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Master's Thesis of Public Administration

**Patron-Client Politics and
Governance System in Nepal**

네팔의 후견주의 정치와
거버넌스에 관한 연구

August 2015

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Patron-Client Politics and Governance System in Nepal

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Abstract

Patron-Client Politics and Governance System in Nepal

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Patron-client relation not only entrenches informal governance system but also creates unauthorized transactions. This type of relation holds control over policy decision and implementation process so that rules are applied with partiality and some citizens get preferential treatment. It encourages favouritism, nepotism, and other corrupt practices, which ultimately worsens the governance. This study aims to investigate the role and effect of patron-client relation in poor governance, corruption, and unfair civil service practice in Nepal. By conducting a survey of N=273, the study examines and shows casual links between/among patrimonialism, clientelism, rent seeking behaviour, pork barrelling and budgeting, opaque procurement, poor governance, corruption, and unfair civil service practice. Patrimonialism, clientelism, opaque procurement, and rent seeking behaviour are found

significant to predict poor governance. Likewise, opaque procurement and rent seeking behaviour are found significant to predict unfair civil service practice; and clientelism, opaque procurement, pork barrelling, and rent seeking behaviour are found significant to predict corruption. All the independent variables (significant at <0.1) are found having positive significant relations with the dependent variables. For example, if any of the forms of patron-client relation- patrimonialism, clientelism, pork barrelling, rent seeking behaviour, or opaque procurement- increases then the governance system becomes poorer, and vice versa.

The findings confirm that the form of patron client relation- patrimonialism, clientelism, opaque procurement, rent seeking behaviour, and pork barrelling- has a greater impact on governance and civil service. They foster corruption, make the civil service practice unfair, distort the delivery of public services, and reverse the improvement in governance system. The study concludes that the patron-client relation worsens the governance system. Four out of five indicators of patron-client relation have positive β value, and are significant ($p < 0.1$). Therefore, it recommends the Government of Nepal to vitalize the formal governance system to make the state institutions, structures and laws more accountable and responsive to increase the level of public trust towards state institutions. Importantly, government needs to take immediate action against the patronage relation to break the tie between the patron and their client.

Keywords: patron-client relation, patrimonialism, clientelism, governance, corruption

Student ID Number: 2013-23956

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Acronyms and Abbreviations

EU	European Union
NASC	Nepal Administrative Staff College
TU	Tribhuvan University
GoN	Government of Nepal
CIAA	Commission for the Investigation of Abuse of Authority
KMO	Kaiser-Mayer-Olkin
VIF	Variance Inflation Factor
SAS	Statistical Analysis System
SPSS	Statistical Package for the Social Sciences
Q-Q	Quantile-Quantile
Ind. V	Independent Variable
Inv. V	Intervening Variable
Dep. V	Dependent Variable

Chapter 1: Introduction

1.1 Background of the Study

Informal practices are much more prevalent in Nepal, and such practices are the causes behind sustain corruption. Nepal's informal rules and practices ranging from bureaucratic and legislative norms to clientelism and patronage, have a profound-and systematic-effect on political outcomes (Norwegian Agency for Development Cooperation, 2011). Instead of being responsive and accountable to citizens, in most of the cases, these systems and practices are being responsive and accountable to some groups of voters or clients or followers.

The state institutions, as a collective whole, appear rather feeble because of a high level of intervention by political sector which is suffering badly from its own instability for the past decade (Transparency International Nepal, 2012). The common notion of governance is that government should work for the people. However, in the case of Nepal, government is not for the whole people, but for the selected few. The Interim Constitution of Nepal has guaranteed rights, recognition, and representation for all citizens. However, those who have "*aafno manchhe*"¹ or "*thulo manchhe*"² in power are better recognized, better protected, and better represented than those without. This is

¹ 'Aafno manchhe' in Nepal means 'one's own people'. It is used to indicate one's associates who can be approached and accessed whenever is needed.

² 'Thulo manchhe' in Nepal means 'one's big man'. This term is used to describe a person who owns power, wealth, and prestige and has a faith towards followers, subordinates, or juniors.

being happened because of deeply rooted patronage and clientele in social, political, legal and economic systems. In a study conducted in Nepal, Truex (2011) points out that "... [in Nepal] there is more discord about behaviours involving favouritism, patronage...." Stating this statement, Truex has highlighted the existence of patronage in Nepal.

Highlighting the nexus between elite and power in Nepal, Norwegian Agency for Development Cooperation (2011) states that "power is concentrated in a small ruling elite, which is supported by a growing, intermediate-sized group of government officials, growing upper middle class, and merchants; and this power is not effectively checked by workers and peasants, who are the vast majority of the population." These elite captured mechanisms have weakened the rule of law, and as a result, service providers are involved in rent seeking, pork barrelling, position buying and selling, favouritism in appointment, and procurement kickback. For example, government contract is awarded to those who pay kickbacks. Similarly, powerful actors create their own networks considering their personal followers, friends, or family members, and use public resources for their own benefit. That is why road deteriorates rapidly, hospital provides inferior treatment, and public infrastructure collapses during construction.

Most of the times, the powerful actors, their relatives, personal followers, and friends create networks based on "*chakari*"³. The one who performs "*chakari*" is seen as merit, and is easily nominated as a head of public institutions

³ 'Chakari' in Nepali culture is a concept that means to influence the 'big man' by serving, offering gifts and appeasing.

without considering the qualifications and performance. They do so to fulfil their own self-interest, and to strengthen their patron-client networks. This patron-client network then prefers "*hamro manchhe*"⁴ instead of "*ramro manchhe*"⁵ to recruit spoils in other service-providing agencies, which is considered as one of the forms of clientelism. This is not a new phenomenon, because it is being practiced since Rana regime in Nepal.

1.2 Statement of the Problem

As elsewhere, in Nepal, due to internal socio-economic and political changes, and global development dynamics, the function of government has been changing and enlarging. There are mounting aspirations of Nepalese people for better, efficient, effective and equitable governance. However, due to unstable and uncertain political situation, the governance system is not satisfactory. Anti-corruption laws, institutions and policies have been set up to combat corruption in Nepal, however, more there have been efforts against corruption, the more combating corruption has become complex. There are over two dozen legal frameworks/strategies and about dozen agencies related to anti-corruption, but global studies and reports suggest that cases of political corruption and political parties involving in fraudulent activities have significantly increased. Transparency International - Nepal (2012) in its report states that corruption in public offices, administrative corruption, political

⁴ Hamro manchhe is an our man culture in Nepal, which is used to indicate people who are related to each other by the same kinship, same political background, same ethnic group, or same geographical area.

⁵ Ramro manchhe is Nepali translation of good man. In Nepal, those who are in power use that power to recruit, promote, or transfer their "own man" instead of "good man". Moreover, "our man" culture has a significant effect in establishing, supporting, and promoting patron-client networks in Nepal.

corruption, bribing in export and import, and irregularities in contracts have contributed in making Nepal one of the most corrupt nations in the world.

Despite of identification of misuse of government funds, no stiff action is taken against the concerned officials. These types, and similar other activities are encouraging malpractices in Nepal. Informal practices of governance and a kind of patron-client relation is strengthening everyday. The strong patronage system is making the political decision more clientelist, administrative system more patrimonial, and governance system more anarchic and unaccountable. These practices are helping in making governance poorer, and civil service more unfair. Moreover, corruption is being sustained and increased in Nepal. Favouritism and nepotism is rooted in almost all sector in such a way that Prime Minister favours Ministers; Prime Minister and Ministers favour public service employee; Prime Minister, Ministers and public service employee use discretion in tenders and commercial matters. In other words, power is concentrated in some selected rulling elites, and that power is used informally to serve the interest of those in power.

There is a strong bond between patrons and their clients. Such personal bonds between political patrons and their key followers- local level politicians, businesspeople, public officials, or supporters- are found for mutual material advantage. Using the disproportionate power, the patron bends the rule, grants money or jobs, and distributes the asset under his control to his dependents; and accomplices in return for their support and cooperation.

Politicians in Nepal distribute or promise the public resources in exchange for political support, primarily - although not exclusively- in the form of vote. Vote buying is not considered illegitimate in Nepal because people are happy to receive payment (Dix, Hussmann, and Walton, 2012). Voters vote for material benefits, and politicians are taking advantage of this electoral corruption scenario and winning the elections by direct exchange for votes. Sometimes, the exchange and material benefit can go beyond direct payments like jobs, goods, and services. This deeply entrenched and unauthorized transaction has created a strong linkage between voters and politicians. The politician-voter relationship has treated some members of society better than others, and has converted into corruption-based transaction where politicians favour individuals and small groups of voters whom they know to be highly responsive toward them.

Importantly, personnel management in the bureaucracy is not institutionalized in Nepal. For example, everytime when the government changes, the bureaucracy is resuffed. The personality politics, favouritism, nepotism, and personalism are some of the key factors that are distorting the delivery of public goods and services, fostering corruption, and subverting the rule of law.

There are several implications of such corrupt practices in public. First, it dramatically diminishes public trust towards state functionaries. Second, increasing patron-client relation and chain of corruption at different scale prevents poor and marginalized people getting opportunities and access to

national resources, services and benefits. Third, increasing corruption worsens governance systems and procedure, which will have a long term negative implication to the process of nation building.

1.3 Significance of the Study

The context for this study has set by several incidents, foremost among which are the fraud and corruption scandals increasingly visualized even after the restoration of freedom and parliament through People's Movement II in 2006. A common story in Nepali news media, these days, is on corruption, misuse of public authority and embezzlement of national wealth. Nepal was declared republic in 2008, and after then several Prime Ministers got the chance to govern the nation-state. They have given high priority to good governance, transparency, accountability, and corruption control. However, the rising corruption is being impediment to development and prosperity in Nepal. Corruption has been deeply rooted and intrinsic in the service delivery system. Department for International Development (2013) claims that corruption has become a serious problem in Nepal, which has been supported by other several studies. For example, in 2013, Transparency International placed Nepal in 116th place out of 177 nations with 2.7 Corruption Perception Index. Theoretically speaking, in the current context, every government wants to address corruption and ensure peace. Showing the commitment of corruption control, Nepal signed the United Nations Convention against Corruption in 2003, and ratified it in 2011. Several policies have been adopted for prevention of corruption in the country. The Government of Nepal has issued

anti-corruption strategy and work plan to combat the menace of corruption. The newly elected Prime Minister Sushil Koirala, addressing a meeting after assuming office, mentioned that he has decided to take action against corruption and irregularities. Earlier, in a speech delivered in parliament, he stressed that a zero-tolerance policy against corruption and maintaining good governance are the key agendas of his government. On the Anti-Corruption Day, December 2012, the then Prime Minister Dr. Babu Ram Bhattarai mentioned, "I can say it without hesitation that corruption is rampant at top political and bureaucratic levels". The politicians are showing concern towards corruption because levels of corruption appear to have increased. The Global Barometer Survey 2013 revealed the rising trend of political corruption in Nepal.

Despite of all those efforts, corruption is being rampant in Nepal. Moreover, there is a deeply rooted and extended form of patronage networks, and that is why, all the anti-corruption initiatives have become ineffective. Obviously, corruption can be found everywhere. It is a complex issue with the linkages to political and economic factors. Tackling corruption is challenging because it is not a one-time endeavour, but long-term undertaking.

Seeking the level of patronage that exists in Nepal, and analyzing the effects and impacts of patron-client politics in the governance system this study provides some glance about patron-client politics and its effects in the governance system of Nepal. Similarly, this study helps in identifying the level of patronage that exists in Nepal. Importantly, this study fulfils the gap

identified by Dix, Hussmann, and Walton, 2012; and Norwegian Agency for Development Cooperation, 2011. Moreover, this study will be useful to those who are interested in patron-client politics, governance system and corruption.

1.4 Organization of the Study

The structure of this study is organized as follows. Chapter 1 is about introduction and includes the background of the study, statement of the problem, and significance of the study. In Chapter 2, review of literature is done. Chapter 3 is about research methodology and explains the research design, methods of data collection, and methods of data analysis. Chapter 4, 5, and 6 deal with data presentation and analysis. Chapter 7 covers conclusion and policy implication.

Chapter 2: Review of Literature

2.1 Patron-Client Relation

There is not unique understanding of patron-client relation. Clientelism, patronage, and clientage are some of the synonyms used by scholars to indicate patron-client relation. In other words, these terms are interchangeably used to indicate to a special relationship, more often not formal and not institutionalized, between unequal persons or groups. Although the forms of clientelism may differ across regions and countries, the characteristics of clientelism are almost similar. In most of the patron-client literatures, at least three characteristics - informal, dyadic and reciprocal relation - can be found.

Patron-client relation is an informal cluster consisting of a power figure who is in a position to give security, inducements, or both, and his personal followers who, in return for such benefits, contribute their loyalty and personal assistance to the patron's designs (Scott, 1972).

Kaufman (1974) explains patron-client relationship as interpersonal exchange with three basic characteristics, namely inequality, reciprocity, and particularity. According to him, "the relationship occurs between actors of unequal power and status, it is based on principle of reciprocity, and it is particularistic and private, anchored only loosely in public law or community norms."

Similar view do Eisenstadt & Roniger (1980) have regarding the patron-client relation. They have proposed nine basic characteristics and three major

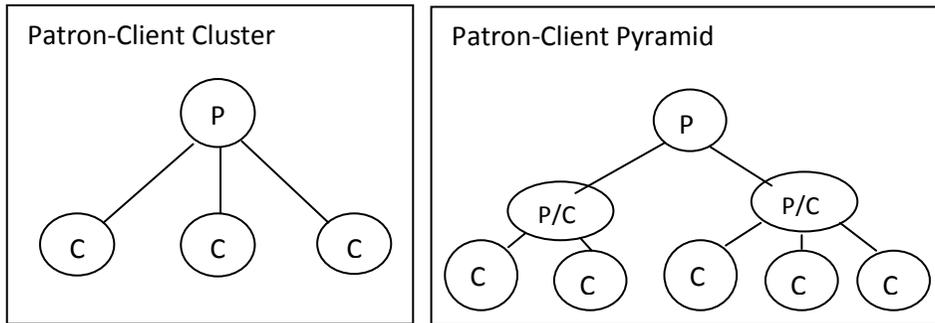
features of patron-client relation. According to them, "three features of patron-client relations are organization, regulation of exchange, and flow of resources between social actors." They further state that it is not only individualistic exchange, but also, specific or generalized exchange. The nine basic characteristics of patron-client relationship suggested by Eisenstadt and Roniger are (1) particularistic, (2) exchange of resources, (3) package deal, (4) unconditional relation, (5) solidarity, (6) contractual/not legal, (7) voluntarily relation, (8) vertical network, and (9) inequality. They further argue that these nine characteristics can be found in societies at various levels of social differentiation, technological development, and political regimes. These can also be found in different types of concrete organizations. Giving the similar view like Kaufman's, they have stated that patron-client relation is a specific type of social relation - in general, and a macro-societal phenomenon- in particular.

Patron-client relationship (or clientelism) is about macro uses of one type of interpersonal exchange (Kaufman, 1974), which has increasingly been employed in the study of political life in Southeast Asia and Africa, as well as in Latin America (Kaufman, 1974 and Scott, 1972).

Kaufman insists that the basic patron-client relation transforms into clientelist social formation. Social formation consists numerous patron-client dyads with multi-tiered network of relation, and pyramid shaped figure. Stating about the link between patron and client, Scott (1972) states two typical representations of such links. First, the links in which clients are directly tied to patron - a

patron-client cluster. Second, the links in which vertical links of clients are tied to patron - a patron-client pyramid (see Figure 2.1).

Figure 2.1 Patron-Client Relations



As shown in Figure 2.1, in a patron-client cluster, a patron is a part of a two-person exchange, of superior rank of his/her clients, and operates with resources he himself owns or directly controls. In the patron-client pyramid, the intermediary has to play a dual role. The intermediary, usually, has to serve as a middleman to arrange an exchange or transfer between two parties who are not in direct contact. This happens if the intermediary functions as an agent and doesnot him/herself control the thing. However, if the intermediary controls the thing then s/he functions as a patron, or s/he can function as a client if s/he is in a real need of anything.

Eisenstadt and Roniger (1980) admit that the contemporary study of patron-client relation is different from the study of patron-client relations of 1950s and 1960s. Since the social setting has been changed, there has been shift in study of patron-client relations. The patron-client relation is being more complex and extended. It no more remains interpersonal, unorganized, and

traditional, but has become organized with complex networks, more stable, and more integrative. The earlier relations were more focused on limited social relation and single patron with single client or single patron with few clients.

Tam (2007) argues that patrimonialism in traditional and modern context is different. That is why in his one of the papers he provides strong arguments in favour of neopatrimonialism. Claiming that the traditional and modern context of patrimonialism is different, he states four fundamental elements of patrimonialism. The four elements are (1) institutional hybridity, (2) existence of both patrimonial and legal-rational institutions, (3) relative importance of formal and informal institutions, and (4) institutional incompatibility. According to him, Weber used patrimonialism to delineate traditional forms of political authority, domination and legitimacy from modern ones. He further argues that patrimonial authority and administration are no longer found in the pure form, as described by Weber.

2.2 Governance System

Brinkerhoff & Goldsmith (2002) analyze the governance system, and find formal and informal governance system. According to them, all countries have both formal and informal governance systems, and the two elements exist side by side, within which citizens and government officials interact. According to them, there is not any society which totally depends on formal institutions. In new circumstances, informal practices and traditions are also being adopted.

The challenges of development is how to distinguish the informal practices from the formal institutions so that there is no contradiction. If it happens then majorities needs will be fulfilled, social welfare will be improved, and there will be well being. In many cases, informal systems of clientelism and patrimonialism are key contributors to stifling popular participation, subverting the rule of law, fostering corruption, distorting the delivery of public services, discouraging investment, and undermining economic progress. Since they are deeply entrenched, seldom authorized, not openly acknowledged, and take different forms depending in their context, clientalist network can be both difficult to detect and to remove.

Brinkerhoff & Goldsmith (2002) distinguish formal and informal system as:

Formal systems	Informal systems
<ul style="list-style-type: none"> • Written and explicit • Readily observable • De-jure 	<ul style="list-style-type: none"> • Unwritten and implicit • Less easily noticed and identified • De-facto

Informal governance is such governance where policy making and decision making is done by those people who have their hidden interest. In informal governance, the policy making and decision making process is not clear, and neither the decision makers nor the process of decision making can be predicted in advance.

Informal governance holds unclear separation of power and lacks hierarchy, that is why, it might be helpful in maximizing knowledge and sharing burdens.

It is not surprising that, European Union (EU) once was heavily dominated by informal networks between groups. That informal networks basically hold power in not only policy making, but also in decision making within the EU. Informal governance was a characteristic of the integration process in Europe. Christiansen, Follesdal, & Piattoni (2003) explain that "this practice [informal governance in EU] is, of course, not a recent phenomena, but a long standing dimension of EU politics."

Though, the informal governance in EU is not young, the political debate regarding informal governance is young. The informal procedures and norms, in some of the cases, can be more effective in better policy and decision making than formal procedures and norms. It can be seen as the mechanism that deals with the burdensome and regulatory regime, and can be helpful in smooth functioning and efficient service providing. Christiansen, Follesdal, & Piattoni insist that "there are other areas of European governance [not only the contact between European Institutions and European Society, but also between the member states, Parliament, and so on] which are regulated by informal agreements or in which informal procedures and codes of conduct explain decisions and behaviours better than formal procedures and norms."

Warleigh (2003) claims that informal governance can produce solution to the problem, however in the case of EU, informal governance system is not being

able to satisfy citizens' need. Generally, informal networks are controlled by elite-level actors who are influential players in that network. That is why, there is a threat that informal governance most of the times can be directed towards nepotism and favouritism. It can easily create an informal relationship, and that relationship can establish preferential arrangements, nepotism and clientelism. Similar was the situation in the case of EU, that is why, European Commission published a White Paper in 2001 to formalize the informal relations, and According to Christiansen, Follesdal, & Piattoni, "it [White Paper on European Governance] was published in response to the allegations of nepotism that had risen in previous years"

2.3 Corruption: Causes and Consequences

Analyzing causes and consequences of corruption is not easy task, because the cause and effect relation of corruption is much more ambiguous. There is not common understanding among scholars of corruption regarding the consequences of corruption, that is why different scholars have different perspective of analysis of corruption. Johnston (1986) lists three approaches of analysis of corruption, namely, moralist, revisionist and contextualist. Johnston, in this regard, is more focused towards political consequences of corruption.

Summarising how corruption effects economic performance, Jain (2001_a) points out primary, or immediate, effects of corruption and the secondary, or subsequent, effects of corruption. Talking about the corrupt transaction

practices, Beets (2005) and Darrough (2004) describe about supply side of the corruption - the payer, and demand side of the corruption - the receiver.

Johnston (2001) highlights three different approaches of corruption, and they are (1) classical ways of thinking approach , (2) modern ways of thinking approach , and (3) neo-classical way of thinking approach.

Jain (2001_b) claims that the current focus to reduce corruption is oriented towards reducing bribe, and admits that corruption is much more than bribes. He sees corruption as an improper use of political power within a society. If there is imbalances in political power then the power starts to be misused, and the corrupt practices can follow. Jain agrees that "power leads to temptation for misuse of that power." If the person or system or institution who holds power tries to misuse that power then political institutions should be there to create balance. Such political institutions, according to Jain, "should work to strike a balance between conflicting goals that individuals might have, as well as the conflict between the goals of various individuals and groups within a society."

Jain (2001_b) insists that:

The focus of contemporary discussion on corruption is on individual behaviour – that of the politicians or of the bureaucrats. Politics, however, becomes important because political values, institutions, and parties play an important role in defining the values of the society and in defining the norms that individuals in positions of power have to follow, as well as in

designing the control systems that determine the limits of the behaviour of the political elite.

Relying on the literatures of different scholars, one can easily claim that patrimonialism and clientelism not always have negative impact in society. As everything has its pros and cons, there are two aspects of clientelism and patrimonialism and they are:

The Negative Aspects	The Not-Negative Aspects
<ul style="list-style-type: none"> • Focuses on rent seeking and corruption, • Keeps the implementation of reforms incomplete, • Increases conflict, and • Widens the gap of poverty 	<ul style="list-style-type: none"> • Gives the poor access to resources, • Assures government support, and • Provides some value to people

2.4 Service Provider as a Leader and Patron-Client Relation

Explaining about good and bad leaders, Keohane (2010) writes that "leaders focus on collective goals that touch on the interests of members of a group," Members of groups does not mean establishment of patron-client relation. To understand the nature of leader, one should know what that leader does, or what that leader is trying to do. He further writes that "leaders in a public setting are expected to be primarily responsive to the community rather than

to any anonymous group of shareholders or any interest groups." There is possibility of people occupying public posts to be ambitious and greedy, eventhough there is the general assumption that leaders do something good for people. But for the people who always focuses on own convenience and seeks for opportunity to ease himself/herself and his/her clients are a tyrant, not a prince. Unless they improve the situation of citizens, they are not doing good for people. He thinks that "only those who dedicate themselves to the state, and not state to themselves, deserve the title 'prince', and virtues such as integrity, trust, and keeping faith are often valuable to leaders. A good leader may be either effective or morally admirable whereas some leaders are so notably corrupt,"

2.5 Patron-Client Politics and Nepal

Martz (1997) argues that clientelage which has been gradually evolved from feudalism - in the direction of true patrimonialism - then specialized administrative officials were named by the ruler as an intermeidary between patrimonial ruler and the vassal. He further argues that although the relationship was some how complicated but the basic character of the clientalism did not alter. Martz, in his book states that clientalism has a significnat role in each and every political system which helps in exercising and maintaining social and political order. Developing nations today are experiencing clientalism not only in countryside or rural area but also in peripehry and urban areas. He further argues that the political clientalism has been found in societies under feudal, patrimonial or modernizing bureaucratic

conditions. According to him, "qualities of dependence, unequal status, reciprocity and personalization are consequently fundamental to the patron-client relation". Although the forms of clientalism change over time, they have a strong influence in analysis of the nature of society, the state and the political order. The forms of clientalism altered and reshaped over time, and in recent years that has been transformed into modern organizational form. The classical patron-client relation has been transferred into bureaucratization of clientalism which has been a strong component for political analysis in the modern context. Throughout the phases of modernization the evolutionary concept and traditional form has been modified. With the development of technology, urbanization, modernization and "rampant statism" the clientalist phenomena has become means of extending social and political controls under conditions of bureaucratic centralism. For example, in Nepal there are large number of individuals who want to establish strong interaction with the powerful patron who defends their interest in returns for deference or material rewards. During the long modernizing process patron-client politics and the mechanisms by which they operate are present in one or other way round at diverse stages.

Clientalism and its relationship has been manifested in Nepal from the ancient time to the very present. Political underdevelopment is one of the reasons which encourages clientelism. In Nepal, for instance, a number of voters still exchange their votes for little money. They are ready to vote any unknown person if the pay is good. The clients rarely see their patrons. Since the

political awareness is very low, especially in the rural area, they do what their local patrons ask them to do. They do not care if the person is good enough to be a lawmaker.

The exchange of goods and services between patron and client differs on the basis of place of residence. The exchanges are different in form, and are different in value for rural and urban clients. The client from rural area normally gives physical services and small value gifts to his patron. The small value gifts and physical services are something that the client can possibly afford. Moreover, in Nepal, the bonds between the client and patron is personalized and solidified from *Chakadi*, *Chaplusi*, *Saugat*, *Koselee*, and *Sagun*. All these are done by clients to please the patron. On the other hand, patron gives patronage job and protection to his client.

Chapter 3: Research Methodology

3.1 Introduction

In chapter 2, the theoretical and conceptual issues regarding the study topic have been discussed. Previous research on patrimonialism, clientelism, governance, and corruption were reviewed to get the conceptual foundation for this study.

This chapter discusses the methodology of this study. It presents the research design, the study area, variables, data collection tools and techniques, and data analysis plan. Chapter 4 discusses and presents descriptive statistics as well as characteristics of the respondents. It also presents the crosstabulation analysis to examine the relationships between variables. Chapter 5 explains the findings from bivariate analysis. Chapter 6 analyzes the multivariate analysis. Finally, Chapter 7 deals with the conclusion.

3.2 Sample Selection and Study Unit

There are two strata of the respondents. The two groups of respondents were visited in two different institutions, namely Nepal Administrative Staff College (NASC) and Tribhuvan University (TU).

The social survey study was conducted on Trainees who were attending training programmes at Nepal Administrative Staff College, Jawalakhel, Lalitpur, Nepal. NASC is a premier institution to support the Government of Nepal (GoN) for capacity building in the sector of administration,

management, governance and development. Researcher's observation found that the primary objective of NASC is to provide training for the public officials. However, that is not the only objective of NASC. It has several other objectives, and they are: (i) to provide capacity building training for the employees of the public institutions, (ii) to identify measures for enhancing the capacity of administration and governance and management of public institutions to contribute towards the development programmes, and (iii) to undertake problem-oriented research on the contemporary issue of management, administration, governance and development for policy inputs.

All the trainees (public officials) who came to NASC for the training purpose during the period of data collection (7 August 2014 to 22 August 2014) were asked to complete the survey questionnaires that assessed patron-client relation, corruption, and governance system in Nepal. Survey questionnaire was used to collect quantitative as well as qualitative data from those public officials.

NASC nominates trainee(s) from different ministries/departments/offices. One or more than one trainee(s) from each ministry participate(s) the training provided by NASC.

Several factors have helped in increasing the ability to generalize findings, and they are:

1. The respondents are from diverse Ministries, Departments, and Offices.

2. They have, at least, two years of experience in the public service, because NASC selects those officials who have at least two years of experience in the public service.
3. They have completed some screening processes, therefore they better represent their institutions.

Another unit of social survey study is Tribhuvan University, Kirtipur, Nepal. It is one of the aged universities, located in Capital city, and holds the significant proportion of students of Nepal. Students who have completed Bachelor's Degree, and have received at least one of the services provided by public institutions were asked to complete a survey instrument.

Questionnaires were distributed to the students using the snow-ball sampling. Snow-ball sampling technique was used because it was very difficult to get the expected number of students in the campus due to semester break during the period of data collection (7 August 2014 to 22 August 2014).

Those who were not interested to fill the questionnaire, and do not have received any services form the public institutions were dropped from the sample.

Several factors have helped in increasing the ability to generalize findings, and they are:

1. The respondents are from diverse background and locations.
2. All the respondents have completed Bachelor's Degree.
3. All the respondents have received at least one of the services provided by the public institutions.

3.3 Research Design

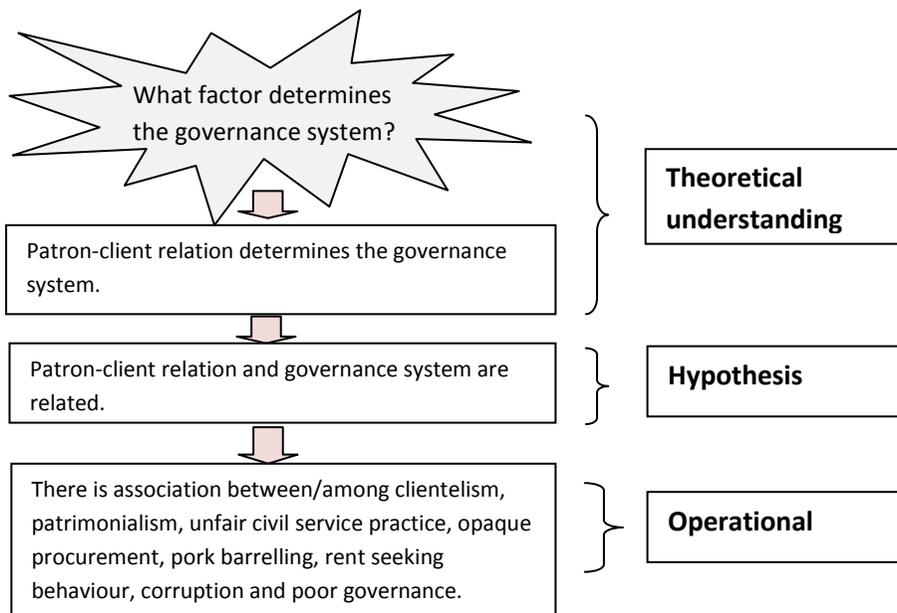
The research design represents the major methodological thrust of the study. It should be dealt with distinctive and scientific approach. In order to obtain sufficient information that is required to analyze the patron-client relation and its effect in governance system, this study has employed descriptive as well as explanatory research design. Explanatory research design is a design which seeks the appropriate cause variables which makes the event happen. In other words, explanatory research design is applied to seek the cause and effect relationship between/among the variables.

Since the study of corruption as well as governance system needs special and careful attention, using more techniques and designs help in understanding and exploring the various aspects regarding corruption and governance. That is why, to validate the design, and to get all the possible answers this study has applied mixed method design of research. The mixed method seeks data from as many different sources as possible, and uses more than one method to secure and validate the data. Mixed method, for this study, is use of qualitative (in-depth interview with few public officials and students) and quantitative data (survey with selected sample, $n = 273$) for the research purpose.

3.4 Framework of the Study

This study is based on the deductive model. It is one of the traditional, but dominant models of study, which is used in testing theories. Figure 3.1 depicts the framework of this study -deductive model for theory construction.

Figure 3.1: Framework of the Study



3.5 Objectives, Research Questions and Hypotheses

3.5.1 Objectives of the Study

The general objective of this study is to analyze the patron-client relation prevailed in Nepal and its effect on governance system. The specific objectives are:

- to assess the level of patronage related corruption in Nepal,
- to seek the relationship among the patron-client related components, and
- to evaluate the effect of patron-client relation in the governance system of Nepal.

3.5.2 Research Question

Different forms of patronage exist, and they have their own characteristics. The patronage has its impact in organization, institution, society, economy, politics, and in the country as a whole. Countries having weak formal systems and robust patronage networks are more vulnerable to bad governance and corruption. Nepal, with unstable political system and young democracy is more prone to harmful type of patronage, and that can contribute further political instability.

Studying about the patronage that exist in Nepal, Dix, Hussmann, and Walton (2012) report that patronage system is apparent in society, politics and the economy. Nevertheless, they admit that despite of the corruption, the legitimacy of the government and public institutions is still high.

Although, Dix, Hussmann, and Walton (2012) are sure that patronage syndrome exists in Nepal, they are not sure about the existence of the level of patronage. That is why, this study is intended toward fulfilling the gap suggested by Dix, Hussmann, and Walton (2012).

Research Question: What is the effect of patron-client relation in governance system?

After knowing the form and level of patronage, it is then important to know the effects of that patronage in governance system. Governance is about participation, equity and equality, rule of law, transparency, responsiveness, and efficiency and effectiveness. The country with deeply rooted patronage in

its social and political structures cannot assure fair distribution, equal growth, rule of law, and economic and social development.

Patronage networks are not always harmful for the governance. It can have both positive and negative effect. There is a strong argument that it gives access to resources to the poor and assures governmental support. Sometimes, that can benefit a significant number of people, and can provide a peaceful and win-win solution, at least for the short to medium term. However, we cannot fully rely on patronage networks, because that is still destructive and intolerable. In this regard, it is necessary to identify the effects of patronage in governance system.

3.5.3 Hypotheses

Patron-client relations are key contributors in converting good governance to poor or bad governance. Patrimonialism and clientelism always serve the interests of the ruling class. Patronage makes governance bad because it uses political system for individual, family, or group advancement instead of serving the common good. They can have various features like corruption, waste, misrepresentation, distortion of delivery of public services, abuse of power, and exploitation of public means for private ends. Moreover, they encourage other negative aspects of governance like rent seeking, pork barrelling, procurement kickback, favouritism, and nepotism. All these aspects will benefit a few but at expense of others.

Most of the scholars and researches have common understanding that there is relationship between patron-client relation and corruption. However, there is

no uniformity in the degree of relationship between them across the countries. If any country has a higher level of political instability then patrimonialism and clientelism can cause worst form of corruption, which might be very harmful to development. Patrimonialism and clientelism can cause less harm in those countries where political system is more stable.

Whether patron-client relation has negative or positive effect in governance system, it is worthwhile to analyze. In this regard, four hypotheses are proposed to analyze the relationship between/among them.

Hypothesis 1: There is a difference in perceived level of corruption between public officials and students

Hypothesis 2: Higher the patrimonialism is, the more unfair the civil service will be.

Hypothesis 3: Clientelism is positively correlated with corruption.

Hypothesis 4: Patron-client relation worsens the governance.

Hypothesis 1, in this regard, is little bit different from other hypotheses. It has been proposed because there is always a possibility of conflict of interest between or among social groups. The action that any general public perceive as an unethical can be perceived as ethical by some other groups. General people expect that public official should perform their duties in a fair and unbiased way. If they see any wrongdoings from public officials then they might regard those actions as corruption. In reverse, public officials might have a thinking that those actions are ethical and they are their regular actions. Davids in Boyce and Davids (2009) argues that there is always differences between conflicts of interest, breaches or neglects of duty that flow from

conflicts of interests, and perception of conflict of interest, judged using a 'reasonable person' standard. Considering all these factors, it would be reasonable to see the perceptual differences in corruption between public officials and students.

3.6 Model and Variables

$\Delta\text{COR public official} \neq \Delta\text{COR student} \dots\dots\dots (1)$
 $\text{UCSP} = \beta_0 + \beta_1\text{PAT} + \epsilon \dots\dots\dots (2)$
 $\text{COR} = \beta_0 + \beta_1\text{CLI} + \epsilon \dots\dots\dots (3)$
 $\text{PGOV} = \beta_0 + \beta_1\text{CLI} + \beta_2\text{PAT} + \beta_3\text{POK} + \beta_4\text{POB} + \beta_5\text{RSB} + \epsilon \dots\dots(4)$

Where,

PGOV= Poor Governance, COR= Corruption, CLI= Clientelism, PAT= Patrimonialism, UCSP= Unfair Civil Service Practice, POK= Opaque Procurement, POB= Pork Barrelling, RSB= Rent Seeking Behaviour

$\delta\text{COR public official}$ = Perceived level of corruption by public official

$\delta\text{COR student}$ = Perceived level of corruption by student

$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5,$ and ϵ are regression parameters

3.7 Operational Definitions

a. Patron-Client Relation: Patron-client relations are repeated relationships of exchange between specific patrons and their clients (Khan, 1998). Patron-client relationships are essentially exchange relationships between two persons of unequal status, power or resources, each of whom finds it useful to have an ally someone superior, inferior to himself (Appold and Phong, 2001). The patron-client model of politics has several forms, and they are clientelism, patrimonialism, pork barrelling, rent seeking, and procurement kickback

(Brinkerhoff and Goldsmith, 2002). The patron-client relations are established and developed in the name of patrimonialism, clientelism, procurement kickbacks, pork barrelling, rent seeking, etc. Therefore, in this study, the patron-client relation is the relation between two parties- irrespective of their status- in the form of patrimonialism, clientelism, opaque procurement, pork barrelling and rent seeking.

b. Poor Governance (PGOV): According to United Nations Economic and Social Commission for Asia and the Pacific (Not stated), there are eight characteristics of good governance. They are (1) consensus oriented, (2) participatory, (3) follows the rule of law, (4) effective and efficient, (5) equitable and inclusive, (6) Responsive, (7) Transparency, and (8) Accountable. Similarly, according to The World Bank (Not stated), transparency, accountability and corruption are the indicators for governance. However, for this study biased and poor service delivery mechanism, unaccountable government agencies, and non-transparent government regulations and procedures are considered as the operational of poor governance.

c. Clientelism (CLI): Brinkerhoff and Goldsmith (2002) have suggested twelve attributes of clientelism. They are (1) personal authority, (2) personal enrichment, (3) monopolization of power, (4) opaque relationship, (5) no replacement of leaders, (6) personal favours, (7) secret policy decisions, (8) individual domination in political parties, (9) fragmented civil society, (10) tacit decision making , (11) supporters' interest based decision, and (12) patronage appointments. Relying on Brinkerhoff and Goldsmith (2002), this

study considers individual domination in political parties, public resource for personal benefit, and personal favours as the operational of clientelism.

d. Patrimonialism (PAT): According to Brinkerhoff and Goldsmith (2002), patrimonialism can be assessed on the basis of fourteen attributes. However, this study has considered only few of of them as the operational of patrimonialism, and they are (1) patronage appointments, (2) arbitrary actions, and (3) preferential treatments.

e. Unfair Civil Service Practice (UCSP): Weberian bureaucratic model suggests that the civil service should be authority based, rational, legal, charismatic, stable, accountable, specialized, and meritocratic. Considering this conceptual understanding, preferential treatment, favouritism, and importance of personal relationship are considered as the attributes of unfair civil service practice in this study.

f. Opaque Procurement (POK): Opaque procurement in this study means not following the norms, rules, and procedures of public procurement. Specifically, rarely done competitive bidding, verbal agreement, opaque procurement, ineffective advertisement, and not following the procurement guidelines are considered as opaque procurement in this study.

g. Pork Barrelling (POB): For Brinkerhoff and Goldsmith (2002), the pork barrelling is "appropriations of public funds for geographically targeted projects that do not serve the interests of any large portion of the country's citizenry, and that bypass usual funding procedures". Similarly, pork barrel spending is publicly funded projects promoted by legislators to bring money and jobs to their own districts, as a political favour to local politicians or

citizens. For this study, pork barreling is political favours in fund disbursement, vested interest in allocating budget, and allocation of funds to selected community.

h. Rent Seeking Behaviour (RSB): For Brinkerhoff and Goldsmith (2002), the rent seeking behaviour is "efforts to get government to create or maintain economic rents, which can then be seized for private gain, without regard for the general good". The government intervention that creates economic rent include occupational licenses, franchises, permits, special tax breaks, business subsidies and tariffs. In this study, rent seeking behaviour is considered as policy alteration to generate personal gain, business permits awarded on relationship, special taxbreaks to investors through illegal means, and business subsidies given on personal linkages.

i. Public Official: Public officials in this study are those who have minimum two years of working experience in public offices, and have been participating in the training programme provided by NASC during the period of data collection (7 August 2014 to 22 August 2014). The term 'service provider' has been interchangeably used to indicate them.

j. Student: Students in this study are those who have completed Bachelor's Degree, and have received public services provided by the public institutions or public officials, at least once. They are among those, who have been accessed by the Researcher during the period of data collection (7 August 2014 to 22 August 2014), through snowball sampling procedure. The term 'service receiver' has been interchangeably used to indicate them.

3.8 Sample Size

As stated earlier, there are two groups of respondents in this study, public officials and students. The detail of sample size has been presented in Table 3.1.

Table 3.1: Distribution of sample size by respondent types

S.N.	Respondent types	Sample size (n)
1.	Public Officials	106
2.	Students (who have received at least one of the public services provided by public institutions)	167
Total		273

3.9 Data Collection Techniques and Tools

Respondent interview and survey methods were applied to collect the required data and information. Data collection tools were finalized after having series of meetings (altogether nine sittings) with Thesis Examiner. All the suggestions given by the Thesis Examiner were considered while finalizing the questionnaire. Similarly, pre-test of the questionnaire was done through internet survey. Then, the pre-tested questionnaire was employed to collect quantitative data.

The questionnaire was administered individually to the respondents. All the public officials who were attending various training programmes in NASC during the data collection period (7 to 22 August 2014) were asked to

complete the survey questionnaires. In the case of students, those who have completed Bachelor's Degree, and have received at least one of the services provided by governmental institutions were asked to complete the survey instrument. Data were collected from 10:00 am to 5:00 pm. Those respondents who were not able to fill the questionnaire, due to lack of understanding, were dropped from the sample. Similarly, respondents who were not voluntarily ready to fill up the questionnaire were asked not to be a part of the survey.

The details of the questions that were used while collecting quantitative data has been attached in the Annex 1. The major components covered by the instruments are:

Section A: Typology of patronage

Section B: Decision Making in Political and Administrative Systems

Section C: Administrative and Political Environments

- Patrimonialism
- Clientelism
- Unfair Civil Service Practice
- Opaque Procurement
- Pork Barrelling
- Rent Seeking Behaviour
- Corruption
- Poor Governnace

Section D: Corruption

Section E: Suggestions (General Perception)

Section F: Respondent's Information

Yes/no questions and Likert scaling were employed to collect quantitative data. In the case of Likert scaling, the responses were in a five-point rating scale. Respondents were asked to circle any of their preferences from 5 to 1 regarding the statement. For example, if any respondent perceives that the national laws and regulations are highly ineffective then his/her response would be 5, and if any respondent perceives that the national laws and regulations are highly effective then his/her response would be 1. In the five-point rating scale, 5 is strongly agree, 4 is agree, 3 is neutral, 2 is disagree, and 1 is strongly disagree.

In the case of qualitative information, researcher himself conducted face to face interview with few respondents. Two students and three public officials provided their views about the governance system, 'chakari culture', and 'aafno maanchee culture'. The information provided by them were carefully noted. The information provided by them are used as a verbatim expression to validate the quantitative information.

The details of checklist that was used in collecting qualitative information has been provided in Annex 2.

3.10 Data Processing, Analysis, and Testing of Hypotheses

The collected data was scrutinised, coded, and entered in the software programme to get the required tables and information.

Out of the total 380 distributed questionnaires, 324 surveys were returned, of which 273 were fully completed and usable, which constitutes a return rate of 85.26 per cent. While doing scrutiny it was found that 51 surveys did not meet the research criteria. Out of fifty-one questionnaires, 32 respondents have quitted the survey, and 19 respondents have returned the incomplete questionnaire. Therefore, those fifty-one questionnaires have been excluded, and no analysis have been made from them. The 273 respondents that were included in the analysis constitute 71.84 per cent response rate of the 380 distributed questionnaires.

Univariate, bivariate and multivariate analysis are done to fulfill the objective, to answer the reserach question, and to test the hypothesis. Firstly, quantitative data were entered in SPSS and required univariate, bivariate and multivariate tables were generated. In the later phase of the analysis, SAS was used to check the assumptions of the multivariate regression model.

The information collected from qualitative data are used to justify and validate the information collected from quantitative methods. The mixed method of data analysis has helped in making this study reliable and valid.

Chapter 4: Background Characteristics and Descriptive Findings

4.1 Introduction

In chapter 3, the methodology of this study has been discussed. This chapter presents analysis of the data that has been collected through survey and interview. A total of 380 questionnaires were distributed. Of the 380 distributed questionnaires, 324 were returned. Chapter 4 discusses and presents descriptive statistics and characteristics of the respondents. It also presents the crosstabulation analysis to examine the relationships between variables. This chapter also analyzes the survey data about the types of patronage, integrity of state institutions, political and administrative systems, levels of corruption, and general perception towards corruption. Chapter 5 explains the the bivaraite analysis, and Chapter 6 is about multivariate analysis. Finally, Chapter 7 deals with the conclusions.

4.2 Background Characteristics of the Respondents

During the 16 day data collection period, students from Tribhuvan University, Kirtipur, Nepal, and public officials attending training at Nepal Administrative Staff College (NASC), Jawalakhel, Lalitpur were visited.

In the case of university students, questionnaires were distributed using snow-ball sampling. Those students who were not able to fill the questionnaire, due to lack of understanding, were dropped from the sample. In the case of public

officials, questionnaires were distributed to those who were participating in various training programmes at NASC during the period of 7 to 22 August 2014. Students as well as public officials who were not voluntarily ready to fill up the questionnaire were asked not to be a part of the survey.

As stated in chapter 3, the return rate of the questionnaire is 85.26 per cent, and the response rate is 71.84⁶.

Table 4.1 summarizes the background characteristics of respondents. The average age of the respondents is 34.62 years with 8.69 years of standard deviation. The highest proportion of the respondents (35.9%) belongs to the age group of 30 to 39. The difference in gender composition is blaring. Males are in a clear majority (66.7%), when compared to the females (33.3%). This is due to very low presence of women staff in public institutions⁷, and low attendance of women in higher level of the education.

While interpreting Table 4.1 it has found that out of the total respondents, 38.8% are the public officials or service providers and 61.2% are the students or service receivers. These two study groups help in analyzing two different opinion from service providers' and service receivers' prespective, and that helps in robust analysis of the information.

The marital status in Table 4.1 depicts that 71.8% of the respondents are married. Similarly, 70.3% of the respondents' current place of residence is

⁶ For the further details about return rate and response rate see Chapter 3

⁷ This figure has been calculated from the information provided by Awasthi and Adhikary. According to Awasthi and Adhikary (2012), only 13 percent of the total public officials are female.

urban area. Most of the respondents (71.4 %) have family income of NRS 10,000 to 50,000 (NRS 96.8= US\$ 1, as per the conversion rate of 03 September 2014).

Table 4.1 Background Information of the Respondents

Variable	<i>f</i>	%	Nepal (%)	Mean	Std. Dev.
Age				34.62	8.69
Age Group					
Less than 30	96	35.2	62.7		
30-39	98	35.9	12.6		
40-49	57	20.9	9.7		
50 and above	22	8.1	15.0		
Gender					
Female	91	33.3	51.5		
Male	182	66.7	48.5		
Study Group					
Public Official	106	38.8	N/A		
Student	167	61.2	N/A		
Marital Status					
Married	196	71.8	64.4		
Unmarried	77	28.2	35.6		
Current Place of Residence					
Rural	81	29.7	82.9		
Urban	192	70.3	17.1		
Family Income (Monthly)					
Less than NRS 10,000	31	11.4	N/A		
NRS 10,000 - 50,000	195	71.4	N/A		
NRS 50,001 - 100,000	30	11.0	N/A		
More than NRS 100,000	17	6.2	N/A		
Total	N=273				

Source: Survey, 2014; and Central Bureau of Statistics, 2012. Note: Table is created to explain and describe the parameters of the sample. N/A = Not applicable

4.3 Descriptive Statistics

The service provider subgroup of the sample includes public officials who are working in different ministries or public offices. The service receiver

subgroup of the sample consists of the students who have received services from the public offices or officers, at least once.

4.3.1 Typology of Patronage

Different types of corruption are observed in Nepal. Exchange between patrons and clients at different levels is one of the features of corruption in Nepal. Studying about Nepal and the level of patronage, Dix, Hussmann, and Walton (2012) report that patronage system is apparent in society, politics and the economy. Moreover, patronage networks have not only influence in corruption, but also have influence in crime and violence. However, they admit that despite of the corruption, the legitimacy of the government and public institutions is still high.

The patronage has become a part of the democracy in Nepal. Since, the democracy of Nepal is still young, patronage can be the threatening factor for the democracy and governance. If the patronage exist, two major results are possible. First, they try to eliminate opponents and challengers, and keep the network sustained for illegal exchanges. Second, benefits are not shared, citizens' basic needs are not met, and the illegal exchanges benefit only a few.

In the case of Nepal, patronage networks have benefitted a wide variety of networks. It has helped in making the politicians and government legitimate and stable, at least for the short to medium term (Dix, Hussmann, and Walton, 2012). However, this should not be promoted because it is harmful and unacceptable.

Dix, Hussmann, and Walton (2012) have only conceded that Nepal is characterized by engrained systems of patronage in society, politics and economy, but they are silent about the type(s) of patronage prevailed. That is why, this study has tried to identify the prevailing type(s) of patronage in Nepal.

Talking about patronage and patronage-related corruption, Johnston Michael, in the backround paper of World Development Report 'First, Do No Harm—Then, Build Trust: Anti-Corruption Strategies in Fragile Situations', describes about four syndromes of corruption. The four syndromes⁸ are Influence Markets, Elite Cartels, Oligarchs and Clans, and Official Moguls.

Sarah Dix, Karen Hussmann and Grant Walton, in their report Risks of Corruption to State Legitimacy and Stability in Fragile Situations, have broke down the patronage-related corruption in four different scenarios, based on Jonston's typology. However, they have their own operational definition of the four different scenarios⁹ and they have called it typology of patronage-related corruption.

The typology of patronage and its operational definition that was used in this study has been presented in Table 4.2. In this study, the operational definition suggested by Dix, Hussmann, and Walton has been somehow modified.

⁸ For the further details, see Michael Johnston, 2010, First, Do No Harm-Then, Build Trust: Anti Corruption Strategies in Fragile Situations, World Bank, Washington DC.

⁹ For the further details of the typology of corruption, see Sarah Dix, Karen Hussmann and Grant Walton, 2012, Risks of Corruption to State Legitimacy and Stability in Fragile Situations, U4 Issue, No 3. U4 is a web based reserch centre: Chr. Michelsen Institute.

Table 4.2. Typology of Patronage and its Operational Definition

Typology	Scenario Presented in Survey
Patronage (Influence Market)	The economic actors or business people sometimes buy or rent influence directly through large bribes, and at other times they go through politicians and parties to get what they want.
Patronage (Elite Cartel)	A high-level broad-based network of politicians, party leaders, bureaucrats, media owners, military officers and businesspeople bind together and resists pressure from political and economic competitors to share benefits.
Patronage (Oligarch and Clan)	A small number of powerful actors and their personal friends, networks, or family members compete with each other to use state power and resources.
Patronage (Official Mogul)	A small number of powerful actors and their personal friends, networks, or family members cooperate together to use state power and resources however they want.

Note: This table has been constructed to show the typology of patronage and the operational definition. The operational definition has been influenced from Jonston (2010), and much relied on Dix, Hussmann, and Walton (2012).

Table 4.3 is the frequency distribution table which gives the summary view of respondents regarding the existence of patronage-related corruption in Nepal. This table has been created to analyze the types and levels of patronage in Nepal. A society or country might experience one or more of the types and levels of patronage. Even, within the society the experience can be different in different sectors or different locality. Some patronage are more harmful while others are less harmful. Official Mogul corruption, and Oligarch and Clan corruption is harmful to development, Elite Cartel is harmful but acceptable, and the Influence Market corruption is common in industrialised democracies (Dix, Hussmann, and Walton, 2012 and Johnston, 2010).

Two syndromes-Oligarchs and Clans, and Official Moguls- are of special interest in the case of fragile situations (Johnston, 2010). More than 70 % respondents believe that Official Mogul, and Oligarch and Clan syndromes exist in Nepal (see Table 4.3). To see whether Johnston's argument is true, the Fragile States Index has been presented and analysed. The Fragile States Index, 2014 included Nepal in 'Alert' category with the index value of 91 and the rank of 31 out of 178 (The Fund for Peace, 2014). Nepal has just overcome the internal conflict, and is experiencing sharp and long political transition. The pace of development and democratization is still disrupted by the long and sharp political transition.

However, one of the findings of Table 4.3 is not inline with the observation of Johnston. According to him, Influence Market syndrome is found in established democracy and mature market economy where open and competitive politics and markets have been in place for a long time with strong institutional foundations. Nepal does not have such characteristics, however, significant proportion of the respondents (94.9 %) believes that Influence Market related corruption or patronage exist in Nepalese society.

Lambsdorff in Beets (2005) have stated that high predictability of corruption causes additional corruption. He further states that when businesspeople have confident that payment of a bribe will achieve a desired result, there is little motivation to seek alternatives. In this regard, the finding is not counterintuitive, and seems relevant.

Moreover, Nepal's case is different. Although, the political situation is instable and uncertain, and frequent changes in government have led to frequent policy changes with the outcome of poor market economy, low economic development, poverty, poor service delivery, and corruption; the social institutions and social unity is strong in Nepal, particularly in rural areas. There is strong social bond between and among the individuals, groups and societies.

Nevertheless, Jonston (2010) suggests that society might experience more than one of the four syndromes at different levels, or in different sectors and regions. One region might, for example, experience Influence Market corruption, whereas another region could confront with all the types of patronage. From this speculation, it is justifiable that not only one or two, but all the syndromes can be found in any society or country. In this regard, Nepal cannot be the exception. Survey result shows that all the syndromes of patronage are found in Nepal.

Table 4.3 Frequency Distribution of Existence of Patronage-Related Corruption

Typology of Patronage	Yes		No	
	<i>f</i>	%	<i>f</i>	%
Patronage (Influence Market)	259	94.9	14	5.1
Patronage (Elite Cartel)	227	83.2	46	16.8
Patronage (Oligarch and Clan)	207	75.8	66	24.2
Patronage (Official Mogul)	195	71.4	78	28.6
Total	N=273			

Source: Survey, 2014. Note: All the columns equal 100 %, and N = 273.

Table 4.3 shows that 94.9 % respondents consider that Influence Market corruption exists, 83.2 % believe that Elite Cartel corruption prevails, 75.8 %

respondents think that Oligarch and Clan corruption exists, and 71.4 % believe that Official Mogul corruption prevails in Nepal. This implies that patronage related corruption has a deep root in Nepal.

Patronage has become our social and cultural value. Thesedays, it seems like it is our tradition. It was originated from Rana regime, has its establised legacy, and is deeply rooted in our society. [Service Receiver, Age 25, Urban Resident, Unmarried, Respondent No. 38]

Table 4.4. presents the different opinion of service providers and service receivers regarding the typology of patronage. This table provides the two perspectives of two different study groups. Almost equal percentage of service receivers and service providers (95.3 % and 94.6 % respectively) think that the Influence Market related corruption prevails in Nepal. However, in terms of Elite Cartel corruption and Official Mogul corruption, the difference between the service provider's view and service receiver's view is about 10 per cent point. It suggests that higher proportion of service receivers, in comparison to service providers, believe that patroange-related corruption prevails in society.

Table 4.4 Crosstab of Existence of Patronage-Related Corruption by Study Group

Typology of Patronage	Study Group			
	Public Official		Student	
	Yes(<i>f</i>)	%	Yes (<i>f</i>)	%
Patronage (Influence Market)	101	95.3	158	94.6
Patronage (Elite Cartel)	82	77.4	145	86.8
Patronage (Oligarch and Clan)	83	78.3	124	74.3
Patronage (Official Mogul)	69	65.1	126	75.4
Total	N=106		N=167	

Source: Survey, 2014. Note: N is the number of respondents in the respective study group. The frequency (f) has created from those respondents who say 'yes' in Table 4.3.

4.3.2 Integrity of State Institutions

The state institutions are the institutions responsible for ensuring public administration, good governance, effective law enforcement, and effective and efficient delivery of services. Integrity of such institutions are instrumental for the good governance, rule of law and state of service delivery. Institutions, structures and laws are in place but they are not effective in practice (Transparency International Nepal (TI Nepal), 2012). TI Nepal further claims that the gap between provision and practice has created imbalance in capacity, role and governance. As a result, unaccountability, bad governance and corruption is in growing trend.

In this regard, to know the integrity status of such state institutions, respondents were asked to list the five state institutions that they perceive as most corrupt, and rank them. Altogether, about fifty state institutions were named by the respondents. The fifty state institutions are merged and nineteen categories of institutions are created. The list of institutions and their ranks are presented in Table 4.5. While merging the institutions, special attention has

Table 4.5 List of State Institutions and their Respective Corruption Ranks

State Institutions	Corruption Rank					
	<i>I</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>F</i>
Politician/Legislative/Executive	5.9	1.8	2.9	0.4	1.5	34
Judiciary/Court/Judge	10.3	4.0	1.8	2.6	3.3	60
Public Organization/Officer (NOC,NWSC,NFC,NAC,CAAN,NTC)	7.3	4.0	6.2	2.9	1.8	61
Anti-Corruption Agency/Officer	0.7	0.4	0.7	0.4	1.1	09
Law Enforcement Agency/Officer (NP,APF,NA,NTP,HM)	4.8	11.4	8.1	3.7	4.8	89
Audit Institution/Officer	0	0.4	0	0.7	0	03
Civil Society/L/NGO/Donor/Media/SWS	0	0.7	2.9	1.5	1.5	18
Private Sector/Business	0.4	0.4	0.7	0.7	0.4	07
Teacher/School/University/CTEVT/MOE	5.1	1.8	2.9	4.4	3.7	49
Health Professional/NMA/IOM/MOH	0.7	2.2	4.0	2.6	1.5	30
Tax Collection/Customs/IR/CR Office/Officer	18.7	13.6	5.9	4.0	1.5	119
Transportation Management/Licence Office/Officer	2.6	9.5	5.9	9.5	1.8	80
Land Management/LRf/LRv/SD Office/Officer	15.0	14.3	13.6	4.0	2.6	135
Procurement Office/Officer	0	0	0	1.1	0.4	04
Cooperatives/Banks	1.1	0	1.1	0	0	06
Local Level Office/Officer (DDC,VDC,CDO, Municipality)	3.7	4.0	6.2	9.9	2.9	73
Central Level Office/Officer (MOFo/MOFi/PMO/MOE/MOI)	2.6	7.3	5.1	5.5	2.2	62
Technical Office/Officer (DOI,DOR,MOA,MOST)	1.8	1.8	1.1	4.0	2.6	31
Immigration/DOL/DOFE	2.2	2.2	6.6	5.5	2.6	52
Total	N=273					

Source: Survey, 2014. Note: Table is created to list the corrupt state institutions. Values in the table are in percentage, unless otherwise stated. 'a' is not presented in the table, but it can be obtained by adding the row percentage.

NOC=Nepal Oil Corporation, NWSC=Nepal Water Supply Corporation, NFC=Nepal Food Corporation, NAC= Nepal Airlines Corporation, CAAN=Civil Aviation Authority of Nepal, HM=Home Ministry, SWS=Social Work Sector, CTEVT=Council for Technical Education and Vocational Training, MOE=Ministry of Education, NMA=Nepal Medical Association, IOM=Institute of Medicine, MOH=Ministry of Health, IR=Inland Revenue, CR=Company Registrar, LRf=Land Reform, LRv=Land Revenue, SD=Survey Department, DDC=District Development Committee, VDC=Village Development Committee, CDO=Chief District Officer, MOFo=Ministry of Forestry, MOFi=Ministry of Finance, PMO= Office of Prime Minister, MOE=Ministry of Energy, MOI=Ministry of Industry, DOI=Department of Irrigation, DOR=Department of Road, MOA=Ministry of Agriculture, MOST=Ministry of Science and Technology, DOL=Department of Labor, and DOFE=Department of Foreign Employment.

been given. The institutions that have similar characteristics are classified in one category. For example, 'Nepal Police' and 'Armed Police Force' are regrouped as Law Enforcement Agency/Officer (see the Table 4.5 for further details). Similarly, if a respondent has listed two similar kinds of institution in the top five most corrupt institutions, the first institution's rank has considered as valid one. For example, if a respondent has listed 'Nepal Army' as second most corrupt institution and 'Nepal Police' as fifth most corrupt, then only second rank is considered, and the fifth rank is devoided.

Table 4.5 depicts that 135 out of 273 respondents (49.6 %^a) perceive that Land Management/LRf/LRv/SD Office/Officer is either first or second or third or fourth or fifth most corrupt institution, followed by Tax Collection/Customs/IR/CR Office/Officer [119 out of 273 respondents (43.6 %^a)], Law Enforcement Agency/Officer [89 out of 273 respondents (32.6 %^a)], Transportation Management/Licence Office/Officer [80 out of 273 respondents (29.3 %^a)], and Local Level Office/Officer [73 out of 273 respondents (26.7 %^a)].

I can not list a single state institution that is not corrupt. To be honest, almost every sector - public or private- even CIAA and other anti corruption agencies are corrupt. Since, there is poor implementation of rule and law, it is not necessary for them to maintain the integrity. [Service Provider, Age 35, Urban Resident, Married, Respondent No. 256]

Table 4.5 shows that 18.7 % of the total respondents listed Tax Collection/Customs/IR/CROffice/Officer as the most corrupt state institution, followed by Land Management/LRf/LRv/SD Office/Officer (15.0 % of the total respondents), and Judiciary/Court/Judge (10.3 % of the total respondents). Similarly, 14.3 % of the total respondents listed Tax Collection/Customs/IR/CR Office/Officer as the second most corrupt state institution, followed by Land Management/LRf/LRv/SD Office/Officer (13.6 % of the total respondents), Law Enforcement Agency/Officer (11.4 % of the total respondents), and Transportation Management/Licence Office/Officer (9.5 % of the total respondents).

The finding of Table 4.5 is identical with the finding of the study of Transparency International. Transparency International Nepal (2012), in its Integrity Study, has studied twelve state institutions and did integrity assessment of those institutions¹⁰. The assessment was done in three categories - strong, moderate and weak. They are just subjective quantification. However, it tells the strengths and weaknesses of such institutions in terms of capacity, goevrnance and role. Out of twelve state institutions no one appeared strong, nine institutions appeared as moderate, while three appeared as weak. The weak assessed institutions, in terms of integrity, were Executive, Public Sector and Law Enforcement Agencies where the Public Sector was the weakest.

¹⁰ To see the list of 12 institutions see Transparency International Nepal. (2012). *Integrity System: Nepal*. Kathmandu: Transparency International (TI) Nepal. TI Nepal has called them Integrity Pillars.

4.3.3 Political and Administrative Systems

Well constructed political and administrative systems are important for the equitable, effective and efficient progress of any country. Political and administrative systems are the pillars for the effectiveness of every other systems. If the public officials and politicians are the benevolent social actors, and they make resource allocation decisions based solely upon the interests of their populace then only it can be claimed that the political systems are democratic, and the administrative systems are rational and legal bureaucratic. Instead, if they use powers delegated to them by the public to further their own or close associates' economic interests then the political systems are clientelistic and administrative systems are patrimonial. This sub-section of this study highlights the basics of political and administrative systems of Nepal.

Due to political volatility, it has become rare to get strong and full tenured government. Those who lead, and are in higher authority lack the proper vision. Thesedays, political parties are having unnecessary domination over public resources, public services and public institutions. Informal mechanisms are being more popular and prevalent because of the poor implementation of rules, regulations, procedures and laws. This has had a great impact on each and every sector, especially on political as well as administrative sector [Service Provider, Age 39, Urban Resident, Married, Respondent No. 08].

Table 4.6 displays the descriptive statistics about the decision making in political and administrative systems. The survey questions from 201 through 212 are the questions with five response Likert scale categories of Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree (see Annex 1, Section B). The responses from five response categories are collapsed into three categories of Agree, Neutral, and Disagree to aid in analysis while performing descriptive statistics. The higher the percentage score for agree the stronger the perception is notice by the sample.

Table 4.6 depicts that 90.9 % of the respondents believe that corruption is widespread in Nepal, 69.6 % of the respondents agree that vote-buying/vote-selling is common in election, 84.6 % of the respondents perceive that political parties are organized around personalities, 85.7 % of the respondents believe that personal interests guide decisions, 88.7 % of the respondents agree that leaders provide personal favours to their key followers, and 89 % of the respondents think that politicians use public resources to benefit themselves and their close associates.

Similarly, 84.6 % of the respondents agree that top executives are appointed as per personal connections with political leaders, 83.9 % of the respondents think that top executives are promoted as per personal connections with political leaders, 79.4 % of the respondents believe that policy making and implementation process are often controlled by political leaders to benefit their own interests, 67.8 % of the respondents believe that rules are applied with bias and only some group of citizens get preferential treatment, 73.3 % of

the respondents agree that service receivers get poor service with less choice, and 63 % of the respondents think that service delivery mechanism is biased to benefit only a few.

Table 4.6 Percentage Distribution of Decision Making in Political and Administrative Systems

Attributes	Agree (%)	Neutral (%)	Disagree (%)
Widespread corruption	90.9	7.3	1.8
Vote-buying/vote-selling	69.6	18.7	11.7
Personal oriented politics	84.6	10.6	4.8
Personal guided decision	85.7	12.1	2.2
Personal favour to follower	88.7	9.5	1.8
Public resources for individual or close associates	89.0	8.8	2.2
Political appointment of top executives	84.6	11.0	4.4
Political promotion of top executives	83.9	10.6	5.5
Policy capture to fulfill interest	79.4	14.7	5.9
Biased rule application	67.8	22.7	9.5
Poor service with less choice	73.3	17.2	9.5
Biased service delivery mechanism	63.0	20.9	16.1
Total	N=273		

Source: Survey, 2014. Note: All the columns equal 100 %, and N = 273.

Administrative and political environments are displayed in Table 4.7. The survey questions from 301 through 326 are the questions with five response Likert scale categories of Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree (see Annex 1, Section C). The responses from five response categories are collapsed into three categories of Agree, Neutral, and Disagree to aid in analysis while performing descriptive statistics. The higher the percentage score for agree the stronger the perception is notice by the sample.

The results in Table 4.7 shows that out of twenty-six attributes only two attributes have the agreed percentage less than 50. The two attributes are 1)

salaries are supplemented with bribes and kickbacks (44.7 % of the respondents agreed this statement), and 2) special tax breaks are given to investors through illegitimate means and processes (49.5 % of the respondents agreed this statement). The range of agreed percentage is 44.7 to 87.2. Similarly, the range of 8.8 % to 37.4 % remained neutral in responding to the statements neither satisfied nor dissatisfied, and the range of disagreed percentage is 4.0 to 25.3.

The statement that has the highest percentage of agreed responses is 'appointments to key positions are influenced by politics' with the agreed percentage of 87.2. In contrast, the statement that has the highest percentage of disagreed responses is 'personal relationship matters in recruitment' with the disagreed percentage of 25.3. These two results seems conflicting to each other. Actually, the key messages of these two statements are different. The first one is about appointment in key position, and the later is about recruitment of civil servant.

Most of the recruitments in public sectors are done by Public Service Commission in Nepal. Till date the Public Service Commission is the only state institution where favouritism and nepotism do not work. The recruitment process is fully based on merit system. But I am worried that 'Chakari' and 'Aafno Manchee' culture in the governance system can affect the Public Service Commission, and it can be ineffective and unsuccessful at

some point. [Service Provider, Age 24, Urban Resident,
Unmarried, Respondent No. 05]

Table 4.7 Percentage Distribution of Administrative and Political Environments

Attributes	Agree (%)	Neutral (%)	Disagree (%)
Prefential treatment in civil service	70.0	20.9	9.2
Personal relationship in recruitment	56.4	18.3	25.3
Personal relationship in promotion	65.6	16.5	17.9
Salaries are supplemented with bribes and kickbacks	44.7	33.7	21.6
Corrupt civil servants are not punished	55.3	20.9	23.8
Corruption as culture and tradition	81.3	10.6	8.1
Use of public resources for private gain	72.9	17.6	9.5
Personal favour to clients	84.6	10.6	4.8
Appointments are influenced by politics	87.2	8.8	4.0
Benefits to keep followers happy	77.7	13.2	9.2
Jobs given to family members	67.0	16.8	16.1
Competitive bidding is rare	55.3	26.0	18.7
Verbal agreements in procurement and sales	65.6	20.9	13.6
Public procurements not effectively advertise	50.5	27.5	22.0
Government's contract to friend's business	51.3	29.7	19.0
Contractor gives gift to get contract	73.6	16.1	10.3
Funds for not budgeted projects and programs	65.2	24.2	10.6
Vested interest in budgetary allocations	63.0	25.6	11.4
Political favour in fund allocations			
Policy alteration for personal gains	74.0	20.9	5.1
Business permits for related people	64.5	27.8	7.7
Business subsidies for related people	72.9	19.4	7.7
Special tax breaks through illegitimate means	68.5	21.6	9.9
Regulations and procedures not transparent	49.5	37.4	13.2
No proper and timely service to citizens	66.3	18.7	15.0
Not accountable government agencies	75.8	16.5	7.7
	60.8	22.3	16.8
Total	N=273		

Source: Survey, 2014. Note: All the columns equal 100 %, and N = 273.

The results in Table 4.7 shows that 'salaries are supplemented with bribes and kickbacks' has the lowest percentage of agreed responses. I was interested in knowing why this statement got the lowest percentage of agreed responses. That is why, I created Table 4.8, to see the crosstabulation of 'salaries are supplemented with bribes and kickbacks' by 'study group.' The results in Table 4.8 shows that there is differences in the opinion of service providers and service receivers regarding the statement 'salaries are supplemented with bribes and kickbacks.' This is the reason why 'salaries are supplemented with bribes and kickbacks' got lowest percentage of agreed responses. Service providers have more negative responses than service receivers regarding the given statement. In other words, higher percentage of service receivers, in comparison to service providers, have more positive responses regarding the given statement.

Table 4.8 Crosstab of Salaries are Supplemented with Bribes and Kickbacks by Study Group

		Study Group				Total	
		Public Official		Student			
		<i>f</i>	%	<i>f</i>	%	<i>f</i>	%
Salaries are Supplemented with Bribes and Kickbacks	Strongly Disagree	14	13.2	6	3.6	20	7.3
	Disagree	20	18.9	19	11.4	39	14.3
	Neutral	36	34.0	56	33.5	92	33.7
	Agree	27	25.5	54	32.3	81	29.7
	Strongly Agree	9	8.5	32	19.2	41	15.0
Total		N=106		N=167		N=273	

Source: Survey, 2014. Note: N is the number of respondents in the respective group.

4.3.4 Knowledge on Corruption

Knowledge on corruption plays vital role in corruption control. One potential reason why corruption is so persistent is that citizens may not have accurate information about corruption. If people are knowledgeable, and have accurate information about corruption, then the democratic process and grass-roots monitoring can potentially provide incentives for politicians to limit corruption (Olken, 2009).

Knowledge on corruption helps in promoting discerning minds and empowering citizens in controlling corruption. It helps them to raise their voices against irregularities, and reduces asymmetric information, all of which can contribute to vigilance over corrupt practices (United Nations Development Programme (UNDP) Regional Centre for Asia and Pacific, 2009).

Considering these facts, this study tried to assess the knowledge on patronage-related corruption. The survey questions from 402 through 405 are the questions that deal with knowledge on corruption (see Annex1, Section D). The results are shown in Table 4.9.

The statements listed in Table 4.9 are four different forms of patron-client relation. Patron-client relation is one of the models to analyze the corruption. Table 4.9 shows that a large proportion of the respondents are unknown about the patronage-related corruption. Out of the total respondents, 31.1 % respondents think that 'friend or relative disbursing funds at his/her own discretion to support the respondent's community/constituency' can not be

considered as corruption. Similarly, 19.8 % of the respondents believe that 'friend or relative in high places bending the rule for the respondent' can not be considered as corruption. From Table 4.9, it can be generalised that there is some lack of awareness about corruption, among the respondents..

Table 4.9 Frequency Distribution of Knowledge on Corruption

Patronage-Related Corruption: Is this Corruption?	Yes		No	
	<i>f</i>	%	<i>f</i>	%
Friend or relative in high places bends the rule for you	219	80.2	54	19.8
Friend or relative appoints your family member although others were qualified	237	86.8	36	13.2
Friend or relative awards government's contract because you are his/her friend	235	86.1	38	13.9
Friend or relative disburses funds at his/her discretion to support your community/constituency	188	68.9	85	31.1
Total	N=273			

Source: Survey, 2014. Note: All the columns equal 100 %, and N = 273.

Table 4.10 is about the knowledge on corruption by the two study groups. It depicts that service providers are less knowledgeable than service receivers regarding the knowledge on patronage-related corruption. About twenty-four per cent of the service providers think that 'friend or relative in high places bending rule for the respondent' can not be considered as corruption, whereas only 17.4 % of the service receivers think so. Similarly, 16 % of the service providers believe that 'friend or relative appointing the respondent's family member, although others are qualified' can not be considered as corruption, whereas only 11.4 % of the service receivers believe so.

Nevertheless, in the case of 'friend or relative disbursing funds at his/her discretion to support the respondent's community/constituency', the service

providers (30.2 %) are more knowledgeable than the service receiver (31.7 %).

Table 4.10 Crosstab of Knowledge on Corruption by Study Group

Patronage-Related Corruption: Is this Corruption?	Study Group			
	Public Official		Student	
	No (f)	%	No (f)	%
Friend or relative in high places bends the rule for you	25	23.6	29	17.4
Friend or relative appoints your family member although others were qualified	17	16.0	19	11.4
Friend or relative awards government's contract because you are his/her friend	16	15.1	22	13.2
Friend or relative disburses funds at his/her discretion to support your community /constituency	32	30.2	53	31.7
Total	N=106		N=167	

Source: Survey, 2014. Note: N is the number of respondents in the respective study group. The frequency (f) has created from those respondents who say 'no' in Table 4.9.

4.3.5 Experience of Corrupt Behaviour

The survey question 406 is about the experience of bribery, and the results are shown in Table 4.11. The question about 'have you been in a situation where you are asked to perform an action that involves bribery' was asked to the respondents. Out of the total respondents, 45.4 % were in a situation where they were asked to perform an action that involves bribery. Even in the case of service providers, 42.5 % were asked to do so, and 47.3 % of the service receivers have had that experience.

From gender point of view, the proportion of male having experience of corrupt behaviour is more than that of female, with the value of 50.0 % and

36.3 % respectively. From the place of residence perspective, respondents residing in rural area have more experience of corrupt behaviour than the respondents living in urban area. Results show that people having less income have more experience of corrupt behaviour.

S. Douglas Beets, in his paper Understanding the Demand-Side Issues of International Corruption, reports that geography may play a role in corruption. Similarly, he describes that poor may be more motivated to resort to corruption to survive.

Table 4.11 Frequency Distribution Experience of Corrupt Behaviour

Background Characteristics	Experience of Corrupt Behaviour				
	Yes		No		Total
	<i>f</i>	%	<i>f</i>	%	<i>f</i>
All category (N)	124	45.4	149	54.6	273
Study Group					
Public Official	45	42.5	61	57.5	106
Student	79	47.3	88	52.7	167
Gender					
Female	33	36.3	58	63.7	91
Male	91	50.0	91	50.0	182
Place of Residence					
Rural	40	49.4	41	50.6	81
Urban	84	43.8	108	56.3	192
Average Family Income (Month)					
Less than NRS 10,000	13	41.9	18	58.1	31
NRS 10,000 - 50,000	96	49.2	99	50.8	195
NRS 50,001 - 100,000	9	30.0	21	70.0	30
More than NRS 100,000	6	35.3	11	64.7	17
Total	N=273				

Source: Survey, 2014. Note: All the columns equal 100 %, and N = 273. Those background variables which do not have significant differences between/among the attributes are omitted while preparing Table 4.11. Similarly, those variables which do not have more than 5 cell count are omitted.

4.3.6 Perception towards Service Providers' Corrupt Behaviour

The survey question 407 is about the perception of respondents regarding the service providers' corrupt behaviour, and the results are shown in Table 4.12.

The question about 'do you perceive that service providers were involved in actions that constituted bribery' was asked to the respondents. Out of the total respondents, 71.4 % perceived that service providers were involved in actions that constituted bribery. Even, 64.2 % service providers think that they themselves were involved in actions that constituted bribery.

From gender point of view, the proportion of male thinking that service providers were involved in actions that constituted bribery is more than that of female, with the value of 73.6 % and 67.0 % respectively. Table 4.11 and 4.12 shows that females' involvement in corrupt behaviour as well as perception towards service providers' corrupt behaviour is lower than that of males'.

Table 4.12 Frequency Distribution Perception towards Service Providers' Corrupt Behaviour

Background Characteristics	Perception towards Service Providers' Corrupt Behaviour				
	Yes		No		Total
	<i>F</i>	%	<i>F</i>	%	<i>f</i>
All category (N)	195	71.4	78	28.6	273
Study Group					
Public Official	68	64.2	38	35.8	106
Student	127	76.0	40	24.0	167
Gender					
Female	61	67.0	30	33.0	91
Male	134	73.6	48	26.4	182
Total	N=273				

Source: Survey, 2014. Note: All the columns equal 100 %, and N = 273. Those background variables which do not have significant differences between/among the attributes are omitted while preparing Table 4.12.

4.3.7 Future Intention of Corrupt Behaviour

Knowing the future intention of corrupt behaviour is much useful in corruption control. It is an important indicator to know the motivation for

corruption. Anti-corruption strategies, to be successful, must leverage motivations for corruption, and side-by-side should effectively drive the check and balance mechanism to encourage voices against corruption (United Nations Development Programme Regional Centre for Asia and Pacific, 2009).

Table 4.13 Frequency Distribution Future Intention of Corrupt

Behaviour

Background Characteristics	Future Intention of Corrupt Behaviour				
	Yes		No		Total
	<i>f</i>	%	<i>f</i>	%	<i>F</i>
All category (N)	47	17.2	226	82.8	273
Study Group					
Public Official	5	4.7	101	95.3	106
Student	42	25.1	125	74.9	167
Gender					
Female	14	15.4	77	84.6	91
Male	33	18.1	149	81.9	182
Current Place of Residence					
Rural	17	21.0	64	79.0	81
Urban	30	15.6	162	84.4	192
Average Family Income (Month)					
Less than NRS 10,000	9	29.0	22	71.0	31
NRS 10,000 - 50,000	32	16.4	163	83.6	195
NRS 50,001 - 100,000	5	16.7	25	83.3	30
More than NRS 100,000	1	5.9	16	94.1	17
Highest Level of Completed Education					
Higher Secondary	5	27.8	13	72.2	18
Undergraduate and above	42	16.5	213	83.5	255
Marital Status					
Married	29	14.8	167	85.2	196
Unmarried	18	23.4	59	76.6	77
Age Group of the Respondent					
Less than 30	22	22.9	74	77.1	96
30 - 39	17	17.3	81	82.7	98
40 - 49	7	12.3	50	87.7	57
50 and above	1	4.5	21	95.5	22
Total	N=273				

Source: Survey, 2014. Note: All the columns equal 100 %, and N = 273.

In this study, respondents were asked about their intention to give and receive bribe in the future. Table 4.13 shows that, among the total respondents, 17.2 % intend to give or receive bribe in the future. Surprisingly, 25.1 % service receivers intend to give or receive bribe in the future, whereas, only 4.7 % service providers intend to do so in the future.

Not surprisingly, the proportion of female intended to give or receive bribe in the future is less than that of male. However, results show that significant proportion of female and male intended to give or receive bribe in the future. In the case of female, that proportion is found to be 15.4 %, and for male it is even higher, 18.1 %.

4.3.8 Perception on '*Chakari*'/'*Aafno Manche*' Culture

'*Chakari*' is an informal practice at all levels of government of cultivating political favour through greetings, gifts, services or attendance at a patron's house or office, for up to several hours (Norwegian Agency for Development Cooperation, 2011). The operational definition of '*chakari*' in this study is "a concept that means to influence the 'big man' by serving, offering gifts and appeasing."

'*Aafno manchhe*' refers to people in one's inner circle who can be approached in times of need (Norwegian Agency for Development Cooperation, 2011). The operational definition of '*aafno manchhe*' in this study is 'one's own people'. In other words, it is one's associate who can be approached and accessed whenever and whatever is needed.

Table 4.14 Frequency Distribution Perception on '*Chakari*''*Aafno Manchhe*' Culture

Background Characteristics	Perception on ' <i>Chakari</i> '' <i>Aafno Manche</i> ' Culture				
	Yes		No		Total
	<i>f</i>	%	<i>f</i>	%	<i>F</i>
All catagory (N)	238	87.2	35	12.8	273
Study Group					
Public Official	89	84.0	17	16.0	106
Student	149	89.2	18	10.8	167
Gender					
Female	79	86.8	12	13.2	91
Male	159	87.4	23	12.6	182
Place of Residence					
Rural	67	82.7	14	17.3	81
Urban	171	89.1	21	10.9	192
Average Family Income (Month)					
Less than NRS 10,000	27	87.1	4	12.9	31
NRS 10,000 - 50,000	171	87.7	24	12.3	195
NRS 50,001 - 100,000	23	76.7	7	23.3	30
More than NRS 100,000	17	100.0	0	0.0	17
Completed Education					
Higher Secondary	17	94.4	1	5.6	18
Undergraduate and above	221	86.7	34	13.3	255
Marital Status					
Married	171	87.2	25	12.8	196
Unmarried	67	87.0	10	13.0	77
Age Group of the Respondent					
Less than 30	85	88.5	11	11.5	96
30- 39	88	89.8	10	10.2	98
40 - 49	46	80.7	11	19.3	57
50 and above	19	86.4	3	13.6	22
Total	N=273				

Source: Survey, 2014. Note: All the columns equal 100 %, and N = 273.

In this study, respondents were asked about their perception on '*chakari*''*aafno manchhe*'. The survey question 409 is about "do you think '*chaakari*''*aafno manchhe*' culture has helped in promoting corruption in our country", and the results are shown in Table 4.14. Results show that among the total respondents, 87.2 % believe that '*chakari*''*aafno manchhe*' culture

has helped in promoting corruption in Nepal. Similarly, 84.0 % service receivers and 89.2 % service providers think that 'chakari'/'aafno manchhe' has promoted corruption in Nepal.

I have seen that those who do 'chakari', and those who have 'aafno manchhe' get job easily. In many cases, 'aafno manchhe' are awarded with government contracts, jobs and promotion, although others were qualified. Honestly saying, the 'chakari'/'aafno manchhe' has helped a lot in promoting corruption in our country. Similarly, the governance system has worsened, and the public service delivery mechanism has become poor due to the 'chakari/aafno manchhe' culture.[Service Receiver, Age 25, Urban Resident, Married, Respondent No. 35]

Almost same proportion of female and male think that 'chakari'/'aafno manchhe' has helped in promoting corruption in Nepal. In the case of place of residence, the perception is somehow different. However, more than eighty per cent respondents from both area think so. In the case of income, cent per cent of the respondents having family income of more than NRS 100,000 think that 'chakari'/'aafno manchhe' culture has helped in promoting corruption in Nepal.

Chapter 5: Bivariate Analysis

5.1 Introduction

Eight variables and their indices are created from the thirty-eight statements of the study with which to test the purposed Casual Model of Corruption Perception and Governance system. The eight newly created variables are Patrimonialism, Clientelism, Opaque Procurement, Pork Barrelling, Rent Seeking Behaviour, Unfair Civil Service Practice, Corruption and Poor Governance. The three variables Unfair Civil Service Practice, Corruption and Poor Governance are dependent variables in this study.

New variables and indices have been formed from statements that are measuring the same or similar areas. These new variables have been constructed in order to aid in testing if there is a relationship between these variables. Furthermore, the intention was to analyze the sample and validate the basic theory of patron-client relationship and governance system.

Each new variable contains at least three statements. Inter-correlations between the statements were tested to see the relationship between them (see Table 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7, and 5.8). Similarly, for the internal reliability test, Cronbach's Alpha Test was done (see the tables).

5.2 Inter-correlation and Reliability Test

Inter-correlation has been done to see the correlation between the statements measuring the same or similar area. Similarly, reliability test has been done to

test the internal consistency among the statements measuring the same area. Table 5.1 shows the bivariate correlation on the patrimonialism related statements. Findings of the bivariate correlation on the patrimonialism related statements show a significant positive relationship between the five components. The inter-correlation value ranges from 0.144 to 0.729, and all the values have positive correlation with 0.01 level of significance.

Table 5.1 Intercorrelations of Statements for Patrimonialism

Cronbach's Alpha = 0.744	PATE	PPTE	PCFI	BRA	JGFM
Political Appointment of Top Executives (PATE)		0.729	0.416	0.315	0.144
Political Promotion of Top Executives (PPTE)			0.541	0.369	0.157
Policy Capture to Fulfill Interest (PCFI)				0.508	0.237
Biased Rule Application (BRA)					0.458
Jobs Given to Family Members (JGFM)					

Note: This table is constructed to show the sub-groups correlations simultaneously. N=273. All the correlation coefficients are significant at the 0.01 level (2-tailed).

Similarly, the internal reliability was tested by conducting Cronbach's Alpha Test on the five components/statements. The value of 0.744 indicates that five components of patrimonialism are correlated to each other. According to Clark & Watson (1995), "... there are no longer any clear standards regarding what level of reliability is considered acceptable." Nevertheless, they agreed with the notion that basic and applied research need minimum standards of 0.80 and 0.90 respectively, but for the contemporary research 0.60s and 0.70s are good if not adequate.

Table 5.2 Intercorrelations of Statements for Clientelism

Cronbach's Alpha = 0.739	POP	PGD	PFF	PRPG	PFC	AIP	BKFH
Personal Oriented Politics (POP)		0.309	0.313	0.269	0.248	0.197	0.245
Personal Guided Decision (PGD)			0.273	0.287	0.228	0.217	0.273
Personal Favour to Follower (PFF)				0.302	0.357	0.295	0.303
Public Resources for Private Gain (PRPG)					0.440	0.283	0.365
Personal Favour to Clients (PFC)						0.300	0.258
Appointments are Influenced by Politics (AIP)							0.301
Benefits to Keep Follower Happy (BKFH)							

Note: This table is constructed to show the sub-groups correlations simultaneously. N=273. All the correlation coefficients are significant at the 0.01 level (2-tailed).

Shown in Table 5.2 are the bivariate correlations of the statements/components for the clientelism variable. The bivariate correlation value shows significant positive relationship between the clientelism related components. The inter-correlation value ranges from 0.197 to 0.440, and all the values have positive correlation with 0.01 level of significance.

Similarly, the internal reliability was tested by conducting Cronbach's Alpha Test on the seven components/statements related to clientelism. The value of 0.739 indicates that the seven components of clientelism are correlated, and do have internal consistency (see Table 5.2).

Table 5.3 Intercorrelations of Statements for Unfair Civil Service Practice

Cronbach's Alpha = 0.657	PTCS	PRR	PRP
Prefrential Treatment in Civil Service (PTCS)		0.273**	0.280**
Personal Relationship in Recruitment (PRR)			0.589**
Personal Relation in Promotion (PRP)			

Note: This table is constructed to show the sub-groups correlations simultaneously. N=273. ** Correlation is significant at the 0.01 level (2-tailed).

Shown in Table 5.3 are the bivariate correlations of the statements/components for the 'unfair civil service practice' variable. The bivariate correlation value shows significant positive relationship between the related components. The inter-correlation value ranges from 0.273 to 0.589, and all the values have positive correlation with 0.01 level of significance.

Similarly, the internal reliability was tested by conducting Cronbach's Alpha Test on the three components/statements related to unfair civil service practice (see Table 5.3). The value of 0.657 indicates that the three components of unfair civil service practice are correlated, and do have internal consistency.

Shown in Table 5.4 are the bivariate correlations of the statements/components for the poor governance variable. The bivariate correlation value shows significant positive relationship between the related components. The inter-correlation value ranges from 0.348 to 0.627, and all the values have positive correlation with 0.01 level of significance.

Table 5.4 Intercorrelations of Statements for Poor Governance

Cronbach's Alpha = 0.815	PSLC	BSDM	RRT	NPTS	NACS
Poor Services with Less Choice (PSLC)		0.593	0.376	0.349	0.348
Biased Service Delivery Mechanism (BSDM)			0.400	0.415	0.400
Regulation and Procedure not Transparent (RRT)				0.627	0.588
No Proper and Timely Services to Citizens (NPTS)					0.604
Not Accountable Civil Service (NACS)					

Note: This table is constructed to show the sub-groups correlations simultaneously. N=273. All the correlation coefficients are significant at the 0.01 level (2-tailed).

Similarly, the internal reliability was tested by conducting Cronbach's Alpha Test on the five components/statements related to poor governance. The value of 0.815 indicates that the five components of poor governance are highly correlated, and do have high internal consistency (see Table 5.4).

Table 5.5 Intercorrelations of Statements for Corruption

Cronbach's Alpha = 0.671	WC	VB/S	PRI/A	SSB/K	CCSN	CCT
Widespread Corruption (WC)		0.351	0.317	0.288	0.340	0.225
Vote-buying/Vote-selling (VB/S)			0.227	0.208	0.157	0.201
Public Resources for Individual/Associates (PRI/A)				0.176	0.289	0.241
Salaries Supplemented with Bribes/Kickbacks (SSB/K)					0.433	0.196
Corrupt civil servants not punished (CCSN)						0.287
Corruption as Culture and Tradition (CCT)						

Note: This table is constructed to show the sub-groups correlations simultaneously. N=273. All the correlation coefficients are significant at the 0.01 level (2-tailed).

Shown in Table 5.5 are the bivariate correlations of the statements/components for the corruption variable. The bivariate correlation value shows significant positive relationship between the corruption related components. The inter-correlation value ranges from 0.157 to 0.433, and all the values have positive correlation with 0.01 level of significance.

Similarly, the internal reliability was tested by conducting Cronbach's Alpha Test on the six components/statements related to corruption. Although, the value is not that much high, it indicates that the six components of corruption are correlated, and do have internal consistency. The Cronbach's Alpha Test shows that the internal reliability value of the six statements related to corruption is 0.671 (see Table 5.5).

Table 5.6 Intercorrelations of Statements for Opaque Procurement

Cronbach's Alpha = 0.815	CBR	VAPS	PPEA	GCFB	CGGC
Competitive Bidding is Rare (CBR)		0.526	0.561	0.533	0.334
Verbal Agreements in Procurement and Sale (VAPS)			0.447	0.487	0.391
Public Procurement Not Effectively Advertised (PPEA)				0.545	0.299
Government's Contract to Friend's Business (GCFB)					0.558
Contractor Gives Gift to get Contract (CGGC)					

Note: This table is constructed to show the sub-groups correlations simultaneously. N=273. All the correlation coefficients are significant at the 0.01 level (2-tailed).

Next Table, Table 5.6 is the bivariate correlations of the statements/components for the 'opaque procurement'. Table 5.6 shows the bivariate correlations of the statements/components for the opaque

procurement variable. The bivariate correlation value shows significant positive relationship between the related components. The inter-correlation value ranges from 0.334 to 0.561, and all the values have positive correlation with 0.01 level of significance.

Similarly, the internal reliability was tested by conducting Cronbach's Alpha Test on the five components/statements related to opaque procurement. The value is more than 0.8 with the indication that the five components of opaque procurement are highly correlated, and do have high internal consistency. The Cronbach's Alpha Test shows that the internal reliability value of the five statements related to opaque procurement is 0.815 (see Table 5.6).

Table 5.7 Intercorrelations of Statements for Rent Seeking Behaviour

Cronbach's Alpha = 0.726	PAPG	BPRP	BSRP	STBIM
Policy Alteration for Personal Gain (PAPG)		0.452**	0.332**	0.301**
Business Permits for Related People (BPRP)			0.621**	0.322**
Business Subsidies for Related People (BSRP)				0.363**
Special Tax Breaks Through Illegitimate Means (STBIM)				

Note: This table is constructed to show the sub-groups correlations simultaneously. N=273. ** Correlation is significant at the 0.01 level (2-tailed).

Shown in Table 5.7 are the bivariate correlations of the statements/components for the 'rent seeking behaviour' variable. The bivariate correlation value shows significant positive relationship between the related components. The inter-correlation value ranges from 0.301 to 0.621, and all the values have positive correlation with 0.01 level of significance.

Similarly, the internal reliability was tested by conducting Cronbach's Alpha Test on the four components/statements related to rent seeking behaviour (see Table 5.7). The value of 0.726 indicates that the four components of rent seeking behaviour are correlated, and do have internal consistency.

Table 5.8 Intercorrelations of Statements for Pork Barrelling

Cronbach's Alpha = 0.686	FNBP	VIBA	PFFA
Funds for Not Budgeted Program (FNBP)		0.478**	0.318**
Vested Interest in Budgetary Allocation (VIBA)			0.469**
Political Favour in Funds Allocation (PFFA)			

Note: This table is constructed to show the sub-groups correlations simultaneously. N=273. ** Correlation is significant at the 0.01 level (2-tailed).

Shown in Table 5.8 are the bivariate correlations of the statements/components for the 'pork barrelling' variable. The bivariate correlation of the components shows significant positive relationship between the pork barrelling related components. The inter-correlation value ranges from 0.318 to 0.478, and all the values have positive correlation with 0.01 level of significance.

Similarly, the internal reliability was tested by conducting Cronbach's Alpha Test on the four components/statements related to pork barrelling (see Table 5.8). The value of 0.686 indicates that the three components of pork barrelling are correlated, and do have internal consistency.

5.3 Bivariate Regression

Bivariate regression gives the cause and effect relation between the dependent and independent variable. Bivariate regression has been run to test the bivariate hypothesis.

The first bivariate regression model considers unfair civil service practice (UCSP) as dependent variable, and patrimonialism (PAT) as independent variable.

$$UCSP = \beta_0 + \beta_1PAT + \epsilon \dots\dots\dots (5.1)$$

Variance predicted by the regression model is about thirty-two times higher than the variance predicted by the error (F -value = 32.277), and importantly, the F -value is significant ($p < 0.01$). Considering these facts, it can be claimed that the regression has a pretty good model fit.

The adjusted R -square value of 0.103 suggests that independent variable explains only 10.3 per cent of the variation in the dependent variable. However, considering the intervening variables in the model, the adjusted R -square value increases, and becomes 0.322. In other words, controlling the intervening variables¹¹, patrimonialism had explained 32.2 % of the variance in unfair civil service practice ($p < 0.01$). The Durbin-Watson value of 1.813 suggests that there is no autocorrelation between the variables.

¹¹ The intervening variables are 1) experience of bribery, 2) future intention of bribery, 3) family member a government employee, 4) study group, 5) family member a politician, and 6) political affiliation

The β value for patrimonialism (0.261, after including intervening variables in the model) signifies that it has positive relationship with unfair civil service practice.

Hypothesis 2 - *higher the patrimonialism more unfair the civil service practice*- is, thus, supported as β value (0.261) is positive, and is significant ($p < 0.01$, $t = 5.143$). In other words, there is relationship between patrimonialism and unfair civil service, and if the patrimonialism increases then the civil service practices becomes more unfair.

The second bivariate regression model considers corruption (COR) as dependent variable, and clientelism (CLI) as independent variable.

$$\text{COR} = \beta_0 + \beta_1\text{CLI} + \epsilon \dots\dots\dots (5.2)$$

Variance predicted by the regression model is about one hundred ninety times higher than the variance predicted by the error (F -value = 190.660), and importantly, the F -value is significant ($p < 0.01$). Considering these facts, it can be claimed that the regression has a pretty good model fit.

The adjusted R -square value of 0.411 suggests that independent variable explains 41.1 per cent of the variation in the dependent variable. Moreover, considering the intervening variables in the model, the adjusted R -square value increases, and becomes 0.483. In other words, controlling the

intervening variables¹², clientelism had explained 48.3 % of the variance in corruption ($p < 0.01$). The Durbin-Watson value of 1.918 suggests that there is no autocorrelation between the variables.

The β value for clientelism (0.605), after including intervening variables in the model) signifies that it has positive relationship with unfair civil service practice.

Hypothesis 3 - *clientelism is positively correlated with corruption* - is, thus, supported as β value (0.605) is positive, and is significant ($p < 0.01$, $t = 13.413$). In other words, there is relationship between clientelism and corruption, and if the clientelism increases then the corruption becomes more rampant or common.

5.4 Summary of Bivariate Analysis

Eight new variables were created from the thirty-three statements to test the proposed casual model of patron-client relation and governance system. New variables were created from the statements that are measuring the same or similar areas. Inter-correlations between the statements were tested to see the relationship between them. Moreover, Cronbach's Alpha test was done to find out the internal reliability among the statements measuring the same concept. The inter-correlation of the statements as well as Cronbach's Alpha value was calculated for all the newly created eight variables.

¹² The intervening variables are 1) experience of bribery, 2) future intention of bribery, 3) family member a government employee, 4) study group, 5) family member a politician, and 6) political affiliation.

The inter-correlation values of the statements for the eight newly created variables- patrimonialism, clientelism, unfair civil service practice, poor governance, corruption, opaque procurement, rent seeking behaviour, pork barrelling- ranged from 0.144 to 0.729, and all the values were positively correlated with 0.01 level of significance. The Cronbach's Alpha values ranged from 0.657 to 0.815 for the eight variables. From these findings, it can be summarized that the inter-correlations between the statements were sufficient enough to test the purposed model of patron-client relation and governance. Moreover, all the inter-correlation values are significant at 0.01 level. Similarly, the Cronbach's Alpha values suggest that the statements are correlated, and there is sufficient level of internal consistency. The results are reported in Table 5.1 to 5.8.

According to the bivariate regression result, patrimonialism is found to be significant in predicting unfair civil service practices. After controlling for experience of bribery, future intention of bribery, family member a government employee, study group, family member a politician, and political affiliation, patrimonialism was found having positively significant relation with unfair civil service practice. Finding suggests that patrimonialism helps in making the civil service practice unfair. In other words, there is relationship between patrimonialism and unfair civil service in Nepal, and if the patrimonialism increases then the civil service practices becomes more unfair.

Similarly, according to another bivariate result, clientelism is found to be significant in predicting corruption. After controlling for experience of

bribery, future intention of bribery, family member a government employee, study group, family member a politician, and political affiliation, clientelism was found having positively significant relation with corruption. Finding suggests that clientelism helps in promoting corruption. In other words, there is relationship between clientelism and corruption, and if the clientelism increases then the corruption becomes more rampant or common.

5.5 Discussion

The two hypotheses presented in this chapter confirmed that different forms of patron-client relation (patrimonialism and clientelism) affect the overall governance system. Particularly, the findings proved that higher level of patrimonialism makes the civil service practice more unfair, and clientelism has a positive correlation with corruption

Although clientelism and corruption are two separate phenomena, they are interlinked, as the first may incite the later (Volintiru, 2010). Similarly, Brinkerhoff and Goldsmith (2002) admit that clientelism is widely associated with corruption. Clientelism is a system in which certain groups or networks dominate a society's politics and government. Clientelistic practice insists more and more citizens to become reliant on informal channels of resource distribution, and this dependency, ultimately, leads to corruption.

Under a pure patrimonial system, a government office is treated as a type of income-generating property (Brinkerhoff and Goldsmith, 2002). O'Neil (2007) admits that the [neo]patrimonialism expresses itself through three

basic characteristics: weak or no separation of the public and private spheres, the primacy of the vertical over horizontal ties, and personalism.

In this regard, it can be claimed that the test results are consistent with the inference of Brinkerhoff and Goldsmith (2002), O'Neil (2007), and Volintiru (2010).

Chapter 6: Multivariate Analysis

6.1 Introduction

In the previous chapter, bivariate analysis was done to examine whether certain variables are associated, and to identify the level of relationship between them. In this chapter, the exploratory factor analysis has been done to identify the principal factors, and to satisfy the assumptions of the study. Similarly, regression model has been used to test the statistical significance of the variables.

6.2 Factor Analysis

Factor analysis is done to create new variables and indices. This is done to ensure that unnecessary items are not included in analysis. Table 6.1 summarizes about how the new variables are created, and their indices are calculated.

Table 6.1 Summary of Newly Created Variables

Type of Variable	Newly Created Variable	Number of Items Included	Measurement	Question Number
Dependent	Poor Governance	5	Five response Likert Scale	211, 212, 324, 325 and 326
	Corruption	6	Five response Likert Scale	201, 202, 206, and 304 to 306
	Unfair Civil Service Practice	3	Five response Likert Scale	301 to 303
Independent	Patrimonialism	5 (but after factor analysis only 4)	Five response Likert Scale	207 to 210, and 311 (311 is omitted)

	Clientelism	7	Five response Likert Scale	203 to 205 and 307 to 310
	Opaque Procurement	5	Five response Likert Scale	312 to 316
	Pork Barrelling	3	Five response Likert Scale	317 to 319
	Rent Seeking Behaviour	4	Five response Likert Scale	320 to 323

Table 6.2 illustrates the list of items included to calculate corruption index, their factor loadings, eigenvalue, and Cronbach's Alpha test of reliability. All the items regarding corruption have the factor loadings of more than 0.55 and Cronbach's Alpha value is 0.671.

Table 6.2 Corruption Index Factor - Dependent Variable

Items	Factor 1	Eigenvalue	% of Variance	Alpha
Corruption is widespread in our country	0.697	2.327	38.781	0.671
Vote-buying/vote-selling is common in election	0.551			
Politicians use public resources to benefit themselves and their close associates	0.596			
Salaries are supplemented with bribes and kickbacks	0.626			
Civil servants involved in corrupt practices are not punished	0.697			
Corruption is reinforced by culture and tradition	0.553			

The eigenvalue is 2.327 with 38.781 % variance of extraction sums of squared loadings (see Table 6.2). Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (which should be >0.5) is 0.745 (not shown in the table). On the other hand, Bartlett's measure is also extracted which is highly significant (p

<0.001) (not shown in the table). The alpha, factor loadings, KMO measure, and Bartlett's measure are high enough and acceptable for the use in the casual model.

Table 6.3 shows the list of items included to calculate poor governance index, their factor loadings, and Cronbach's Alpha test of reliability. The Cronbach's Alpha is more than 0.8, and all the items regarding poor governance have the factor loadings of 0.68 and more. The eigenvalue is 2.887 with 57.742 % variance of extraction sums of squared loadings (see Table 6.3). Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (which should be >0.5) is 0.783 (not shown in the table). On the other hand, Bartlett's measure is also extracted which is highly significant ($p < 0.001$) (not shown in the table). The alpha, factor loadings, KMO measure, and Bartlett's measure are high enough and acceptable for the use in the casual model.

Table 6.3 Poor Governance Index Factor - Dependent Variable

Items	Factor 1	Eigenvalue	% of Variance	Alpha
Service receivers get poor service with less choice	0.680	2.887	57.742	0.815
Service delivery mechanism is biased to benefit only a few	0.726			
Government regulations and procedures are not transparent	0.800			
Citizens do not get proper and timely services that they are entitled to	0.802			
Government agencies are not accountable for the application of regulations and procedures	0.785			

In the same manner, an exploratory analysis of the patrimonialism index is prepared to investigate the measures of patrimonialism. Table 6.4 shows the list of items included to calculate patrimonialism index, their factor loadings, and Cronbach's Alpha test of reliability. Table 6.4 shows that among the five items related to patrimonialism, one item has a factor loading of less than 0.5. Khan as cited in Cierpial (2006) suggested that if any of the items in factor loading is not above 0.5, then that item should be dropped from the index. That is why, the item (jobs are given to family members even though other applicants are qualified) is dropped from the index, and the rest are all relatively high and are above 0.72.

In Factor 1, five out of five items factored together compared to Factor 2 where one of the five items has high factor loading(see Table 6.4). The Cronbach's Alpha test of reliability indicates that the value increases by 0.039 (0.744 to 0.783) if the one item (jobs are given to family members even though other applicants are qualified) is dropped. Therefore, the one item is dropped from the index.

The eigenvalue is 2.598 with 51.969 % variance of extraction sums of squared loadings (see Table 6.4). Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (which should be >0.5) is 0.685 (not shown in the table). On the other hand, Bartlett's measure is also extracted which is highly significant ($p < 0.001$) (not shown in the table). The alpha, factor loadings, KMO measure, and Bartlett's measure are high enough and acceptable for the use in the casual model.

Table 6.4 Patrimonialism Index Factor - Independent Variable

Items	Fact or 1	Fact or 2	Eigenvalue	% of Variance	Alpha
Top executives are appointed as per personal connections with political leaders.	0.761		2.598	51.969	0.744 (increases by 0.039 after removing the highlighted statement)
Top executives are promoted as per personal connections with political leaders.	0.822				
Policy making and implementation processes are often controlled by political leaders to benefit their own interests.	0.775				
Rules are applied with bias and only some group of citizens get preferential treatment.	0.721				
Jobs are given to family members even though other applicants are qualified.	0.471	0.737			

Similarly, Table 6.5 shows the list of items included to calculate clientelism index, their factor loadings, and Cronbach's Alpha test of reliability. The Cronbach's Alpha is 0.739, and four out of seven items regarding clientelism have the factor loadings of more than 0.62, whereas three factors have the factor loadings of more than 0.57.

The eigenvalue is 2.750 with 39.287 % variance of extraction sums of squared loadings (see Table 6.5). Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (which should be >0.5) is 0.822 (not shown in the table). On the other hand, Bartlett's measure is also extracted which is highly significant (p

<0.001) (not shown in the table). The alpha, factor loadings, KMO measure, and Bartlett's measure are high enough and acceptable for the use in the casual model.

Table 6.5 Clientelism Index Factor - Independent Variable

Items	Factor 1	Eigenvalue	% of Variance	Alpha
Political parties are organized around personalities	0.573	2.750	39.287	0.739
Personal interests guide decisions	0.574			
Leaders provide personal favours to their key followers	0.655			
Public resources are used to benefit oneself and his/her followers	0.689			
Personal favour is given to loyal followers or clients	0.667			
Appointments to key positions are influenced by politics	0.591			
Politicians distribute sufficient benefits to keep their followers happy	0.627			

In the same manner, an exploratory analysis of the opaque procurement index is created to investigate predictors of opaque procurement. Procurement index displayed in Table 6.6 shows that all the five factor loadings have the value of more than 0.6. The Cronbach's Alpha is more than 0.8, which shows there is higher degree of internal reliability among the statements.

The eigenvalue is 2.885 with 57.701 % variance of extraction sums of squared loadings (see Table 6.6). Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (which should be >0.5) is 0.799 (not shown in the table). On the other hand, Bartlett's measure is also extracted which is highly significant (p

<0.001) (not shown in the table). The alpha, factor loadings, KMO measure, and Bartlett's measure are high enough and acceptable for the use in the casual model.

Table 6.6 Opaque Procurement Index Factor - Independent Variable

Items	Factor 1	Eigenvalue	% of Variance	Alpha
Competitive bidding is rare while assigning government contracts.	0.787	2.885	57.701	0.815
Verbal agreements matters in government procurement and sales.	0.751			
Major public procurements are not effectively advertised.	0.758			
Government's contract is awarded to a friend's business because he is a friend/associate.	0.831			
Contractor gives gift (cash or kind) in hopes of receiving a government contract.	0.661			

Similarly, Table 6.7 shows the list of items included in calculating pork barrelling index, their factor loadings, and Cronbach's Alpha test of reliability. The Cronbach's Alpha is 0.686, and all the items regarding pork barrelling have the factor loadings of more than 0.75.

The eigenvalue is 1.847 with 61.570 % variance of extraction sums of squared loadings (see Table 6.7). Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (which should be >0.5) is 0.637 (not shown in the table). On the other hand, Bartlett's measure is also extracted which is highly significant ($p < 0.001$) (not shown in the table). The alpha, factor loadings, KMO measure,

and Bartlett's measure are high enough and acceptable for the use in the casual model.

Table 6.7 Pork Barrelling Index Factor - Independent Variable

Items	Factor 1	Eigenvalue	% of Variance	Alpha
Politicians disburse funds at their own discretion to support projects and programs not budgeted.	0.757	1.847	61.570	0.686
Budgetary allocations are influenced by vested interests for personal gain.	0.842			
Some communities/constituencies get political favour in funds allocations.	0.751			

In the same manner, an exploratory analysis of the rent seeking behaviour index is created to investigate predictors of those behaviour. Table 6.8 shows the list of items included to calculate Rent Seeking Behaviour index, their factor loadings, and Cronbach's Alpha test of reliability. The Cronbach's Alpha is 0.726, and all the items regarding Rent Seeking Behaviour have the factor loadings of more than 0.6.

The eigenvalue is 2.214 with 55.356 % variance of extraction sums of squared loadings (see Table 6.8). Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (which should be >0.5) is 0.690 (not shown in the table). On the other hand, Bartlett's measure is also extracted which is highly significant ($p < 0.001$) (not shown in the table). The alpha, factor loadings, KMO measure, and Bartlett's measure are high enough and acceptable for the use in the casual model.

Table 6.8 Rent Seeking Behaviour Index Factor - Independent Variable

Items	Factor 1	Eigenvalue	% of Variance	Alpha
Policies are altered by individuals or groups to generate personal gains.	0.687	2.214	55.356	0.726
Business permits are awarded based on relationships/established networks.	0.835			
Business subsidies are given on the basis of personal and political linkages.	0.804			
Special tax breaks are given to investors through illegitimate means and processes.	0.632			

Similarly, Table 6.9 shows the list of items included in calculating unfair civil service practice index, their factor loadings, and Cronbach's Alpha test of reliability. The Cronbach's Alpha is 0.657, and two out of three items regarding unfair civil service practice have the factor loadings of more than 0.8, whereas one item has the factor loading of 0.596.

Table 6.9 Unfair Civil Service Practice Index Factor - Dependent Variable

Items	Factor 1	Eigenvalue	% of Variance	Alpha
Preferential treatment/favours exist in civil service.	0.596	1.785	59.487	0.657
Personal relationship matters in recruitment.	0.844			
Personal relationship matters in promotion.	0.847			

The eigenvalue is 1.785 with 59.487 % variance of extraction sums of squared loadings (see Table 6.9). Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (which should be >0.5) is 0.588 (not shown in the table). On the

other hand, Bartlett's measure is also extracted which is highly significant ($p < 0.001$) (not shown in the table). The alpha, factor loadings, KMO measure, and Bartlett's measure are high enough and acceptable for the use in the casual model.

6.3 Multivariate Regression Analysis

While running the multivariate regression analysis, various forms of patron-client relation¹³ are used as independent variable. Likewise, governance¹⁴, and corruption are used as dependent variable. The forms of patron-client relation used in this study are patrimonialism¹⁵, clientelism¹⁶, prok barrelling¹⁷, opaque procurement¹⁸, and rent seeking¹⁹.

The results of factor analysis showed green lights for the further analysis. In other words, further analysis for multivariate test is encouraged from the induced values obtained while doing factor analysis.

The multivariate regression is run employing the independent as well as intervening variables (see the model 6.1 and 6.2 for further details).

$$COR = \beta_0 + \beta_1 PAT + \beta_2 CLI + \beta_3 POK + \beta_4 POB + \beta_5 RSB + \beta_6 D_1 + \beta_7 D_2 + \beta_8 D_3 + \beta_9 D_4 + \beta_{10} D_5 + \beta_{11} D_6 + \epsilon_i \dots \dots \dots (6.1)$$

$$PGOV = \beta_0 + \beta_1 PAT + \beta_2 CLI + \beta_3 POK + \beta_4 POB + \beta_5 RSB + \beta_6 D_1 + \beta_7 D_2 + \beta_8 D_3 + \beta_9 D_4 + \beta_{10} D_5 + \beta_{11} D_6 + \beta_{12} \text{Interactionterm} + \epsilon_i \dots \dots \dots (6.2)$$

¹³ See the operational definition of Chapter 3 or see the Annex 1, Section B and C
¹⁴ See the operational definition of Chapter 3 or see the Annex 1, Section B and C
¹⁵ See the operational definition of Chapter 3 or see the Annex 1, Section B and C.
¹⁶ See the operational definition of Chapter 3 or see the Annex 1, Section B and C.
¹⁷ See the operational definition of Chapter 3 or see the Annex 1, Section B and C.
¹⁸ See the operational definition of Chapter 3 or see the Annex 1, Section B and C.
¹⁹ See the operational definition of Chapter 3 or see the Annex 1, Section B and C.

[Where, COR = Corruption, PGOV = poor governance, PAT = patrimonialism, CLI = clientelism, POK = opaque procurement, POB = pork barrelling, RSB = rent seeeking behaviour, D1 = experience of bribery (1 = yes), D2 = future intention of bribery (1 = yes), D3 = family member government employee (1 = yes), D4 = study group (1 = public official), D5 = family member politician (1 = yes), D6 = political affiliation (1 = yes), and Interactionterm = PAT*CLI]

Table 6.10 Regression Result - Corruption

	Standardized Coefficients		Sig.
	β	t	
Patrimonialism	0.029	0.487	0.627
Clientelism***	0.367	5.535	0.000
Opaque procurement***	0.176	2.942	0.004
Pork barrelling*	0.107	1.865	0.063
Rent seeking**	0.145	2.556	0.011
Experience of bribery [Yes=1]	-0.015	-0.352	0.725
Future intention of bribery [Yes=1]	-0.002	-0.043	0.966
Family member government employee [Yes=1]	0.024	0.553	0.581
Study group*** [Public official=1]	-0.203	-3.985	0.000
Family member a politician [Yes=1]	-0.017	-0.357	0.721
Political affiliation [Yes=1]	0.020	0.445	0.657
R ² = 0.562			
Adjusted R ² = 0.543			
F = 30.401 with p < 0.01			
Durbin-Watson value = 1.968			

*** significant at 0.01, ** significant at 0.05, and * significant at 0.10. DV =

Corruption

The results of regression model when dependent variable is corruption (COR) are presented in Table 6.10.

Variance predicted by the regression model is about thirty times higher than the variance predicted by the error (F -value = 30.401), and importantly, the F -value is significant ($p < 0.01$). Considering these facts, it can be claimed that the regression has a pretty good model fit.

The adjusted R -square value of 0.543 suggests that independent variables, including the intervening variables, can explain 54.3 per cent of the variation in the dependent variable. In other words, the model had explained 54.3 % of the variance in corruption. The Durbin-Watson value of 1.986 suggests that there is no autocorrelation among the variables.

Table 6.10 depicts that five variables have significant impact on corruption, and rest of other variables did not have any relationship or impact. The β values for clientelism (0.367), opaque procurement (0.176), rent seeking (0.145), and pork barrelling (0.107) signify that they have positive relationship with corruption.

Study group is a dummy variable, and it has negative β value (-0.203). The negative β value suggests that public officials' perceived level of corruption is less than that of students. In other words, public officials, in comparison to students, think that corruption is less prevalent. Similarly, the corruption index of public officials is 0.203 less than that of students.

Hypothesis 1 - *there is a difference in perceived level of corruption between public officials and students* - is, thus, supported as β value (-0.203) is negative, and is significant ($p < 0.01$). The perceived level of corruption

among the students is more than that of public officials. In other words, the corruption perception index of students is 0.203 more than that of public officials.

The remaining six variables are not significant, which indicates that $\beta_1 = \beta_6 = \beta_7 = \beta_8 = \beta_{10} = \beta_{11} = 0$ (see Table 6.11). In other words, the remaining independent as well as intervening variables have no bearing on the dependent variable. A change in those independent and intervening variables do not cause a change in the dependent variable.

Table 6.11 Regression Result - Poor Governance

	Standardized Coefficients		Sig.
	β	t	
Patrimonialism**	0.155	2.570	0.011
Clientelism***	0.253	4.021	0.000
Opaque procurement***	0.252	4.037	0.000
Pork barrelling	0.095	1.584	0.114
Rent seeking*	0.102	1.655	0.099
Experience of bribery [Yes=1]	0.028	0.705	0.482
Future intention of bribery [Yes=1]	0.000	-0.019	0.985
Family member government employee** [Yes=1]	0.106	2.596	0.10
Study group*** [Public official=1]	-0.291	-6.089	0.000
Family member a politician [Yes=1]	-0.017	-0.398	0.691
Political affiliation [Yes=1]	-0.016	-0.394	0.694
Interactionterm (PAT*CLT)	-0.035	-0.343	0.732
R ² = 0.624			
Adjusted R ² = 0.607			
F = 35.998 with p < 0.01			
Durbin-Watson value = 1.869			

*** significant at 0.01, ** significant at 0.05, and * significant at 0.10. DV = Poor governance

The results of regression model when dependent variable is poor governance (PGOV) are presented in Table 6.11.

Variance predicted by the regression model is almost forty times higher than the variance predicted by the error (F -value = 35.998), and importantly, the F -value is significant ($p < 0.01$). Considering these facts, it can be claimed that the regression has a pretty good model fit.

The adjusted R -square value of 0.607 suggests that independent variables, including the intervening variables, can explain 60.7 per cent of the variation in the dependent variable. In other words, the model had explained 60.7 % of the variance in corruption. The Durbin-Watson value of 1.869 suggests that there is no autocorrelation among the variables.

Table 6.11 depicts that six variables have significant impact on poor governance, and rest of other variables did not have any relationship or impact. The β values for patrimonialism (0.155), clientelism (0.253), opaque procurement (0.252), and rent seeking (0.102) signify that they have positive relationship with corruption.

Study group, and family member a government employee are dummy variables. Family member a government employee has a positive β value (0.106), and study group has negative β value (-0.291). It suggests that the respondents having a government employee family member, in comparison to respondents not having it, perceive that the governance is poor in Nepal. Similarly, negative β value in study group suggests that public officials, in

comparison to students, think that governance is good. In other words, the poor governance index of public officials is 0.303 point less than that of students.

Hypothesis 4 - *patron-client relation worsens the governance* - is, thus, supported by the data. Four out of five indicators of patron-client relation have positive β value, and is significant ($p < 0.1$). In other words, patrimonialism, clientelism, opaque procurement, and rent seeking worsen the governance of Nepal. Similarly, if the patrimonialism, clientelism, opaque procurement, and rent seeking increases then the governance becomes poorer. To test this hypothesis more rigorously interaction effect of patrimonialism and clientelism has been tested (see Table 6.11). Based on the statistical finding, it has been found that the interaction effect is not significant. There is nothing unique effect about the combination of patrimonialism and clientelism on poor governance.

Similarly, the remaining five variables also are not significant, which indicates that $\beta_4 = \beta_6 = \beta_7 = \beta_{10} = \beta_{11} = \beta_{12} = 0$ (see Table 6.11). In other words, the remaining independent as well as intervening variables have no bearing on the dependent variable. A change in those independent and intervening variables do not cause a change in the dependent variable.

6.4 Check of Assumptions of the Regression Model

Violation of linear regression assumptions can lead to the incorrect or misleading analysis of the results. Since, the regression equation 6.2 is the

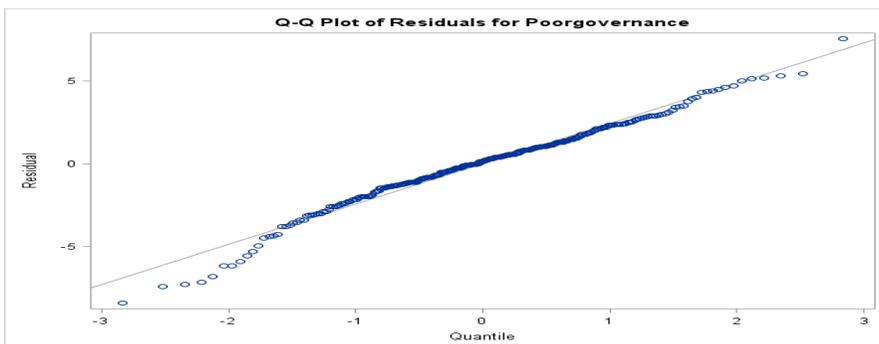
main model to test the relationship between patron-client relation and governance system, it is worthwhile to check the assumptions of that model. Basically, there are five assumptions that need to be checked, and they are 1) multicollinearity, 2) heteroscedasticity, 3) normality, 4) outliers, and 5) endogeneity.

To check the assumptions, SAS software has been used. By using the same data set, the required figures and tables have been generated in SAS. The reason behind using the SAS instead of SPSS is that, SAS is easier than SPSS in getting the results to test the assumptions.

To test the multicollinearity Variance Inflation Factor (VIF) is observed. The VIF values were ranged from 1.08166 to 2.61621. If the VIF values are below 10 then we can claim that there is not any evidence of multicollinearity.

Heteroscedasticity consistency test has been done by comparing the t -values and p -values with and without heteroscedasticity test in SAS. No significant changes have been occurred in the t -values as well as p -values. Thus, it can be concluded that the test has been succeeded.

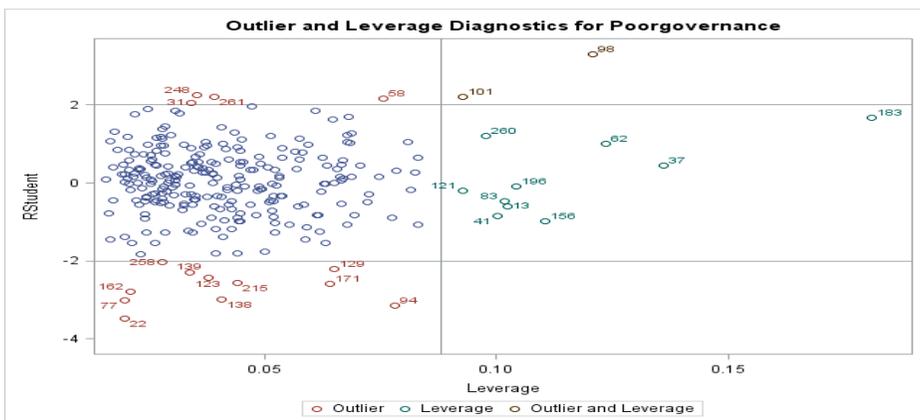
Figure 6.1 Q-Q Plot of Residuals to Test the Normality



The normality test has been done by using the Q-Q plot (see Figure 6.1). Most of the observations are concentrated around the straight line. There are few observations that have deviated away from the straight line, but they are very few in number. In this way, it can be assessed that the normality assumption is satisfied.

Figure 6.2 illustrates the outliers. It can be seen in the figure that there are some outliers. However, most of the observations are not too spread out, so it can be considered that there are not significant number of outliers in the sample.

Figure 6.2 The Distribution of Outliers



Finally, the endogeneity has been tested. Endogeneity has been tested by running the Pearson correlation between residual (error term) and each of the independent variables, including the control variables. The Pearson correlation coefficients are 0.000 in all the cases. In other words, there is zero correlation between the residual, and independent as well control variables. In this way, it can be concluded that the model is far from endogeneity issue.

6.5 Summary of the Multivariate Analysis

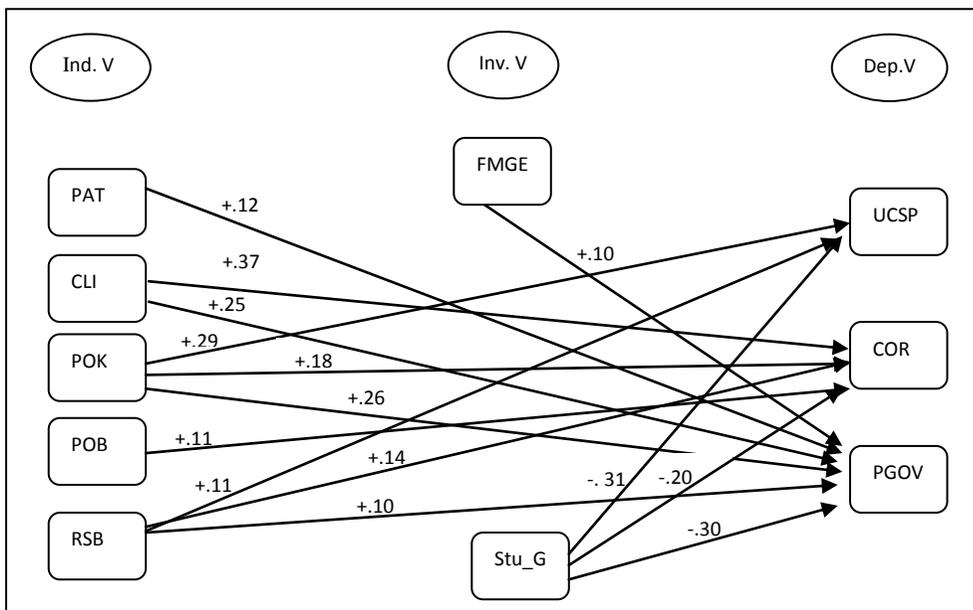
Factor analysis was done to create new variables and indices. The main objective of applying factor analysis was to ensure that unnecessary items are not included in analysis. In other words, it was done to find how well each component loads onto the factor it was intended to measure.

Figure 6.3 demonstrates the summary results of the multivariate analysis of this study. In determining the effect in unfair civil service practice (UCSP), three variables were found to be the real cause. They are opaque procurement (POK), rent seeking behaviour (RSB), and study group (Stu_G). Opaque procurement and rent seeking behaviour were found having positively significant relations with unfair civil service practice.

Similarly, in determining the effect in corruption (COR), five variables are found to be the real cause. They are clientelism (CLI), opaque procurement (POK), pork barrelling (POB), rent seeking behaviour (RSB), and study group (Stu_G). Clientelism, opaque procurement, pork barrelling, and rent seeking behaviour were found having positively significant relations with corruption. However, the study group [dummy variable; public official = 1] has negative *Beta* value. The negative *Beta* value suggests that public officials' perceived level of corruption is less than that of students. In other words, public officials, in comparison to students, think that corruption is less prevalent in Nepal.

Finally, in determining the effect in poor governance (PGOV), six variables are found to be the real cause. They are patrimonialism (PAT), clientelism (CLI), opaque procurement (POK), rent seeking behaviour (RSB), family member a government employee (FMGE), and study group (Stu_G). Patrimonialism, clientelism, opaque procurement, rent seeking behaviour, and family member a government employee were found having positively significant relations with poor governance. However, the study group [dummy variable; public official = 1] has negative *Beta* value. The negative *Beta* value suggests that public officials' perceived level of poor governance is less than that of students. In other words, public officials, in comparison to students, think that governance is better.

Figure 6.3 Showing the Relationship between Variables by Using the Results of MVA



Note: Variables significant at < 0.1 are included in the analysis.

6.6 Discussion

The results of multivariate analysis confirmed that the form of patron client relation- patrimonialism, clientelism, opaque procurement, rent seeking behaviour, or pork barrelling- has a greater impact on governance and civil service. It has fostered corruption, made the civil service practice unfair, distorted the delivery of public services, and reversed the improvement in governance system. It is assumed that the governance system in this era should be democratic, and bureaucracy should be rational-legal. However, findings are not inline with this theoretical concept.

The governance system has become patrimonial and clientelistic in Nepal because political parties are organized around personalities, personal interests guide decisions, and leaders provide personal favours to their key followers. Moreover, public resources are used to benefit oneself and his/her followers by the key position holders - either politicians or bureaucrats. Since, patrimonial administration is closely associated with clientelistic politics (Brinkerhoff and Goldsmith, 2002), the appointments to key position are always, if not mostly, influenced by the politics, and politicians in Nepal distribute sufficient benefits to keep their followers happy. Top executives are appointed as per the personal connections with political leaders, and the promotion in the public services are done as per personal connections and relations. Those people who have strong political linkage or powerful patron win the promotion in key positions. Since, the clientelism and patrimonialism are key contributors to subverting the rule of law and stifling popular

participation (Brinkerhoff and Goldsmith, 2002), rules are applied with biasness, and only some group of people or citizen get preferential treatment.

Likewise, the rent seeking behaviours of the public officials and politicians have promoted alteration of public policy and procedures. Such action has helped them in generating more income for themselves, and made the governance system poor, corrupt, and unfair. Although, rent seeking is endemic to politics (Brinkerhoff and Goldsmith, 2002), it has become unmanageable in Nepal. Rent seeking is not only limited in politics, but also prevalent in bureaucracy. Business permits and business subsidies are awarded on the basis of personal or political linkages. Moreover, rent seekers provide special tax breaks to investors through illegitimate means and processes with the expectation of economic rents.

Similarly, the opaque procurement system and procurement kickback have significant effect in poor governance and corruption. Although there are legal provisions to make the procedures, processes, and decision relating to public procurement much more open, transparent, objective, and reliable²⁰; verbal agreement (*Bhansun*) matters in governmental procurement and sales. Often, voices have been raised that announcement made for the major public procurements and sales are not effectively advertised. Procurement kickback has become common in public procurement so that public officials expect kickbacks from the contractor, and the contractors are happy in giving gifts (cash or kind) in hopes of receiving a government contract.

²⁰ There are few acts and regulations regarding the public procurement, and they are Public Procurement Act, 2007, and Public Procurement Rules and Regulations, 2007.

The same is the situation regarding the pork-barrel infrastructure projects. The pork-barrel infrastructure projects are sources of economic rent to the politicians/administrators. Finding has suggested that pork barrelling has a significant effect in promoting corruption in Nepal. The pork barrelling and budgeting has granted political favour in fund allocations to some communities/constituencies. The process of bringing money and jobs to the politicians' or administrators' own districts/constituencies/communities has created a zero-sum game, instead of win-win solution. Anyone outside the favoured faction can expect little from government and the collective goods that are produced tend to be distributed as political pork to help supporters (Brinkerhoff and Goldsmith, 2002). These types of informal budgetary allocations are, in many cases, influenced by vested interests for personal gains that encourage corrupt behaviour and practice.

The test results showed that the opinion of public officials and students regarding the corruption, poor governance and unfair civil service practice is different. There is significant difference in the opinions of the two groups. The public official group is much more skeptical about corruption, poor governance, and unfair civil service practice than the student group. There are few explanations behind this. First, public faith in government, rule of law and delivery of goods and services is very low due to the ineffective and inefficient governance system. Second, the proportion of students perceiving that service providers were involved in corrupt practices is higher than that of the proportion of the public officials (see Table 4.12). People have the

impression that they cannot get any service from public officials without giving some sort of bribe. Thirdly, students are more intended to give or receive bribe in the future than the public officials (see Table 4.13). Finally, the proportion of students thinking 'chakari/aafno manchhe' culture has promoted corruption is higher than that of the proportion of public officials (see table 4.14).

The another plausible explanation might be due to the conflict of interest between citizens and service providers. Since, the proportion of students involved in the action to perform bribery is higher than the proportion of public officials, there might be the decline of trust in government and public institutions among the service receivers. Boyce and Davids (2009) concluded that effective and meaningful public sector ethics in the pursuit of the public interest must be based on an ethos of social accountability and a commitment to prioritise the public interest in both fact and appearance.

Hypothesis 4 - *patron-client relation worsens the governance* - is well supported by the data. Four out of five indicators of patron-client relation have positive β value, and is significant ($p < 0.1$). In other words, patrimonialism, clientelism, opaque procurement, and rent seeking were the significant independent variables that have worsened the governance of Nepal.

Chapter 7: Conclusion and Policy Implication

7.1 Introduction

In the previous chapters, bivariate and multivariate analyses were done to test the associations and casual effects between and among the variables. This chapter deals with the conclusion and policy implication.

7.2 Conclusion

This study is a result of the analysis of the patron-client relation prevailed in Nepal. It assessed the form of patronage related corruption, and its effect on governance system. Bivariate and multivariate analyses were done by using the data gathered through survey questionnaire. Similarly, qualitative analysis was possible with the information collected through face-to-face interview.

This study evaluated very delicate issue which have never been seriously studied in the past. It has attempted to identify the typology of patronage related corruption in Nepal, and has illustrate the political and administrative environment that enhances patron-client relations. It has also attempted to disentangle the different forms of patron-client relations - patrimonialism, clientelism, opaque procurement, rent seeking behaviour, and pork barrelling- and its impact on overall governance system- poor governance, corruption, and unfair civil service practice.

Dix, Hussmann, and Walton in their study report published in 2012 have conceded that Nepal is characterized by engrained systems of patronage in

society, politics, and economy, however they were silent about the type(s) of patronage prevailed in the society and politics. With the aim of validating the assessment made by Dix, Hussmann and Walton, and identifying the pattern, level, and forms of patron-client relations, this study was designed. This study validated the assessment of Dix, Hussmann and Walton, and discovered that patrimonialism, clientelism, opaque procurement, rent seeking behaviour, and pork barrelling have played a significant role in making the governance system poor, service providers corrupt, and civil service practice unfair.

The impact of patrimonialism in unfair civil service practice was examined, and found that patrimonialism has a close association with significant high positive relation with unfair civil service practice. If the experience of bribery, future intention of bribery, family member a government employee, study group, family member a politician, and political affiliation are controlled in the regression model, patrimonialism was found to have more positively significant relation with unfair civil service practice than the model without controlling variables.

Clientelism has significant impact on corruption. If the clientelism increases then the corruption becomes more rampant or common. After controlling for experience of bribery, future intention of bribery, family member a government employee, study group, family member a politician, and political affiliation, clientelism was found having positively significant relation with corruption.

In determining the effect in unfair civil service practice (UCSP), three variables were found to be the real cause. They are opaque procurement (POK), rent seeking behaviour (RSB), and study group (Stu_G). Opaque procurement and rent seeking behaviour were found having positively significant relations with unfair civil service practice.

Similarly, in determining the effect in corruption (COR), five variables are found to be the real cause. They are clientelism (CLI), opaque procurement (POK), pork barrelling (POB), rent seeking behaviour (RSB), and study group (Stu_G). Clientelism, opaque procurement, pork barrelling, and rent seeking behaviour were found having positively significant relations with corruption.

Likewise, in determining the effect in poor governance (PGOV), six variables are found to be the real cause. They are patrimonialism (PAT), clientelism (CLI), opaque procurement (POK), rent seeking behaviour (RSB), family member a government employee (FMGE), and study group (Stu_G). Patrimonialism, clientelism, opaque procurement, rent seeking behaviour, and family member a government employee were found having positively significant relations with poor governance.

The test results showed that the opinion of public officials and students regarding the corruption, poor governance and unfair civil service practice is different. There is significant difference in the opinions of the two groups. The public official group is much more skeptical about corruption, poor governance, and unfair civil service practice than the student group.

Hypothesis 4 - *patron-client relation worsens the governance* - is well supported by the data. It has been found that four out of five indicators of patron-client relation have positive β value, and is significant ($p < 0.1$). In other words, patrimonialism, clientelism, opaque procurement, and rent seeking were the significant independent variables that have worsened the governance of Nepal.

7.3 Policy Implications

This study has various policy implications for Nepal. Aiming the zero-tolerance to corruption, good governance, and fair civil service practice, the focus should be on enabling the political and administrative environment. Rigidly following the rule of law, as well as transparency in decision making in political and administrative system is the must for the proper functioning of state institutions. Without the well functioning of state institutions; good governance, corruption free society, and fair public administration is impossible.

- The patronage related corruption- Influence Market, Elite Cartel, Oligarch and Clan, and Official Mogul- is apparent in society, politics and economy. These four typology of patronage are very threatening for the democracy and governance. Therefore, there is need to vitalize the formal governance system - public administration, government, market and civil society- than the informal one.

- The institutions, structures, and laws are in place but they are not effective in practice. The integrity of state institutions is very low. This low integrity has resulted in low level of public trust towards the state institutions. State institutions should, therefore, be more accountable, responsive, and ethical.
- Students, the future leaders, are less knowledgeable about the corruption issues. Similarly, the public officials, the executors and service providers, know less about their code of conduct. Therefore, focus should be given to raise the level of awareness on corruption related matters and issues.
- The experience of corruption among the respondents is very high. About half of the respondents have been in a situation to perform action that involves bribery. Sharp detection mechanism, and robust prosecution and recovery action should be needed for the effective control of corruption practice.
- One in every four students has future intention of giving or receiving bribe. It seems that youths are motivated towards corrupt behaviours. These youths are the ones who later join public offices or politics. In this regard, healthy governance system and effective prevention mechanism should be developed to nullify these types of behaviour.
- The 'chakari/aafno manchhe' culture has encouraged the spoils system instead of merit based recruitment in bureaucracy. This practice promotes favouritism and nepotism, and helps in

prevailing corruption. This spoils system, ultimately, worsens the governance mechanism and public service delivery. Therefore, the spoils system of recruitment should be discouraged, and merit based recruitment should be encouraged in all sector.

- The findings of the study indicate that the different forms of patron-client relations - patrimonialism, clientelism, opaque procurement, rent seeking behaviour, and pork barrelling- have a significant positive impact on overall governance system- poor governance, corruption, and unfair civil service practice. Therefore, special mechanism and action should be developed to break the relationships and ties between the patron and client.

7.4 Limitation and Further Research

- Data were collected from the public officials who were attending a training programme at Nepal Administrative Staff College. The duration of data collection was from 7 August 2014 to 22 August 2014 during 10:00 am to 5:00 pm. The sample size is relatively small at 106 respondents. However, the sample was diverse in terms of working organizations, and years of experience. These factors have helped in increasing the generalizability of the findings.
- Similarly, data were collected from the students who have completed their Bachelor's Degree using the snow-ball sampling. Since, snow-ball sampling does not apply probability techniques, it may lack representation. However, the sample was diverse in terms of

background, and locations. These factors have helped in increasing the generalizability of the findings.

- Another limitation of this study is the inherent problem of reporting corruption and the perceiving corruption. It is hard for people to be comfortable talking about such a taboo topic. The study has asked questions on experience of bribery, future intention of bribery, and other forms of patronage related corruption. However, the study was voluntary, and no one was forced to participate that have helped in reducing response bias.
- The study of governance system and patron-client relation demands more in-depth study- direct and indirect observation, key informant interview, and focus group discussions. This study has heavily relied on quantitative data and information. However, qualitative information was collected through face-to-face interview with few respondents, and the analysis has been made by using verbatim reporting.
- Further research should focus on country level analysis. It should target the public officials of all regions, I/NGO officials, politicians (local and national level), service receivers from all regions, private sectors, business groups, elites, interest groups, civil society, and trade unions.

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Annex 1: Interview Schedule

Good morning/afternoon, Sir or Ma'am. I am, a MPA student of the Graduate School of Public Administration, Seoul National University, Republic of Korea. The purpose of this study is to assess the patron-client relation in our society/government/institutions. These questions exist to ensure that we have representative sample, but they will not be used to identify you. Your answer will be completely anonymous. The information you have provided can help in making our governance system better. I would like to thank you so much for your time, cooperation and help in advance.

Section A: Typology of Patronage

S.N.	Statement	Option	Response
101	The economic actors or business people sometimes buy or rent influence directly through large bribes, and at other times they go through politicians and parties to get what they want.	Yes No	1 2
102	A high-level broad-based network of politicians, party leaders, bureaucrats, media owners, military officers and business people bind together and resist pressure from political and economic competitors to share benefits.	Yes No	1 2
103	A small number of powerful actors and their personal friends, networks, or family members compete with each other to use state power and resources.	Yes No	1 2
104	A small number of powerful actors and their personal friends, networks, or family members cooperate together to use state power and resources however they want.	Yes No	1 2

Section B: Decision Making in Political and Administrative Systems

This section is about your perception regarding the political and administrative systems in our country. The responses are in a five-point rating scale, with 1 being "strongly disagree," 5 being "strongly agree," and 3 being the neutral point, "neither disagree or agree." Lower scores indicate less acceptance of the behaviour.

(5= strongly agree, 4= agree, 3= neutral, 2 = disagree, 1= strongly disagree)

S.N	Statement	S	A	N	D	S
	<i>{Please circle your preferences (either 1 or 2 or 3 or 4 or 5) in any one of the boxes next to the statement}.</i>	5	4	3	2	1
201	Corruption is widespread in our country.	5	4	3	2	1
202	Vote-buying/vote-selling is common in	5	4	3	2	1

	election.					
203	Political parties are organized around personalities.	5	4	3	2	1
204	Personal interests guide decisions.	5	4	3	2	1
205	Leaders provide personal favours to their key followers.	5	4	3	2	1
206	Politicians use public resources to benefit themselves and their close associates.	5	4	3	2	1
207	Top executives are appointed as per personal connections with political leaders.	5	4	3	2	1
208	Top executives are promoted as per personal connections with political leaders.	5	4	3	2	1
209	Policy making and implementation processes are often controlled by political leaders to benefit their own interests.	5	4	3	2	1
210	Rules are applied with bias and only some group of citizens get preferential treatment.	5	4	3	2	1
211	Service receivers get poor service with less choice.	5	4	3	2	1
212	Service delivery mechanism is biased to benefit only a few.	5	4	3	2	1

Section C:Administrative and Political Environments

In this section,I request you to assess the administrative and political environments in our country on the basis of your knowledge and experience. The responses are in a five-point rating scale, with 1 being "strongly disagree," 5 being "strongly agree," and 3 being the neutral point, "neither disagree or agree." Lower scores indicate less acceptance of the behaviour.

(5= strongly agree, 4= agree, 3= neutral, 2 = disagree, 1= strongly disagree)

Statement		SA	A	N	D	SD
<i>{Please circle your preferences(either 1 or 2 or 3 or 4 or 5) in any one of the boxes next to the statement}.</i>		5	4	3	2	1
301	Preferential treatment/favours exist in civil service.	5	4	3	2	1
302	Personal relationship matters in recruitment.	5	4	3	2	1
303	Personal relationship matters in promotion.	5	4	3	2	1
304	Salaries are supplemented with bribes and kickbacks.	5	4	3	2	1
305	Civil servants involved in corrupt practices are not punished.	5	4	3	2	1
306	Corruption is reinforced by culture and tradition.	5	4	3	2	1
307	Public resources are used to benefit oneself and his/her followers.	5	4	3	2	1
308	Personal favour is given to loyal followers or	5	4	3	2	1

	clients.					
309	Appointments to key positions are influenced by politics.	5	4	3	2	1
310	Politicians distribute sufficient benefits to keep their followers happy.	5	4	3	2	1
311	Jobs are given to family members even though other applicants are qualified.	5	4	3	2	1
312	Competitive bidding is rare while assigning government contracts.	5	4	3	2	1
313	Verbal agreements matters in government procurement and sales.	5	4	3	2	1
314	Major public procurements are not effectively advertised.	5	4	3	2	1
315	Government's contract is awarded to a friend's business because he is a friend/associate.	5	4	3	2	1
316	Contractor gives gift (cash or kind) in hopes of receiving a government contract.	5	4	3	2	1
317	Politicians disburse funds at their own discretion to support projects and programs not budgeted.	5	4	3	2	1
318	Budgetary allocations are influenced by vested interests for personal gain.	5	4	3	2	1
319	Some communities/constituencies get political favour in funds allocations.	5	4	3	2	1
320	Policies are altered by individuals or groups to generate personal gains.	5	4	3	2	1
321	Business permits are awarded based on relationships/established networks.	5	4	3	2	1
322	Business subsidies are given on the basis of personal and political linkages.	5	4	3	2	1
323	Special tax breaks are given to investors through illegitimate means and processes.	5	4	3	2	1
324	Government regulations and procedures are not transparent.	5	4	3	2	1
325	Citizens do not get proper and timely services that they are entitled to.	5	4	3	2	1
326	Government agencies are not accountable for the application of regulations and procedures.	5	4	3	2	1

Section D: Corruption

Q.N.	Statement	Option
401	Please name five state institutions that you	a) b)

	perceive as most corrupt. (Note: the most corrupt first)	c) d) e)	
Q.N.	Question	Option	Response
402	Your friend or relative in high places bend the rule for you. Is this corruption?	Yes No	1 2
403	Your friend or relative in high places appointed one of your family members even though other applicants were qualified. Is this corruption?	Yes No	1 2
404	Your friend or relative in high places awarded government's contract to your firm because you are his friend. Is this corruption?	Yes No	1 2
405	Your friend or relative in high places disbursed funds at his own discretion to support your community. Is this corruption?	Yes No	1 2
406	Have you been in a situation where you are asked to perform an action that involves bribery?	Yes No	1 2
407	Do you perceive that service providers were involved in actions that constituted bribery?	Yes No	1 2
408	Do you intend to give or receive bribe in the future?	Yes No	1 2
409	Do you think "Chaakari" / "Aafno Maanchhe" culture has helped in promoting corruption in our country?	Yes No	1 2

Section E: Suggestions (General Perception)

Check Point: If your answer is "No" in Q. N. 409 then no need to fill this section (i.e. Section E). I request you to go to Section F, Q. N. 601.

501	Why do you think the "Chakari" and "Aafno Manchee" culture is strong in our country	
502	Please suggest, what would be the impact of the "Chakari" and "Aafno Manchee" culture in the governance system	
503	Please mention, if you have any suggestions/feedback regarding the governance system	

Section F: Respondent's Information

Q. N.	Personal Information	Option	Response
601	Social classification	Public official Student	1 2
602	Gender	Female Male	1 2
603	Age (Completed years)		
604	Marital Status	Married Unmarried	1 2
605	Current place of residence	Rural Urban	1 2
606	Highest level of completed education		
607	Profession	Service Student Others (specify)	1 2
608	Average family income (month)	Less than NRS 10,000 NRS 10,000 - 50,000 NRS 50,001 - 100,000 More than NRS 100,000	1 2 3 4
609	Current position (if you are an employee)		
610	Service years (in current position)		
611	Do you have any family member working for government?	Yes No	1 2
612	Is anyone from your family a politician?	Yes No	1 2
		If 'No' go to Q.N. 613. If yes, in which group does s/he belong to: a) Ruling Party b) Opposition Party c) None of the	1 2 3

		above stated	
613	Do you have any affiliation with a political party?	Yes No If 'No' end the survey. If yes, in which group do you belong to:	1 2
		a) Ruling Party b) Opposition Party c) None of the above stated	1 2 3

Thank you for your time, cooperation and help.

Annex 2: Checklist for Face-to-Face Interview

1. What issues are most urgent for good governance in Nepal? Why?
2. How do you assess the governance system of Nepal?
3. I am going to describe four scenarios that can be seen in our country. I would like you to tell me if you think the scenario is relevant. Why that scenario is relevant? Why that scenario is not relevant? (Probe: small number vs. large number, competing vs. sharing, large sums vs. small sums, influencing elections vs. other things)

1) The economic actors or businesspeople sometimes buy or rent influence directly through large bribes, and at other times they go through politicians and parties to get what they want.

2) A high-level broad-based network of politicians, party leaders, bureaucrats, media owners, military officers and businesspeople bind together and resist pressure from political and economic competitors to share benefits.

3) A small number of powerful actors (politicians, party leaders, bureaucrats, media owners, military officers or businesspeople) and their personal friends, networks, or family members compete with each other to use state power and resources.
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4) A small number of powerful actors (politicians, party leaders, bureaucrats, media owners, military officers or businesspeople) and their personal friends, networks, or family members cooperate together to use state power and resources however they want.

4. How do you evaluate the situation of corruption in Nepal?
5. To what extent do you think corruption in Nepal is linked to non-state and illegal groups? (Probe: How does this relationship affect governance system?)
6. Do you think **patron-client politics** has influenced the governance system of Nepal? If so, how and why?
(Probe: Use all components of patron-client politics one by one. The components are civil service practice, patrimonialism, clientelism, pork barreling, opaque procurement, and rent seeking.)
7. What would be your suggestions for the corruption-free Nepal
(Probe: to break patron-client relation).

네팔의 후견주의 정치와 거버넌스에 관한 연구

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정치적 후견인과 고객의 관계는 비공식적 거버넌스 체계를 장악하고 있을 뿐만 아니라 비정상적인 거래까지 창출한다. 이러한 관계가 정책결정과 집행까지 전 과정을 통제하고 있어서 법규가 불공평하게 적용되고 일부 시민들만 우대받게 된다. 이로 인해 편파주의, 정실주의 그리고 다른 부패 관행들이 더욱 횡행하게 되고, 이것이 궁극적으로 거버넌스를 악화시킨다. 따라서 본 연구는 네팔에서 정치적 후견주의가 거버넌스, 부패 그리고 불공정한 공무원들의 서비스에 미치는 영향에 관해 연구하였다. 273명에 대한 설문조사를 실시하여, 봉건적 가산제, 후견주의, 지대추구 행위, 구유통 정치, 그리고 불투명한 조달, 바람직하지 않은 거버넌스, 부패 그리고 불공정한 공공서비스 관행 등의 관계에 관하여 조사하였다. 연구 결과, 봉건적 가산제, 후견주의, 불투명한 조달 그리고 지대추구 행위 등은 바람직하지 않은 거버넌스에 유의미한 영향을 미치는 것으로 나타났다. 또한 불투명한 조달과 지대추구 행위 등이 불공정한 공공서비스 관행에 영향을 미치는 것으로 나타났다. 그리고 후견주의, 불투명한 조달, 구유통 정치, 지대추구 행위는 부패에 영향을 미치는 것으로 나타났다. 모든 독립변수들이 유의수준 $p < 0.1$ 에서 통계적으로

유의하게 종속변수에 영향을 미치는 것으로 밝혀졌다. 예를 들어, 만일 후견주의 관계, 봉건적 가산제, 후견주의 정치, 구유통 정치, 지대추구 행위, 불투명한 조달 등이 증가하면 거버넌스가 더욱 악화된다는 점을 확인할 수 있었다.

이러한 연구의 결과는 후견인-고객 관계, 봉건적 가산제, 후견주의 정치, 불투명한 조달, 지대추구 행위, 그리고 구유통 정치가 거버넌스와 공공서비스에 큰 영향을 미치고 있다는 점을 다시 한 번 확인하였다. 이러한 요인들이 부패를 양산하고, 공무원들이 불공정하게 행동하도록 유도하며, 공공서비스의 전달을 왜곡할 뿐만 아니라 거버넌스의 개선을 가로막는다. 본 연구는 결론적으로 후견인-고객의 관계가 거버넌스를 악화시킨다는 점을 강조하였다. 후견인-고객의 관계를 측정한 5개의 지표 중 4개 계수 값이 양(+)의 값을 보였으며, 이는 통계적으로 유의하였다.

이러한 연구 결과를 바탕으로 네팔 정부는 국가의 제도, 구조 그리고 법령이 제대로 작동하여 책임성과 반응성을 높이고 나아가 국민들의 신뢰를 더욱 받을 수 있도록 노력해야 한다는 점을 제안하였다. 정부는 후견인과 고객의 관계를 끊을 수 있도록 즉각적인 조치를 취해야 한다는 점을 결론에서 다시 한 번 강조하였다.

주요어: 후견인-고객 관계, 봉건적 가산제, 후견주의, 거버넌스, 부패

학번: 2013-23956