures, increasing accountability ,improving ethical standard and changing the incentive mechanism, building strong leadership, ensuring rule of law etc. there are two important preventive approaches. Thus, institutional building and public awareness approach (interview from justice department).

**A. Institutional building approach**

It's necessary to build institutions like auditor general, an ombudsman office to serve as an independent agent to investigate complaints private partnership against corruption, modern financial management systems, competitive procurements, open the budgetary process and promote judicial reformers were the most prominent systems helps to prevent corruption action (justice bearue)

**B. Public awareness strategies**: create public understanding of the causes and cost of access base line to measure progress, insure the independence of the media and their ability to access information, and encourage public private partnership and the development of civic advocacy group about the badness of corruption (response from justice department).

**2 Curative strategies**

This includes receiving complaints, investigating corruption cases and bringing the corrupt officials to justice. Corrupt behavior will be punished has it is an evil act against nation. Citizens and government, and is believed to be immoral .The corrective measure against corrupt behavior should be immediate and effective therefore the solution to avoid corruption his with the citizens. Citizens have to respect the constitution, be honest and truth full in their daily activities and is ready to combat corruption. Law enforcement has the most preferable corrective approach to combat corruption (response from Wolkite town high court).

**Law enforcement approach**

This can be practiced through the "enforcement of law, provision of adequate powers of investigation and provisional importation of the whistle blowers punishment of guilty officials who have fined and making senior officials more accessibility to prosecution" (interview). Generally all the strategies and approaches were formed by the government of Ethiopia from federal to regional or sub local levels to fight against corruption in Ethiopia even if there were less effective in implementation in the ground. However other researchers added civil society and media, budget reform strategy and good financial management system as a further mechanism to combat corruption.

# Chapter five

# 5. Summary of findings, Conclusion and recommendations

## 5.1 Conclusion

The war against corruption is like terrorisms and poverty is a special kind of war. It is a war against human selfishness and greed. It is a war against decadence of mind, ethics and morals.

- Corruption is also a bottle neck problem for political and economic development and it is a social malaise. As the finding of the study point out that corruption has tremendous impact on the development and democratization process of the country. It erodes public trust on the government and consequently it has become a chronic obstacle for development in various ways. It has brought the reduction of productivity, worsening

poverty, affecting human capital, discouraging investment, diverting away public money from development projects, eroding confidence in leadership and distorts resources allocation and government performance.

- As we know that corruption was great challenge for development, good governance fair distribution of goods and service as well as to sustainable development. Because of it was dependent on researcher data from informant's corruption on apart of human societies the oldest time which poses serious developments challenges and impact on social, economic and political. It has different types of corruption act such as bribery, nepotism, embezzlement etc.
- The cause and development of corruption are many and vary from country to country. In Wolkite town the causes of political corruption vary across personality, place and circumstances. Lack of strong legal system, absence of strong democratic institutions, and systems of accountability and transparency, extreme poverty, sociocultural influence, and poor governance, and lack of services are the main sources of rampant corruption in Wolkite.
- The study demonstrate that the main causes of corruption are; the existence lengthy procedures and work system, lack of serious penalties on corrupt officials, absence of political stability and commitment, cultural altitudes of corruption, salary payment of civil servants, low popular participation in politics, weak institutional frame work, eroded rule of law, and monopolization of the economy are causes of corruption practices in in Ethiopia in general and in Wolkite in particular.
- Corruption has hindered national, social, economic, and political progress in way of un fair resource allocation and diverted public resources by government officials for private gain. Consequently, democracy is aborted, good governance and rule of law is eroded, productivity is lowered, administrative efficiency is reduced and the legitimacy of political and economic order is undermined.

## 5.2 Recommendations

Recommendation forwarded below is drown from the finding of the study. Hence to combat corruption, the following measure should be taken by the concerned bodies.

❖ in the first and very important factor in fighting corruption in one country is to have strong institutions. In addition to the strong institutions the government must also have clear political determination.

❖ the punishment for corruption and maladministration should be strong. This would make all government officials in particular and all citizens in general to refrain from committing any form of corruption any time in their life.

❖ Ensuring good governance is the most important tool to combat corruption in the long term basis. Checks and balances system is also another ideal mechanism to control the power and authority of officials and distribution of resources. Furthermore, the role of media in exposing corrupt officials is also vital to curb corruption.

❖ Next, corruptive manipulation of governance system should be controlled by the rule of law and the constitution. In this regard, explicit division of power between legislative and executive organs, transparency and accountability, reinforce anti-corruption institutions independence of judiciary and legal system should be enhanced.

❖ To end with, conducting further research on different areas of corruption, particularly on the problem and impacts of corruption on any kind of development in country is too much significant in fighting the battle against the problem.

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## APPENDIX 1

WOLKITE UNIVERSITY

**COLLEGE OF SOCIAL SCIENCE AND HUMANITY**

**DEPARTMENT OF GOVERNANCE AND DEVELOPMENT STUDY**

**The effect of corruption on economic development**

We are under graduate students in Governance and development program at Wolkite University. We conducting a research on the effect of corruption on economic development in Wolkite town and to do so this research we are prepared a questionnaire to collect reliable data. Your response will be help full to our research to find out the real and valuable data in your town. Therefore,

successfully complete this research we are kindly requesting you and be read all the questions and fill below thoroughly.

**General instruction; dear respondents please read the instruction and fill the following questions listed below.**

You don't need to write your name

You use blank space to give short answer, if any

Answer the questions by inserting tick mark (✔)

## Thanks in advance

### Questioners to the respondents

### Part one: Demographic information of respondents

1. Sex A/ male B/ Female

2. Age A/<25 B/ 25-35 C/35-40 D/Above 40

3. Marital status A/ single B/Married C/Divorce

4. Level of education A/Elementary B/ High school C/Diploma D/Degree

D/ other _____

5. Job classification A/ Merchant B/ Teacher C/ police D/ others

**Part two: types and cause of corruption questions**

1. Do you think that corruption has existed in Wolkite town?

A/ yes B/ no

2. From question 1, if your answer is yes what the major cause of corruption is?

A. Low salary and incentives to officials B/ Greediness behavior of officials

C/ Lack of transparency and accountability D/others.....

3. What is/are the indicator for the existence of corruption in Wolkite town?

A/ Lack of accountability B/Lack of public information

C/low level of institutional control D/Lack of understanding its effect on economic development

4. Which form of corruption is rampant in Wolkite Town?

A/Embezzlement B/ Theft C/Nepotism D/beriberi E/ Favoritism F/ fraud H/ Extortion

**Part three: consequence of corruption questions**

5. Does corruption affect economic development in Wolkite town

A/yes B/no

If your answer is yes, how is it affected?

6. There are lots of effects resulted from corruption. Please insert (✔) to provide responses for evaluating that in which case corruption has highly impact on?

| No | Item | Agree | Disagree |
|---|---|---|---|
| 1 | Wastage of public resources | | |
| 2 | Affecting trade and marketing | | |
| 3 | Bring on poverty | | |
| 4 | Delaying service provision | | |
| 5 | Reducing production and productivity | | |
| 6 | Results in poor quality of service | | |
| 7 | Reducing of investment | | |

7. Which groups of society is mostly affected by corruption?

A/Merchants B/farmers C / Civil servants D / Higher government officials/authoritative

E/if other list them.....

**Part four**: **challenges of corruption related questions**

8. Who is responsible for combating corruption?

A/Police B/higher government officials C/Communities D/Anti-corruption officer

E/if any other mention....

9. How do you evaluate the government policy combating against corruption?

A/ Good B/Very good C/Poor D/ Very poor10. Is there any governmental or non-governmental organization is established to fight against corruption in Wolkite town? Yes/No. if yes mention them _____

**Part four: mechanisms of combating corruption related questions**

11. What strategies do you suggest to better enhance for the counter corruption effort of your municipality?

A/ Law enforcement B/ prevention strategies C/ Institutional building strategies D/ If other please specify____

12. According to your opinion, what needs to be done to the strength against corruption?

# APPENDIX 2

**Interview questions for higher government officials:**

1. What do you think are the main factors motivating corruption action in Wolkite town?
2. How does corruption affect economic development?
3. What is the mechanism that helps to fight against corruption?
4. What do you think are the challenges of public sector leaders to combat corruption?
5. What do you say about the current statute of corruption in Wolkite town?
6. What do you recommend as a solution to prevent corruption to enhance justice and fairness?

**THANK U AGAIN**