



Governance Factors Affecting Social Economic Development in Mogadishu

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ABSTRACT

Somalia has undergone a prolonged period of conflict and insecurity over the last 30 years, with intense fighting, population displacement, food insecurity, lack of centralized governance structures. The political situation in Somalia has been uncertain since civil war began and the state collapsed. The lack of an effective central government has been one of the causes of worsening infrastructure, decline in basic health and social services, violation of human rights and one of the worst socioeconomic situations in the country. Two decades of conflict combined with natural disasters have rendered 40 percent of the population in critical need of help for International Aid with lack of government coordination and national development policy have hindered development of Somalia. After civil war began Somalia has failed to restore peace and stability as well as establishing effective governance system to develop social infrastructure. The general objective of the study was to examine the governance factors affecting social economic development in Mogadishu by measuring political stability, leadership and ethics. The study was used descriptive statistics research design both in qualitative and quantitative. The target populations of this study were the staff of Ministry of Trade of the Federal Government of Somalia and selected 100 people as a sample size using Slovene's formula. Data was collected through questionnaire and finally processed and analyzed using computer SPSS. Study the displayed findings that political stability, Leadership style and ethics and their relationships with Social Economic Development. The results of the analyzed provided "poor" as the existence of these variables as most respondents responded that represented low quality. The study recommended two issues; leadership and ethical Behavior. These are meant to address policy makers those willing to make a positive change in attainment Social Economic Development.

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1. Introduction

Governance is one of the fundamental prerequisites for the successful socio-economic development in a country. Governance usually plays a key role in the area like health, education,

infrastructure, capital market regulation, macroeconomic stability, safety net provision, the legal system, creation of a good business environment, and the environment protection, all of which are preconditions and basic features of the developed economy (Brautigam, 2007). If government does these things well, the economy is likely to prosper. If government does them poorly- or makes matters worse through inefficiency and corruption- development is much more difficult to achieve and sustain (Clark, 2005).

Governance is about how the state and other social organizations interact, how they relate to the citizens, how they take decisions, and how they render account (Daly, 1996). In other words, it is a system or a framework within which the state and the other players operate. Governance can be used in several contexts such as corporate governance, international governance, national governance and local governance (Dwise, 2011). Since governance is the process of decision-making and the process by which decisions are implemented, an analysis of governance focuses on the formal

and informal actors involved in decision making and implementing the decisions made and the formal and informal structures that have been set in place to arrive at and implement the decision (Hufty, 2011). Governance consists of the traditions and institutions by which authority is exercised. This includes the process by which governments are selected, monitored and replaced; the capacity of government to effectively formulate and implement policies; and the respect of citizens and the state institutions that govern economic and social interactions among them (WBI, 2006). Recently the terms "governance" and "good governance" are being increasingly used in development literature. Bad governance is being increasingly regarded as one of the root causes of all evil within our societies. Governance can best be defined as the systems and concerned with the overall direction, effectiveness, supervision and accountability of an organization (NCVO, 2005).

In the world of today Conflicts and political and governance problem is common phenomena in developing societies, Somalia has undergone a prolonged period of conflict and insecurity over the two decades, with intense fighting, population displacement, food insecurity, humanitarian crisis and generalized lack of centralized governance structures. Somalia has been lacking a functioning

state since the overthrow of the military government. However, personal interests, power and economic ambitions of warlords caused the rebel factions to fail in the formation of inclusive government to heal/settle the country from what was perceived by them as social, economic and political injustices committed by the military regime. Somalia civil war went through different phases and caused the death of hundreds of thousands of Somalis in different ways, while many others left the country to get peace and life in other countries. Throughout the lawlessness of the country, warlords and clan militias fought for the control of power and resources (NCVO, 2005).

For over 20 years Somalia endured turmoil caused by militia warfare, corruption and terrorism. Somalis suffered because of the governing dysfunction. Hundreds of thousands died, millions emigrated or fled to refugee camps; and violence, especially against Somali women and girls, reached unparalleled levels. As a failed state located in a strategic area, Somalia attracted international interventions and protracted discussion. Its collapse engendered debate concerning the cause of its dysfunction and what should be done to establish stability. The most common reasons given for Somalia's failure include: its clan system, enduring effects of colonialism, lack of sufficient economic resources, and blundering by the international community at peace building (Dwise, 2011).

1.2 Statement of the Problem

Somalia has undergone a prolonged period of conflict and insecurity over the last 30 years, with intense fighting, population displacement, food insecurity, humanitarian crisis and generalized lack of centralized governance structures. Somalia has been fractionalized into three de facto spatial and political entities, mainly South Central Somalia where the official capital city (Mogadishu) is located, Puntland in the north-east, and Somaliland in the north. The political situation in Somalia has been uncertain since civil war began and the state collapsed. The lack of an effective central government has been one of the causes of worsening infrastructure, decline in basic health and social services, violation of human rights and one of the worst socioeconomic situations in the world. Humanitarian organizations have referred to the situation in Somalia as the worst crisis on the continent (UN, 2011).

Two decades of conflict combined with natural disasters have rendered 40 percent of the population in critical need of help for International Aid with lack of government coordination and national development policy have hindered development of Somalia. After civil war which began in 1991 Somalia has failed to restore peace and stability as well as establishing effective governance system to develop social infrastructure (UNDP, 2008). The humanitarian and security situations in Somalia continue to severely deteriorate, particularly in light of the surge in corruption and insecurity as well as political instability (Holleman, 2008).

Somalia GDP is estimated at \$5.8 billion. Somali's GDP per capita is \$284, fourth lowest in the world as well as estimated 82% of Somalia live in poverty level (UNDP, 2012). In Somalia there is lack of Governance system which is one of the most challenging factors that surround the public affairs in terms of public administration, legal institutions, public policy and social development. In Somalia there are no implemented policies for social and economic development nor are there any laws governing the administration of government enhancement public consumption, the nature an administrative requirement of good governance may be poorly understood

both by the ministries and the members of parliament besides that the general weakness of accountability and lack of transparency are the challenges of good governance in Mogadishu, Somalia.

During conflicts and anarchy of Somalia, millions of people died, fled and displaced and great number of business were affected. More than two decades the instability and security escalation in Somalia still going on, and this affected the social development and economic growth. During that long period, the society did not receive required services like education, health and security to promote of socio economic development, due to poor governance that exist in the country, this negligence brought down socio economic development in Mogadishu, Somalia (Crisis Group, 2012). Therefore the researcher endeavors to find out the governance factors affecting social economic development in Mogadishu, Somalia.

Objectives of the Study

This study was guided by the following specific objectives;

1. To determine the effects of Corporate governance on social economic development in Mogadishu
2. To determine the effects of corporate leadership style on social economic development in Mogadishu
3. To determine the effects of corporate ethics on social economic development in Mogadishu

2. Literature Review

Theoretical framework

The governance factors Affecting social economic Development may establish social and economic development problems. Social and economic development of a country is an important aspect that has been graded as stability, good governance and social development of people (Thomas, 2010). People or a country in without or less development in social and economic basis cannot be succeeded much about its goals and aspirations. The problem of development arises whenever corruption and unethical ways of management is possible in public sector towards social capabilities, whenever transparency is unsure, whenever leadership policy about social and economic development is not clear. To understand the theme, under the study will use theories of public governance and global governance.

The Theory of Global governance

Global governance is a movement towards political integration of transnational actors aimed at negotiating responses to problems that affect more than one state or region. It tends to involve institutionalization. These institutions of global governance – the United Nations (UN), the International Criminal Court (ICC), the World Bank, etc. – tend to have limited power to enforce compliance. The modern question of global governance exists in the context of globalization and globalizing regimes of power; politically, economically and culturally. In response to the acceleration of interdependence on a worldwide scale (Thomas, 2010). The term “global governance” may also be used to name the process of designating laws, rules, or regulations intended for a global scale. Global governance is not a singular system. There is obviously no “world government” However, the many different regimes of global governance do have common form. Diplomacy has defined global governance simply as “the management of global processes in the absence of global government”. Thomas G. Weiss (2005). A review of Multilateralism and International Organizations has said Global governance which can be good, bad, or indifferent is

refers to concrete cooperative problem-solving arrangements, many of which increasingly involve not only the United Nations of states but also 'other Uns,' namely international secretariats and other non-state actors. Global governance may be defined as "the complex of formal and informal institutions, mechanisms, relationships, and processes between and among states, markets, citizens and organizations, both inter- and non-governmental, through which collective interests on the global plane are articulated, Duties, obligations and privileges are established, and differences are mediated through educated professionals (Jossey-Bass, 2010).

The Theory of Public Governance

Public governance is the implementation of government policy and also an academic discipline that studies this implementation and prepares civil servants for working in the public service. Public governance is centrally concerned with the organization of government policies and programs as well as the behavior of officials (usually non-elected) formally responsible for their conduct (Dean, 2006). Many unelected public servants can be considered to be public governance or administrator, including heads of city, county, regional, state and federal departments such as municipal budget directors, human resources (H.R.) administrators, city managers, census managers, state mental health directors, and cabinet secretaries. Public administrators are public servants working in public departments and agencies, at all levels of government (Lynn, 2006).

The Conceptual Framework

The conceptual framework of this study shows the relationship between independent and dependent variable. The conceptual framework is used to outline the possible courses of action or the preferred approach to an idea. The independent variables in the study are; political stability, leadership style and ethics and the dependent variable will be social economic development (WBI, 2006).

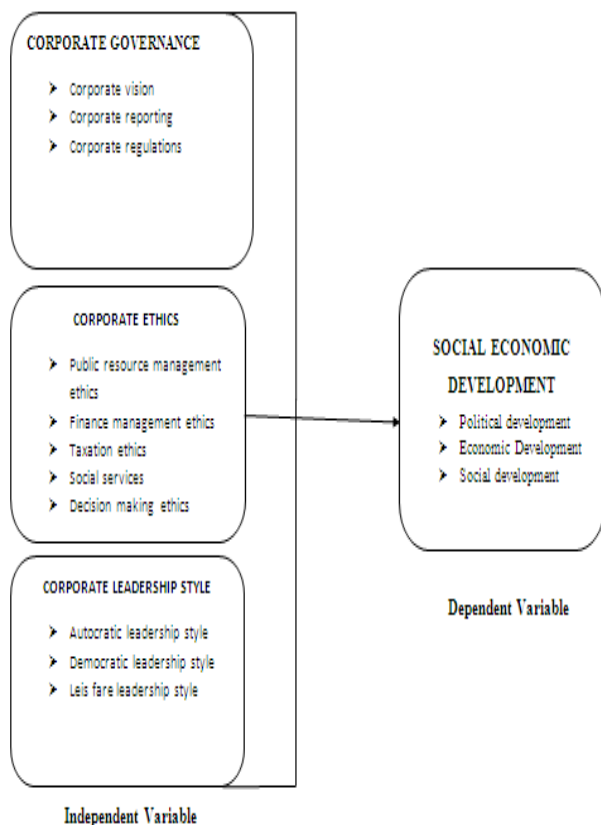


Figure 2.1. Conceptual framework.

The political instability effects entire situation of the country and undermine rule of law and institutional capability, the leadership style may not encourage social development and economic growth and the unethical behavior is one of key source of development problems and causes poverty and unemployment. The mentioned three factors are examined in detail to determine their relevance in contributing or being the governance factors on social economic development in Mogadishu.

Corporate Governance

Corporate governance is set of rules that define the relationship between stakeholders, management, and board of directors of a company and influence how that company is operating. At its most basic level, corporate governance deals with issues that result from the separation of ownership and control. But corporate governance goes beyond simply establishing a clear relationship between shareholders and managers".

"Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined." (OECD, 2004)

Corporate governance is: "The relationships among the management, Board of Directors, controlling shareholders, minority shareholders and other stakeholders". IFC states,

Corporate governance is: The process carried out by the board of directors, and its related committees, on behalf of and for the benefit of the company's Shareholders and the other Stakeholders, to provide direction, authority, and oversight to management, "It means how to make the balance between the board members and their benefits and the benefits of the shareholders and the other stakeholders" (Youssef, 2007).

While the conventional definition of corporate governance and acknowledges the existence and importance of 'other stakeholders' they still focus on the traditional debate on the relationship between disconnected owners (shareholders) and often self-serving managers. Indeed it has been said, rather ponderously, that corporate governance consists of two elements; long term relationship which has to deal with checks and balances, incentives for manager and communications between management and investors, The transactional relationship which involves dealing with disclosure and authority

During the onset of multi-party democracy in the so called third wave of democratization most regimes in Africa did not fully embrace the changes that accompanied the transition (Huntington, 2009). Many autocratic regimes, for instance accepted multi-party democracy out of western donor pressure and agitation for change by local civil society groups in most cases funded by the international community. As a consequence, the constitutional frameworks and state institutions have been tampered with, in order to create an uneven play field against the opposition (Abdullah, 2006). Some of these processes have seen sporadic violence during electioneering periods, leading to political instability. However the degree of violence and the manner in which they are perpetrated vary from country to country as the recent elections in Uganda, Nigeria, Kenya and Zimbabwe can show. The reluctance of some incumbent regimes in Africa has been due to the fear of being held accountable for past misdeeds, a combination of external and internal factors namely; the impact of global economy driven by the logic of the market,

sectarian and particularistic tendencies, ethnic, religious, linguistics or cultural differences, or political and economic insecurities (Abdullah, 2006). These factors continue to play a significant role in shaping the political processes in Africa and how the incumbent regimes respond to demands for change with many countries holding their third or fourth multi-party elections; internal power struggles have taken a violent dimension, thereby threatening the very existence of many countries (Lupo, 2000). Most violence in such cases are often state sponsored, to the advantage of the incumbent, while various groups that struggle for state power also deploy hired violence, in the form of informal groups, militias and gangs. In the context of all the violence, it is the ordinary people who lose out in terms of lives and property.

The tragedy is that the political conflict is not about alternative political programs that could address the major problems such as poverty, disease and illiteracy, but merely a fight over who has access to the state resources. The African elites, who are bent on hanging to power at all cost and for the purpose of primitive accumulation, have perfected the art of political suitability even when these acts threaten the stability of their countries. As the most advocated process that is supposed to usher in a democratic culture, holding free and fair elections in a competitive manner has been touted as crucial step in that direction, however, the connivance of western interests seem to contradict these principles time and again. For instance many external observers have been deployed during general elections in many African countries in the recent past, and despite open knowledge of widespread violation of electoral laws, massive rigging and use of undemocratic means to tilt the electoral outcomes, "stability" of the concerned countries have been suggested as good reason enough to let the incumbent continue (Murunga, 2004).

Corporate Leadership Style

According to (Ayittey, 2012) Africa's corruption is a manifestation of its leadership and failure post-independence. It should be mentioned that this assertion is not an exoneration of the level of corruption that existed during the colonial administrations due to the exploitations and expropriations of the continent's resources, which we term as international abuse of official power. Corruption is an act in which the power of public office is used for personal gain in a manner that contravenes the rules of the game (Jain, 2008). Some African regions practiced more dictatorial and corrupted leadership as well as bad governance system to influence decision making on public resource using and management government institution of public policies (Calderisi 2006). The coverage of the persistent problems of inept leadership, institutional failure, and pandemic corruption in Africa become permanent figures in the continent institutions, these problems intensified with the incursion of several thuggish dictatorial leaders upon gaining independence. In his words, the simplest way to explain Africa's problems is that it has never known good government and that no other continent has experienced such prolonged dictatorships (Ayittey 2012). Also agrees that corruption epidemic in African countries owes its existence to the long-term tenure of their dictators. Examples of past dictators with long tenure include Ethiopia's Emperor Haile Selassie (44 years), Gabon's Omar Odimba Bongo (42 years), Libya's Moammar Gaddafi (42 years), Togo's Gnassingbé Eyadéma (37 years), and Egypt's Hosni Mubarak (31 years). Similarly, some of the current dictators with tenure spanning more than three decades include Angola's José dos Santos, Equatorial Guinea's Teodoro Mbasogo, Zimbabwe's

Robert Mugabe, and Cameroon's Paul Biya. Like many of their contemporaries who were in power for a long time, these leaders or dictators spent their entire careers enriching themselves, intimidating political opponents, avoiding all but the merest trappings of democracy, actively frustrating movements toward constitutional rule, and thumbing their noses sometimes subtly, other times blatantly – at the international community. They ruled like kings and drew no distinction between their own property and that of the state.

Corporate ethics

There are only limited publicly available sources of information on corruption and anti-corruption and the good performance of management in Somalia. However, there is a broad consensus that Somalia faces many of the unethical and corruption challenges that affect conflict turn countries, with widespread corruption permeating all sectors of government and seriously undermining the fragile peace-building process. Unethical and mismanagement is rampant, based in deeply entrenched practices of patronage and exacerbated by a lack of resources and administrative capacity, weak leadership structures as well as a limited ability to pay public officials, including security forces (Bertelsmann, 2012). In addition, most state-building efforts have relied on external sources of funding, which under some circumstances can undermine further government accountability to its citizens and tends to reinforce patronage-based systems of governance (Menkhaus, 2007).

Many observers believe that levels of corruption within the transitional federal government have increased significantly, with powerful establishment figures presiding over "corruption syndicate" that operates with impunity to manipulate the system and extends well beyond Somalia's borders (International Crisis Group, 2011). Most international governance indicators seem to confirm this assessment of the situation. Somalia has consistently ranked among the world's most corrupt countries in Transparency International Corruption Perceptions Index, since the country was first introduced in the ranking in 2007. In 2011, the country was ranked 182 out of the 183 assessed countries with a score of 1 on a 0 highly corrupt to 10 highly clean scales. The country also performs extremely poorly on the World Bank's Worldwide Governance Indicators, scoring below 2.5 on a scale of 0 to 10 in all six areas of governance assessed. In particular, the country scored 0 in terms of political stability, government effectiveness, and rule of law and the control of corruption.

Corruption pervades many sectors of the country, including security forces, and immigration services. Lack of resources and inability to pay public officials including security forces provide incentives for extortion and bribery. Security forces tend to sell their arms and equipment as substitute for their salaries (Bertelsmann, 2012), while Somalia security forces and allied forces are reported to extort money from taxi, buses and truck drivers (US, 2011). Much of the official corruption occurs at the port of Mogadishu and the International Airport. The Bertelsmann Foundation also mentions the lack of transparency in the revenues collected at the international port and airport, while a 2010 UN Monitoring Group report named some members of government and parliament allegedly engaged in a large scale visa fraud and smuggling of illegal migrants to Europe (US, 2011). In spite of numerous efforts to clean these institutions and introduce managerial, administrative and staff changes,

both the port and the airport remain major source of corrupt income (Bertelsmann, 2011).

Most of Somalia's economy relies on the informal sector, based on livestock, remittances and telecommunications. The unregulated market system that came into being after the fall of Siyad Barre's regime, while stimulating entrepreneurial energy in the country, is also partly responsible for fuelling corruption. For example, enterprises don't pay taxes regularly to the state but routinely pay non-statutory fees to senior transitional federal government officials to support and approve foreign business deals or keep the government on their side. The Telecommunication sector is one of the country's most lucrative and vibrant sectors, with nine cellular networks. At the same time, the sector is seen as particularly corrupt. The growth of the sector has been fueled in the last decades by sustained emigration and remittance trade that has exponentially increased the demand for telephone and internet services. Regime leaders have interests in local telecommunication companies. As a result, these companies allegedly offer undeclared fees to public officials in relevant ministries on a routine basis (Crisis Group, 2011)

The management of aid money in a country that largely relies on external sources of funding is a major area of concern. There is no reliable database covering all development funds and the above mentioned report by the Public Financial Management Unit in the Office of the Prime Minister, while revealing that a large majority of the central government's revenue is never even recorded, uncovered large scale misappropriation of donor funds. This is confirmed by a 2012 World Bank report looking at the years 2009 and 2010, which reveals that large sums of money received by the TFG have not been accounted for, with an alleged discrepancy of about \$130m in the accounts over the two years (Crisis Group, 2012).

The report does not rule out corruption as a possible explanation for the missing government revenue funds (BBC, 2012). There are also reports of food aid being stolen, with thousands of stolen sacks of food aid meant for famine victims being sold at local markets in a country where nearly half of the population relies on food aid for survival. In 2011, the U.N.'s World Food Program acknowledged the situation and launched an investigation into food theft in Somalia but also recognized that the scale and intensity of the famine would not allow food aid suspension. While the agency's system of independent, third-party monitors uncovered allegations of possible food diversion, this has proved to be a dangerous activity, with 14 WFP employees killed in Somalia since 2008 (The Guardian, 2011).

Social Economic Development

Development of governance is built on the concept of social economic development in its full sense of the term, which is about expanding capabilities people have, to be free and able to lead lives that they would choose to. (Clarke, 2004) The capability to be free from threats of violence and to be able to speak freely is as important as being literate for a full life. While the range of capabilities that people have is huge and almost infinite, several key capabilities. The current focus on markets and exports helps to narrow the meaning of economic growth and the means to achieve it. Economic growth is thought to be generated by policies that are produced by governments. How market-friendly policies are produced and then implemented involves political processes not adequately captured by economics, theoreticians of democracy, and those who would link governance factors to

economic growth. Analysts tend to limit themselves to assessing the relationships among various quantitatively and qualitatively-based indices of economic growth, policy environments, government performance, democracy, and governance.

3. Research Methodology

This study is used in descriptive research design. It was cross sectional research design both quantitative and qualitative methods. The study also used qualitative design because some of the variables of the study cannot be measured quantitatively, it was cross sectional survey design investigated the governance factors affecting social economic development in Mogadishu. Cross sectional survey design examined several groups of people at one time (Salkind; 2000). On the other hand cross sectional surveys were used to collect data from a sample of a population at a particular time. The research design was about the arrangement of variables, conditions and participants for the study. It also implied arrangements that aid conceptualising of variables, handling of research methods, sampling of respondents and handling of data analysis techniques.

4. Research Findings and Discussions

Descriptive Analysis

The total numbers of the respondents of this study were 100 and aimed to distribute and receive 100 completed questionnaires to ensure an adequate analysis of all research questions. In this study, were collected and filled 100 usable questionnaires that represent 75.2% of target population (133). The criteria used to measure performance and challenges of the research study were to examine independent variables of the research questions. The study found that examined factors (corporate governance, corporate leadership style and corporate ethics) have significant influence on social economic development. Interpretation is to mean that above variables are every important to overall of the social economic development. Study by (OECD, 2004), (Huntington, 2009), (Abdullah, 2006), (Lupo, 2000), (Ayithey, 2012) and (Calderisi 2006) is partially supports the findings of the study. Also indicated that governance factors effecting social economic development are most effective and enhanced factors of social economic development.

Corporate Governance

This study was conducted in Mogadishu, the Ministry of Trade of the Federal government of Somalia which was asked some questions about how political stability can effect on social economic development in Mogadishu Somalia. In this section displayed that the first variable in evaluation of the respondents' answers about political stability, the below table were illustrated.

The table 4.1 demonstrated interpretation of variable one of the study, as followed: Q1. "When the respondents were asked if they believed that without corporate governance and conflicts among Somali groups could undermine the effectiveness of governance on social economic development, a mean score of 3.62 was obtained. The range of scale signified score was poor". In Q2 "When the respondents were asked if they believed that lack of security and corporate governance the social economic development would be compromised, a mean score of 3.62 was obtained. The range scale denoted that the score was 'poor'. ". In Q3 "when the respondents were asked if there is no social integration and community co-existence, the pillars of the corporate political stability and country's development at all levels including the

social economic development will be at stake, a mean score 3.52 was obtained.

Table 4.1. Corporate Governance.

No	Variable one: Corporate governance	N	Mean	SD
1	Without corporate governance and conflicts among Somali groups can undermine the effectiveness of governance of social economic development	100	3.62	0.671
2	Lack of security and corporate governance, social economic development mechanisms will be at compromise	100	3.64	0.731
3	1. When there no social integration and community co-existence are the pillars of corporate political stability and country's development at all levels including the social economic development.	100	3.52	0.693
4	when there is social disintegration and political fragmentation among Somali's groups weakens public institutions and social stability that results suspicious at social economic development issues	100	3.54	0.678
5	Corporate Governance is considered that is one of most important factors that contributes for the future social economic development goals plan and national wellbeing	100	3.40	0.747
6	governance of social economic development has no positive impact to the country's Corporate development system	100	3.52	0.594
	Mean Index		3.54	0.686

The range scale denoted that the score response was poor". In Q4 "when the respondents were asked that when is social disintegration and political fragmentation among Somali's groups can be weakened to public institutions and social stability will be resulted suspicious at social economic development, a mean score of 3.54 was obtained. The range of scale denoted that the score response was poor". In Q5 "when the respondents were asked that Corporate Governance is considered one of most important factors which contributes for the future social economic development goals plan and national wellbeing, a mean score of 3.40 was obtained. The range of scale denoted that score response was poor". In Q6 "when the respondents were asked if they believed that governance of social economic development has no positive impact to the country's corporate development system, a mean score of 3.52 was obtained. The range scale denoted that the score was poor".

In conclusion the mean index of this variable "corporate governance on Governance of Social Development" the extent of corporate governance as mean average 3.54 that its interpretation meaning was "poor" so this poor indicated that the political stability in Somalia is very poor, it meant that poor corporate governance may contribute instability which can undermine social economic development and social fragmentations.

Based on the result of the table 4.1 it is investigated the relationship between corporate governances and social economic development, the result obtained indicated that corporate governance has strongly positive relationship with the social economic development. That means if political stability is good or poor the social economic development also takes out same directions.

Corporate Leadership Style

In this section displayed the second variable in evaluation of the respondents' answers about how Corruption effects on Political Stability in Mogadishu, the below table were illustrated

Table 4.2. Corporate Leadership Style.

No	Variable two: Corporate Leadership Style	N	Mean	SD
1	leadership without vision and mission can succeed the mandated community goals contribute effective social economic development	100	3.54	0.584
2	when there is poor strategic plan for social service delivery and improper for social sectors can encourage the ongoing for social development	100	3.60	0.652
3	when there is corporate leadership with lack or poor objective and goals priority can succeed expected things	100	3.50	0.710
4	Where there is inequality for social, justice and public resources, government can eliminate the sources of instability	100	3.50	0.664
5	Corporate leadership without democratic behavior and term limit can brings social integration and political solidarity among all citizens that creates milestone of common collective responsibility towards public institutions and social stability	100	3.54	0.723
6	when there is corporate leadership without solid vision, objectives, values and ethics is able to overcome any barriers and establish social economic development mechanisms	100	3.50	0.635
	Mean Index		3.53	0.661

2. The table 4.2 demonstrated interpretation of variable two of the study, as followed: Q1 "when the respondents were asked if they believed that leadership without vision and mission failed the mandated community goals that contributed social economic development to be declined, a mean score of 3.54 was obtained. The range of scale denoted that the score was poor". In Q2 "when the respondents were asked if they believed that Poor strategic plan for social service delivery and improper or imbalanced social sectors could harm ongoing social development and create gaps, a mean score of 3.60 was obtained. The range of scale signified that score was poor". In Q3, "when the respondents were asked if they believed when there is corporate leadership with lack or poor objective and goals priority can be succeeded expected things, a mean score of 3.50 was obtained. The range of scale denoted that the score answer was poor". In Q4, "when the respondents were asked if they believed that when there is inequality for social, justice and public resources, government able to eliminate the sources of instability, a mean score of 3.50 was obtained. The range of scale denoted that the score was poor". In Q5, "when the respondents were asked if they believed that corporate leadership without democratic behavior and term limit can be brought social integration and political solidarity among all citizens that creates milestone of common collective responsibility towards public institutions and social stability, a mean score of 3.54 was obtained. The range of scale was poor". In Q6, "when the respondents were asked if they believed that corporate leadership without solid vision, objectives, values and ethics is able to overcome any barriers and establish social economic development mechanisms, a

mean score of 3.50 was obtained. The range of scale was poor”.

In conclusion the mean index of this variable “corporate leadership style” the degree of leadership style as mean average 3.53 that its interpretation meaning was “poor” so this poor indicated that leadership style can effect to social economic development in Somalia.

Based on the result of the table 4.2 it is investigated the relationship between Corporate Leadership Style and Social Economic Development, so the result obtained indicated that Corporate Leadership Style has strongly positive relationship with the Social Economic Development. That means if Corporate Leadership Style is good or poor the Social Economic Development also takes out same directions.

Corporate leadership ethics

In this section displayed the second variable in evaluation of the respondents’ answers about how corporate leadership ethics affects social economic development in Mogadishu, the below table were illustrated

Table 4.3. Corporate Leadership Ethics.

No	Variable Three : Corporate Ethics	N	Mean	SD
1	When there is massive corruption eliminate inequality for social services and opportunities	100	3.54	0.553
2	Within mismanagement of social programs the unemployment and people's distrust can be progressively managed	100	3.54	0.650
3	When there are nepotisms, un-open contracts and power mismanagement about social issues can be implement the social economic development policy	100	3.70	0.703
4	When there is inequality for opportunities of education, health care, water, electricity, justice and public resources can promote the social economic development programs	100	3.62	0.690
5	Without market regulation market stability of competitors and consumers can be protected	100	3.62	0.682
6	When there is lack of corporate governance the compatibility and applicable in different laws, procedure and standard for the market, social affairs and various stakeholders can manage	100	3.58	0.697
7	When there is low quality social services the level of social economic development may effectively develop	100	3.72	0.671
	Mean Index		3.62	0.664

The table 4.3 demonstrated interpretation of variable three of the study, as followed: Q1 “when the respondents were asked if they believed when there is massive corruption can be eliminated the inequality for social services and opportunities, a mean score of 3.54 was obtained. The range of scale denoted that score was poor”. In Q2 “when the respondents were asked if they believed when there is mismanagement of social programs the unemployment and people's distrust can be progressively managed, a mean score of 3.54 was obtained. The range of scale signified was poor”. In Q3, “when the respondents were asked if they believed when there are nepotisms, un-open contracts and power mismanagement about social issues can be implemented the social economic development policy, a mean score of 3.70 was obtained. The range of scale denoted score was poor”. In Q4, “when the respondents were asked if they believed when there is

inequality for opportunities of education, health care, water, electricity, justice and public resources can be promoted the social economic development programs, a mean score of 3.62 was obtained. The range of scale denoted that score was poor”. In Q5, “when the respondents were asked if they believed that without regulation for competitors and consumers can it be protected by market stability, a mean score of 3.62 was obtained. The range of scale denoted that score was poor”. In Q6, “when the respondents were asked if they believed when there is lack of corporate governance in compatibility and applicable in different laws, procedure and standard for the market, social affairs and various stakeholders can be managed”. The result of this question; mean score 3.58 and the range of scale represented that the respondent answered “poor”. In Q7, “when the respondents were asked if they believed when there is a low quality for social service the level of social economic development may effectively be developed, a mean score of 3.72 was obtained. The range of scale denoted that score was poor”.

Based on the result of the table 4.3 examined the relationship between Corporate Ethics and Social Economic Development, so the result obtained indicated that the Ethics has strongly positive relationship with the Social Economic Development. That means if Corporate Ethics is good or poor the Social Economic Development also takes out same directions.

Regression Analysis

In the research study, was used a regression analysis as to test governance factors influencing on social economic development in Mogadishu Somalia as dependent variable by measuring the corporate governance, corporate leadership style and corporate ethics as independent variables. Researcher applied this method the statistical package for social sciences (SPSS) version 20 to measure multiple regressions of the study. Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables that means all the independent variables can be influencing factors to the dependent variable.

4.6.1 Model Summary

Table 4.4. Model Summary.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.748 ^a	.559	.546	.524

a. Predictors: (Constant), Corporate Ethics, Corporate Governance, Corporate Leadership Style

The results in Table 4.4 indicate that regression coefficient (R) is 74.8% which implies that there is a great factor influence the social economic development of Somalia while R-square is 0.559 showing that the predictor variable, represented by factor influence to the social economic development in Somalia.

ANOVA

Table 4.5 ANOVA.

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.441	3	11.147	40.613	.000 ^a
	Residual	26.349	96	.274		
	Total	59.790	99			

a. Predictors: (Constant), Corporate Ethics, Corporate Governance, Corporate Leadership Style

b. Dependent Variable: Social Economic Development

The table 4.5 From the ANOVA statistics shown in table, the processed data, is the population parameters that its significance level is 0.000% which indicates that the data is ideal for making a conclusion on the population's parameter as the value of significance (p-value) is above 1%. The F critical level of significance calculated 40.6. This shows that the overall model was significant.

4.6.3 Correlation Coefficient

Table 4.6. Correlation Coefficient.

		Correlations		
		Corporate Governance	Corporate Leadership Style	Corporate Ethics
Corporate Governance	Pearson Correlation	1	.360**	.337**
	Sig. (2-tailed)		.000	.001
	N	100	100	100
Corporate Leadership Style	Pearson Correlation	.360**	1	.907**
	Sig. (2-tailed)	.000		.000
	N	100	100	100
Corporate Ethics	Pearson Correlation	.337**	.907**	1
	Sig. (2-tailed)	.001	.000	
	N	100	100	100

** . Correlation is significant at the 0.05 level (2-tailed).

Table 4.6 presents correlation coefficient result which was analyzed the relationship between independent variable of the study “corporate governance, leadership style and leadership ethics” the result of this analyses shows that these influencing factors are significant and have positive relationship.

Regression Coefficient

Table 4.7. Regression Coefficient.

		Coefficients			t	Sig.
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	.670	.319		2.104	.038
	Political Stability	.321	.059	.045	0.430	.000
	Leadership Style	.048	.162	.048	.296	.0248
	Ethics	.480	.164	.471	2.929	.014

a. Dependent Variable: Social Economic Development

Table 4.6 presents the regression results on how political stability, leadership style and ethics influence social economic development in Somalia. The multiple regression equation was that: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon$ and the multiple regression equation became: $Y = 0.670 + 0.321X_1 + 0.048X_2 + 0.480X_3 + \epsilon$. As depicted in table 4.7, there was a positive and significant influence of political stability on social economic development ($\beta = 0.045$; $t = 0.430$; $p < 0.05$). There was a positive significant influence of leadership style on social economic development ($\beta = 0.048$; $t = .296$; $p < 0.05$). There was also a positive and significant influence of ethics on social economic development ($\beta = 0.471$; $t = 2.929$; $p < 0.05$). $Y = 0.670 + 0.321X_1 - 0.048X_2 + 0.480$

5. Conclusions

In this part of the study, the researcher displayed discussions, analysis and the major findings that the study was found during search such as corporate governance, corporate leadership style and corporate ethics and their relationships

with social economic development. The results of the analysis provided “poor” as the existence of these variables as most respondents responded that “poor” is represented low quality. On other hand, the study was investigated the relationship among those variables themselves, the study found out and realized that the corporate governance, corporate leadership style and corporate ethics have strongly positive relationship with the social economic development in Mogadishu, Somalia.

From the study of literature in journals, books and related materials and the primary data findings from the field, researcher able to draw pertinent conclusions regarding the variables under study on Governance of social economic development with its specific objectives corporate governance, corporate leadership style and corporate ethics putting emphasis in Mogadishu Somalia contexts. Based on findings, the lack of development in Somalia is a long-standing one, which has had a profound great number of unemployment and poverty index. Corruption and leadership incapability it results lack of social and economic development of the people and the country at large. If there is no solid leadership strategy, public transparency and stability realized that goals of society can be declined to reach them. Somalia, more than two decades has been in less driving of development and with leadership problem. Without political stability and effective leadership the development will be far in terms of social and economic development. The development of social infrastructure and economic issues are important feature that has categorized as stability, community accessibility and institutional competencies.

Most of Somalia's economy relied on the informal sector, based on livestock, remittances and telecommunications. Corruption had pervaded many sectors of the country, including security forces, and immigration services. Lack of resources and inability to pay public officials including security forces provided incentives for extortion and bribery. Weak leadership structures as well as a limited ability to pay public officials, including security forces. Governance is a very broad concept, and operates at every level, such as household, Village, municipality, nation, region or globe Governance usually plays a key role in the area like health, education, infrastructure, capital market regulation, macroeconomic stability, safety net provision, the legal system, creation of a good business environment, and the environment protection, all of which are preconditions and basic features of the developed economy. Somalia has consistently ranked among the world's most corrupt countries in TI's Corruption and in ethical behavior Perceptions Index, since the country was first introduced in the ranking in 2007. There was a broad consensus that Somalia faces many that affect conflict turn countries, with widespread corruption permeated all sectors of government and seriously undermining the fragile peace-building process. In Somalia, there is weak leadership and unclear roles and responsibility of leaders. Political suitability is the most advocated process that supposed to guide in a democratic culture, holding free and fair elections in a competitive manner has been pushed as crucial step in that direction. In the context of all the violence, it is the ordinary people who lose out in terms of lives and property. During conflicts and anarchy of Somalia millions of people died, fled and displaced and great number of business were affected. More than two decades the instability and security escalation in Somalia still going on, and this affected to the social development and economic growth. Somalia is

the fourth lowest country in the world as well as estimated 82% of Somalia live in poverty level (UNDP, 2012). In Somalia has been lack of Governance system which is one of the most challenged factors that surround the public affairs in terms of public administration, legal institutions, public policy and social development.

1. Somalia is a long-standing one, which has had a profound great number of unemployment and poverty index
2. Corruption and leadership incapability it results lack of social and economic development of the people and the country at large.
3. If there is no solid leadership strategy, public transparency and stability realized that goals of society can be declined to reach them.
4. Somalia, more than two decades has been in less driving of development and with leadership problem.
5. Without political stability and effective leadership the development will be far in terms of social and economic development.
6. The development of social infrastructure and economic issues are important feature that has categorized as stability, community accessibility and institutional competencies.
7. Most of Somalia's economy relied on the informal sector, based on livestock, remittances and telecommunications.
8. Somalia is the fourth lowest country in the world as well as estimated 82% of Somalia live in poverty level.
9. In Somalia has been lack of Governance system which is one of the most challenged factors that surrounding the public affairs in terms of public administration, legal institutions, public policy and social development.

6. Recommendations

The recommendations in this study focused on two issues; leadership and ethical Behavior. The recommendations are meant to address policy makers those willing to make a positive change in attainment Social Economic Development.

Leadership

1. As mentioned in conclusions, there is weak leadership and unclear roles and responsibility of leaders in Somalia. The priority of the leaders should be supremacy of law and social equality.
2. Leadership should consider and concentrate the public issues instead of specific individuals.
3. Leadership is the central point of the community existence but if the leadership becomes weak and inability will postpone attainment of common goals of the people in general or in particular therefore they should have effective strategic plan and vision of development.
4. To succeed community's desired targets, leaders should have centralized strategies. The study proposes that development of social and economic sectors has no positive prediction unless effective leadership.

Spreading of the Un-ethical Behavior

1. Lack of accountability and transparency can develop into an incurable cancer that eats up the state not only on economic grounds but will infiltrate state organs and cause instability.
2. The study recommends that, meaningful and effective policies be instituted to fight corruption.
3. Deterrent laws should be put in place and be followed to the letter in fighting corruption. This will of course be possible if policy makers and implementers are willing to bring change.
4. Transparency and accountability should be the solid behavior of the institutions.

5. People should feel that they have a role and responsibility for the decisions affecting their future.

Areas for Further Research

First this study used quantitative and qualitative approaches as a research method of collecting primary data and objectivity of the questions that had effect overall results of the study. So the combination of both quantitative and qualitative data collection approaches might produce significant results. Second based on small sample size and limited respondents in the Ministry of Trade of the Federal Government of Somalia may affect the findings, therefore adding other relevant institutions like regional state Ministries of Trade and Finance, more independent social development experts, and civil society groups might generate a significant results that finally would contribute the huge reliability of data findings.

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