

The Nexus between Corruption and Governance since the Dispensation of Democracy in South Africa: A Time Series Analysis

Masipa Tshepo

Department of Economics, University of Limpopo

masipatshepo@gmail.com

Abstract

The recent upsurge in the reports of corruption calls for more and urgent need to scrutinize the relationship between corruption and governance in South Africa. This is because the role and commitment to good and clean governance remains one of the top priorities of the South African government since the dispensation of democracy in 1994. This can be understood from the central role the government plays in the formulation and implementation of national anti-corruption policies to the role of governing and providing services to its citizens. With the scourges of corruption, it has become more difficult to achieve practices of good governance in almost every sphere of government. It is against this background that this paper aims to analyze the nexus between corruption and governance in South Africa. With efforts to combat the scourges of corruption, government introduced a number of anti-corruption policies of which some are reviewed in this paper. This includes amongst others policies such as the Prevention and Combating of Corrupt Activities Act 12 of 2004, the Constitution Act 108 of 1996, the Public Service Anti-corruption Strategy of 2002 and the National Anti-corruption Programme of 2005. In its analysis, it was found that these policies did not achieve much as expected. In addition to these anti-corruption policies, two econometric tests were employed to determine the nexus between corruption and governance in South Africa for the period of 18 years, thus from 1996 to 2014. From the findings, it is evident that corruption negatively affects good governance. Therefore, this calls for a collective desire by all participants in the economy and the public in general to eradicate or limit the scourges of corruption. It is time to concede that government cannot alone win the war against corruption.

Keywords: Corruption, Governance, Democracy, South Africa.

INTRODUCTION

The role and commitment to good and clean governance remains one of the top priorities of the South African government since the dispensation of democracy in 1994. This can be understood from the central role the government plays in the formulation and implementation of national anti-corruption policies to the role of governing and providing services to its citizens. With the scourges of corruption, it has become more difficult to achieve practices of good governance in almost every sphere of government.

The reports of the Council for the Advancement of the South African Constitution (CASAC, 2011), shows that corruption undermines that rule of law and delays the progress of development. According to the reports, corruption prevents the state from fulfilling its constitutional obligations, erodes the legitimacy of the democratic government and undermines the rule of law (CASAC, 2011). According to the Office of the United Nations High Commissioner for Human Rights (2007), if basic public services are not delivered to citizens due to corruption, the state eventually loses its credibility and legitimacy. As a result, disappointed citizens might turn away from the state, retreat from political processes, migrate or stand up against what they perceive to be the corrupt political elites.

It is for this reason that some political and public commentators view corruption as a worm that feeds on the fabrics of democracy and good governance. Though corrupt officials are exposed almost every day in the media, it has become more difficult for any governmental sphere to deal with corruption. South Africa is of no exception in this case quagmire and just like any other country, it has put in place institutions and laws to curb corruption. However, efforts taken to curb corruption have left much to be desired of.

Due to its secretive nature, Kaufmann (2004) argues it has become more difficult than ever before to deal with corruption in South Africa or elsewhere in the world. Kaufmann (2004) underpins that what makes it more difficult to reduce corruption is that corrupt people or officials are not homogenous and the policy of eradicating corruption might fail if it fails to take into account the differences within the ranks of the corrupt people. All these issues are difficult enough for any government to come up with the best policy to solve the issue of corruption (Kaufmann, 2004).

Because of its devastating impact on all aspects of life, corruption calls for an urgent need to be controlled or eradicated. It is against this background that this paper seeks to explore the nexus between corruption and governance in South Africa. To this end, the paper adds to the existing body of knowledge as it seeks to sketch out the analytical framework within which the promotion of good governance can be pursued.

Apart from section one which dealt with the introduction, the paper is structured as follows; the second section focuses on the main concepts of the paper, thus corruption and governance. The third section proceeds by analysing efforts and tools to ensure good governance and combat the scourge of corruption in South Africa. In the fourth section, the economic costs of corruption are reviewed. The fifth section introduces the econometric model to explore the relationship between corruption and governance. The sixth section concludes the paper and further suggests recommendations proposed by the paper.

CORRUPTION AND ITS MANIFESTATIONS

Perhaps the most appropriate point of departure of any paper of corruption would be to define what corruption is and how it manifests. In 1997, the World Bank defined corruption as the abuse of entrusted power for private gains which manifest in a form of bribes, fraud, embezzlement, patronage, nepotism and cronyism (World Bank, 1997). Onuoha (2005) describes corruption as an illegal act which involves inducement and/or undue influence of people either in public setting or private sphere.

Cloete (1996) defines corruption as a fraudulent or dishonourable action by a political office bearer, public official or any other person. Cloete (1996) argues that such actions are not accounted for and they often lead to an unaccountable government. According Kaufman (2004), corruption involves the unlawful use of state resources for personal gains and political legitimacy. He explains that the abuse of power and resources by political leaders is done with the objective of increasing their private wealth and political power.

Nxumalo (1999) argues that the practice of nepotism and favouritism in public institutions has the potential to make systems inefficient and demoralized, as achievement is discounted in favour of political connections. He further reiterates that corrupt practice may induce social disorder and instability in society.

From a political point of view, Aderonmu (2012) explains that corruption is the source of many socioeconomic and political problems that have militated against the attainment of economic development, equity, social justice, political integration and stability in the country. Cited in Murwa and Ngobeni (2014), Mbaku (2010) states that the political corruption is associated with the behavior political elites, which violates and undermines the norms of the systems of public order which deemed indispensable for the maintenance of political democracy.

Obadan (2002) suggests that governments of certain countries for political or other reasons create incentives for bribery and corruption and are sometimes directly involved in the corrupt practices. Though corruption is defined and viewed from different perspectives by different scholars, politicians and policy makers, there is however a common agreement that it can manifest through following:

Bribery: Is the most familiar among corrupt processes: it consists of payments by individuals or firms to public officials in order to influence administrative decisions under their responsibility. Bribery covers a wide range of administrative decisions, determined by the scope of government regulations and activity. It frequently overlaps with the other two corruption categories through the collusion of briber and bribe (The Public Service Anti-corruption Strategy of 2002).

Fraud: This involves actions or behaviours by a public servant, other person or entity that fool others into providing a benefit that would not normally accrue to the public servant, other persons or entity. Example: A public servant that registers a fictitious employee in order to collect the salary of that fictitious employee, (The Public Service Anti-corruption Strategy of 2002).

Abuse of power: This involves a public servant using his/her vested authority to improperly benefit another public servant, person or entity (or using the vested authority to improperly discriminate against another public servant, person or entity). Example: During a tender process but before actual selection of a successful con

tractor, the head of department expresses his/her wish to see the contract awarded to a specific person (The Public Service Anti-corruption Strategy of 2002).

Conflict of interest: This involves a public servant acting or failing to act on a matter where the public servant has an interest or another person or entity that stands in a relationship with the public servant has an interest. Example: A public servant considers tenders for a contract and awards the tender to a company of which his/her partner is a director (The Public Service Anti-corruption Strategy of 2002).

Favouritism: This involves the provision of services or resources according to personal affiliations of a public servant. Example: A regional manager in a particular Province ensures that only persons from the same tribe are successful in tenders for the supply of foods in to the manager's geographic area of responsibility (The Public Service Anti-corruption Strategy of 2002).

The above manifestations of corruption are by no means complete or exhaustive. Corruption appears in permutations and in degrees of intensity. Degrees of intensity vary from just a more bribery of the traffic officer large scale of looting of a country's resources take place (Theobald, 1990). Thus, shows that if corruption is left unattended, it creates a bigger challenge to address.

In short, it is important to point out these manifestations to ensure that the concept of corruption is clearly. This is also emphasized by Aseidu (2006), as he underpins that is important to outline these manifestations as it helps to understand what corruption really entails as it is sometimes confused with maladministration, incapacity and inefficiency by public officials. The most important question of corruption usually relates to its consequences to the economy, it is therefore imperative for the next section to review the economic effects of corruption.

THE ECONOMIC COSTS OF CORRUPTION

When it comes to the economic costs of corruption, a number of authors found corruption to be detrimental to the economy and development of the country. For instance, Barake (2011) explains that corruption undermines economic development by creating inefficiencies that significantly reduce a country's welfare. The findings of Ades and Di Tella (1999) are similar to that of Bakare (2011) as they found a strong

negative relationship between economic development as a proxy of GDP per capita and the level of corruption.

Pityana, (2010) believes that corruption prevents the state from fulfilling its constitutional commitments erodes the legitimacy of the democratic government and sabotages the rule of law which mostly results in service delivery protests. Hassan, Megistu and Teklu (2013) suggest that lack of transparency and accountability in government fiscal and monetary policies contributes to corruption and it is a significant major to degrade democracy by stealing the economic resources of the country.

According to Caremer (2001), corruption denies development and quality of life to the most vulnerable members of the society. It is especially harmful in developing countries, which have fewer resources and thus are more vulnerable if those resources are wasted or not used effectively and equitably. On the other hand, The World Bank (1997), describes corruption as one of the greatest obstacles to economic and social development, because it undermines development by distorting the rule of law and weakening the institutional foundation on which economic growth depends on

Rock and Bonnett (2004) tested for the robustness of corruption on growth and investments. They found that corruption slows growth and/or reduces investment in most developing countries. Similarly, Asiedu (2006) explains that corruption also has a significantly adverse effect on FDI inflows. His findings show that corruption is also correlated to other explanatory variables such as political and macroeconomic stability of the host country.

Continuance of corruption in a country leads to economic malaise and squandering of public resources, lowers governmental performance, adversely affects general morale in the public service, jeopardizes administrative reform efforts and accountability measures, and perpetuates social and economic inequalities (UN, 1990). According to Pityana (2010), corruption prevents the state from fulfilling its constitutional commitments erodes the legitimacy of our democratic government and sabotages the rule of law which mostly results in service delivery protests.

In Nigeria, Akindele (2005) discovered a strong significant negative relationship between corruption and development. He undertook an empirical investigation of the effects of corruption on economic growth in Nigeria. He estimated a modified production function which included labour, capital and political instability, corruption index is negative implying that it is consistent with the hypothesis that corruption retards growth. He argued that corruption in whatever form is hazardous to the development of any society.

Meon and Sekkat (2005) equally found a significant negative impact of corruption on growth. They argue that this impact is not only independent from corruption's effect on investment but also tends to worsen as the quality of governance deteriorates. According to Tanzi (1997), an important channel through which corruption affects economic performance is by impacting both the volume and the composition of government expenditures and revenues, subject to existing tax legislation and incomes. He argues that the net effect of corruption is almost surely to increase the fiscal deficit while at the same time reducing the efficiency of public spending and of the tax system.

In addition, Mendez and Sepulveda (2006) studied the effects of corruption on long-run growth by incorporating measures of political freedom as a key determinant of the relationship. Their findings reveal that the effect of corruption on growth is robust only in the sample of countries that have achieved a high degree of political freedom. Politically, corruption subverts good governance by undermining public trust in government and may reduce political participation by adding to growing cynicism about politics and the political process amongst citizens (Pillay, 2004).

According to Pillay (2004) the concern about corruption in South Africa has intensified in recent years and that calls for better public administration, including greater efficiency, transparency and integrity in public institutions are driven by the fact that corruption threatens democracy which is the basic premises of good public administration. Though it is generally agreed that corruption has become more apparent in South Africa especially in recent years, it is also important to acknowledge the role of media institutions in escalating corruption. Ionescu (2013) also admit that corruption is heavily influenced by the media reports.

Getz and Volkem (2001) posit that there have been extensive efforts by government, non-governmental and international organizations to combat corruption and establish specific guidelines to prevent bribery and unethical practices in international business. However, Brynard (2007) argues that problems with policies often lie in the implementation thereof, thus forming a policy gap. Fighting corruption is very difficult because it is a multifaceted social phenomenon that penetrates horizontally and vertically through many areas of society. In short, the Brynard (2007) reiterates that a smooth movement from policy to practice will always remain a challenge.

Murwa and Ngoben (2014) explain that fighting corruption can be very difficult because it is a multifaceted social phenomenon that penetrates horizontally and vertically through many areas of society. He reiterates that corruption is difficult to identify since it occurs, in most cases, clandestinely and away from the public eye and records.

Tabish and Jha (2012), believes that curbing corruption in the public sector is not an impossible dream but it can only be pragmatic where there is committed leadership for instance Liberia, Kosovo and Hong Kong. These countries have been highly successful in curbing corruption because of their government's strong commitment to fighting corruption supported by effective governance.

Hassan, Megistu and Teklu (2013) argue that lack of transparency and accountability in government fiscal and monetary policies contributes to corruption and it is a significant major to degrade democracy by stealing the economic resources of the country. In this regard, it is important to note that for good public service delivery to be achieved and sustained, the public officials must commit high level of honesty and transparency.

However, Wessels and Pauw (1999), suggest that public officials without personal morality and the necessary sense of public duty will either themselves be prone to abuse their position. The need to improve the performance is underpinned by the government acceptance of the challenge that access to delivery of decent public service is no longer privilege to be enjoyed by few, but rather the rightful expectation of all the people.

South Africa is an evolving democracy and a developing country born out of political and economic struggle for freedom against apartheid regime which exploited African resources. A country with such a “young” Democracy cannot afford to tolerate corruption especially if it hurt the poor (Kanyane, 2010).

Conceding all the hindrances that corruption imposes on good governance and economic development of the country, we may then want to ask, what will it take to end corruption and to ensure good governance? With an attempt to answer this important question, the paper took an extra mile to outline some tools and principles for good governance in South Africa.

THE NOTION AND PRINCIPLES FOR GOOD GOVERNANCE

With regard to governance, Doig (1995) describes it as the use of authority and exercise of control over a society and management of its resources for social and economic development. Doig (1995) argues that governance involves the manner in which power is exercised by government in the distribution of social and economic resources. The nature and manner of distribution of state resources is what makes good or bad governance.

According to Ionescu (2013), governance involves an act or manner of exercising control or authority over that actions of system or regulations. Okeke (2010), states that good governance entails an administration that is sensitive and responsive to the needs of the people and is effective in coping with emerging challenges in society by framing and implementing appropriate laws and measures. Good governance largely depends on the extent to which the general citizenry perceives a government to be legitimate, thus being committed to improving the general public welfare (Okeke, 2010).

Barake (2011) describes governance as the use of authority and the exercise of control over society and the management of its resources for social and economic development. It is the manner in which power is exercised by governments in the distribution of a country’s social and economic resources. The nature and manner of distribution is what makes governance good or bad one.

In addition, Aderonmu (2012) posits that the leadership also has enormous responsibility in controlling corruption and restoring the hope to the citizenry through

good governance. Unless good governance is in place with accountability carefully observed, sustainable development cannot be realized. The World Bank (1989) defines governance in the context of the exercise of political power in relation to the management of a country's resources. According to the World Bank (1989), governance also embraces how national resources are managed and how relations among the state, its citizens and the private sector are regulated.

According to the United Nations (2007), good governance promotes human rights in a number of ways. It encourages public participation in government, inclusion in the law-making and policy-making, and promoting accountability of elected officials. The United Nations (2007) also stresses that good governance leads to the wide representation of societal interest in decision making, in manner that disadvantaged groups, including women are empowered to defend their rights.

Furthermore, the United Nations (2007) emphasises that democracy should not only be conceived as end in itself, but also as a means to promote political, economic and social rights. Human rights and democratic governance should be linked to reinforce the principles of participation, accountability, transparency and responsibility.

In the context of Africa, the Constitutive Act of the African Union, adopted in July 2000, provides for the promotion of democratic principles and good governance. In addition, one of the key objectives of the New Partnership for African Development (NEPAD) is to promote and protect democracy, good governance and human rights in Africa by establishing and setting clear standards of accountability, transparency and participative governance (Matlosa, 2007). In essence, one would agree that the NEPAD encourages democracy and good governance as important conditions for sustainable development in Africa.

To achieve good governance and eradicate the scourges of corruption in South Africa, the following principles and tools must be adhered to.

The South African Constitution, Act 108 of 1996

Chapter 10 of the Constitution sets out the basic values and principles that govern public administration in every sphere of government, organs of state, and public enterprises. The values and principles promote a public administration that is free from corruption and bad governance. The values and principles include following:

- a high standard of professional ethics must be promoted and maintained;
- the efficient, economic and effective use of resources be promoted;
- public administration be development-oriented;
- services should be provided impartially, fairly, equitably and without bias;
- public administration must be accountable; and
- transparency must be fostered by providing the public with timely, accessible and accurate information.

The Constitution of 1996 (Act 108 of 1996) has provided an essential mechanism for South African national public servants to address the issues of corruption. This is reflective of an overall commitment to greater openness and transparency in government.

Section 195 (1) of Chapter 10 of the constitution sets out the basic principles for governing public administration. These include an accountable public administration and the promotion of a high standard of professional ethics. The relevance of this section of the constitution is underpinned by the fact that the fight against corruption has become of such a magnitude that it requires a different approach. The constitution also encourages citizen participation in issues of governance.

Having achieved democracy and stability, as demonstrated in the most recent elections, the challenge now facing South Africans is to translate this mandate into concrete programs of action. The South African government has developed programs to ensure delivery of quality services to the people and to grow the economy through the creation of wealth, while combating crime and corruption (Zuma, 2000).

According to Wessels and Pauw (1999), the Constitution thus provides a rich store of ethical substance to inform and guide. It does this by stating the democratic ideal, by indicating the core values underlying that ideal, by ensuring the rights of people, and by setting certain key requirements for the conduct of public administration. This is imperative because public servants are at the coalface of service delivery.

To this end the South African constitution contains several mechanisms to ensure that government will be part of solution, rather than being part of the problem. Public

awareness and participation in maintaining efficiency in government are vital to making a reality of democracy in South Africa (Wessels and Pauw, 1999).

The Prevention and Combating of Corrupt Activities Act 12 of 2004

The Act provides for the following;

- authorises the National Directorate of Public Prosecutions to investigate any individual with unexplained wealth, or any property suspected to be used in the commission of a crime prior to instituting asset forfeiture or criminal proceedings;
- the creation of a Register for Tender Defaulters within six months by the Minister of Finance;
- places a duty on any person who holds a position of authority³ to report corrupt transactions; and
- grants the courts extraterritorial jurisdiction in respect of corruption offences committed outside South Africa in certain circumstances, for example, if the person who committed the crime is a citizen of South Africa or ordinarily resides in the Republic.

Section 34 of the Act provides for the obligation to report corrupt transactions of any persons who holds a position or authority and who knows or ought reasonably to have known or suspected that any other persons has committed an offense of corruption or related corrupt activities.

The Public Service Anti-Corruption Strategy of 2002

The Public Service Anti-Corruption Strategy of 2002, and implementation commenced in February of that year. This Strategy contains the following nine considerations;

- Review and consolidation of the legislative framework
- Increased institutional capacity to prevent and combat corruption
- Improved access to report wrongdoing and protection of whistle blowers and witnesses

- Prohibition of corrupt individuals and businesses (blacklisting)
- Improved management policies and practices
- Managing professional ethics
- Partnerships with stakeholders
- Social analysis, research and policy advocacy
- Awareness, training and education.

The National Anti-corruption Programme of 2005

In March 2005 the National Anti-corruption Forum convened the 2nd National Anti-corruption Summit. The Summit adopted a National Anti-corruption Programme to achieve the four main objectives, namely;

- Promote the Forum as a vehicle for an improved national consensus and leadership against corruption.
- Promote the rights, obligations, sanctions and protection offered by the national anti-corruption framework and the implementation of this framework in all sectors.
- Promote ethical practices in all sectors and activities
- Provide sufficient platforms for engagement on issues of corruption at national, provincial and local levels, in all sectors.

Apart from efforts taken by government to combat corruption, there is growing evidence in the reports and media that corruption has tightened its grip and it is now deep rooted both in public and private institutions. The main challenge seems to be the implementation of the policy. This goes back to what Brynard (2007) argued by saying that the existence of a legislation does not imply the implementation of the legislation.

Theobald (1990) argues that to reduce corruption drastically, a number of fundamental changes must be brought about. These include: reducing the opportunities for corrupt transactions by cutting back the state's activities;

emergence of new centres of power outside the bureaucracy; development of competitive party politics; ascendance of universalistic norms; strengthening of preventive structures and tightening of prosecuting techniques.

The fight against scourges of corruption in South Africa would require a collective efforts and participation of all sectors of the economy. If government, businesses sectors, NGOs and communities are not actively involved, it would be impossible for government alone to deal with corruption.

RESEARCH METHODOLOGY

According to Kaufmann (2004), the ability to deal with corruption manifests itself in two-fold facet. It involves understanding the causes of corruption as well as its detrimental effects on the economy of any country. It is against this background that this paper pursued to establish the nexus between corruption and good governance in South Africa. Variables which are used to explore such a relationship includes; Government Effective Index (GEI); Corruption Control Index (CCI); Rule of Law Index (RLI) and Regulatory Quality Index (RQI).

In its analysis, the paper employed two econometric tests to estimate and examine the relationship between the selected variables. These tests are; Granger-causality test to determine the direction of causality between corruption and good governance and the co-integration test to test the existence of a long run relationship between corruption and governance in South Africa. The data is collected from International Transparency and the Global Economy indexes. It is however, worth noting that the relevant literature and empirical evidence played an important role as sources information in a sense that it provided the author of this paper with the basis of his argument. The time series data covers a period of 18 years thus from 1996 to 2014.

Granger-causality test

The Granger causality test is a statistical hypothesis test for determining whether one series is useful in forecasting another. For instance, a time series X_t is said to Granger-cause Y_t . Using t-tests and F-tests, the values of X_t can provide information about the future values of Y_t . The P-values for the t-stats on individual coefficients can be used to determine whether corruption granger-causes good governance or

vice-versa. Testing for the causality upholds the standard procedure outlined by Gujarati and Porter (2009).

Cointegration test

According to Gujarati and Porter (2009), if two series appear to be moving together over time, it indicates a long run equilibrium relationship. If the null hypothesis is rejected (no long-run relationship), we therefore accept the alternative hypothesis and conclude that long-run relationship exists among the variables. The econometric equation is therefore expressed as follows:

$$GEI = \beta_0 + \beta_1 (RQI) + \beta_2 CCI + \beta_3 RLI + e_t \dots \dots \dots 1$$

Where;

GEI_ Government Effective Index (good governance)

RQI_ Regulatory Quality Index

CCI_ Corruption Control Index

RLI_ Rule of Law Index

e_t_ Error term, which caters for other omitted factors that may affect the relationship between corruption and good governance.

The overall significance of these tests is that they contribute to a greater understanding of the corruption and its impact on good governance in South Africa. Though this paper employed econometric tests to establish the relationship between corruption and governance in South Africa, it is however important to note that no single theory or model can thoroughly explain the impact of corruption on good governance. This assertion is also support by Theobald (1990) who in his study argues that there is no commonly agreed theory on which to base an empirical model of causes of corruption and its impact on the economy.

Findings and Discussion of Results

This section provides the results of the econometric tests employed in the paper. The results were computed using statistical package called E views.

Results of Granger-causality test

If the F-Statistic value is greater than probability value (prob), we then conclude by rejecting the null hypothesis and accept the alternative hypothesis. Similarly, if the F-Statistic is lower than the probability value, we then conclude by not rejecting the null and therefore reject the alternative hypothesis. The table below presents the results of granger-causality test.

Lags 2

Ho: Null Hypothesis	Ob	F-Stat	Prob	Decision
H0 ₁ : Log CCI does not Granger-cause Log GEI	16	0.5072	0.0843	Reject H ₀ *
H0 ₂ :Log RLI does not Granger-cause Log GEI	16	0.1989	0.3762	Do Not reject H ₀
H0 ₃ :Log RQI does not Granger-cause Log GEI	16	0.3978	0.0308	Reject H ₀ **

Note: * [**] indicates the rejection of Ho at 10% [5%]

Source: Author's own estimates

The results reveal the existence of bi-directional relationship among the variables. For H0₁, the F-static of 0.5072 is greater than the probability of 0.0843* at 10% level of significance. Thus, indicates that causal relationship that runs from logCCI to logGEI. This implies that, corruption control index had a significant impact on government effective index. For H0₂, the F statistic of 0.1989 is less than the probability value of 0.3762, shows no causal relationship between the rule of law and government effectiveness in South Africa. H0₃ the F-static of 0.3978 is greater than the probability value of 0.0308** at 5% level of significance. Thus, implies that quality of regulation had a significant impact of the effectiveness of governance in South Africa for the period reviewed.

The test is performed in order to determine the existence of a long run relationship between government effective index (GEI), corruption control index, rule of law index (RLI) and regulatory quality index (RQI) in South Africa for the period 1996 to 2014. The table below present the results of cointegration test.

Null Hypothesis: No-cointegration

Series: LogGEI LogCCI LogRLI LogRQI

Hypothesized	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.950726	90.55069	47.85613	0.0003*
At most 1	0.899497	15.39525	29.79707	0.6907
At most 2	0.452066	10.93180	15.49471	0.2157

Trace test indicates 1 cointegrating equation(s) at the 0.05 level of sig

* denotes rejection of the hypothesis at the 0.05 level

Source: author's own estimates

According to Gujarati and Porter (2009), we reject the null hypothesis of no cointegration of variables if the trace-statistic is greater than the critical value 5% level of significance. Comparing the trace statistic value of 90.55069 and the critical value of 47.85613, we therefore conclude by rejecting the null hypothesis (no cointegration) at 5% level of significance and accept an alternative hypothesis that a long run relationship exists between the selected variables for the period reviewed in South Africa.

Though the results reveal that the null hypotheses are rejected, this might however not reflect the reality. It is important to note that other variables can influence the relationship between the selected variables. It is also worth noting that the causality relationship between corruption and governance may differ, this might be as a result of different methodologies used by different researchers.

Although some studies did not employ econometric tests to establish the relationship between corruption and good governance, majority of them concluded that corruption has negative effects on good governance, this include amongst others studies such as Caremer, (2001); Kaufmann, (2004); Aseidu, (2006); Aderoornu, (2012) and Murwa and Ngobeni (2014). In consistence with these studies, this paper adds to the existing body of knowledge by also concluding that corruption has negative effects on governance in South Africa.

To the best knowledge of the author, this paper is amongst the few to establish the relationship between corruption and good governance using econometric techniques. Such endeavour merits the importance of this paper as it pursues a different approach to answer the question of corruption and its effects on governance.

CONCLUSION

From the analysis, there is evidence that corruption negatively affected good governance in South Africa for the period reviewed. The Granger-causality test ascertained that the causality ran from lack of corruption control and quality of regulation. The results of cointegration test, revealed the existence of a long-run relationship between corruption and governance. The nature of this relationship calls for a serious and urgent intervention to curb the scourges of corruption as it hinders the progress and development in South Africa.

The government should therefore introduce a program to educate people on the crucial need to eradicate corruption in all sectors of the economy. This should be enforced right from the top to the bottom in all government spheres. An educated and active civil society is crucial to ensuring accountable government and administration. This area remains largely neglected by the South African government. Most importantly, there should be a collective desire by all participants in the economy and the public in general to eradicate corruption. Once this commitment is achieved, there is no doubt that the battle against corruption can be won. It is perhaps the right time for the South African and all its citizens to declare a war against corruption. It is however important, to understand that total eradication of corruption is not possible. But that does not mean in any way that corruption cannot be effectively contained. As reiterates in CASAC (2011), we dare not to allow a situation whereby corruption is seen as inevitable in South Africa.

The importance of this paper cannot be overlooked as it seeks to provide an overview of the relationship between corruption and governance in South Africa. Although broad, it is not complete because there are still gaps in the existing body of knowledge on the incidences and manifestations of corruption. This is simply because corruption incidents are often classified as fraud or theft and due to their secretive nature it becomes difficult to monitor them.

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