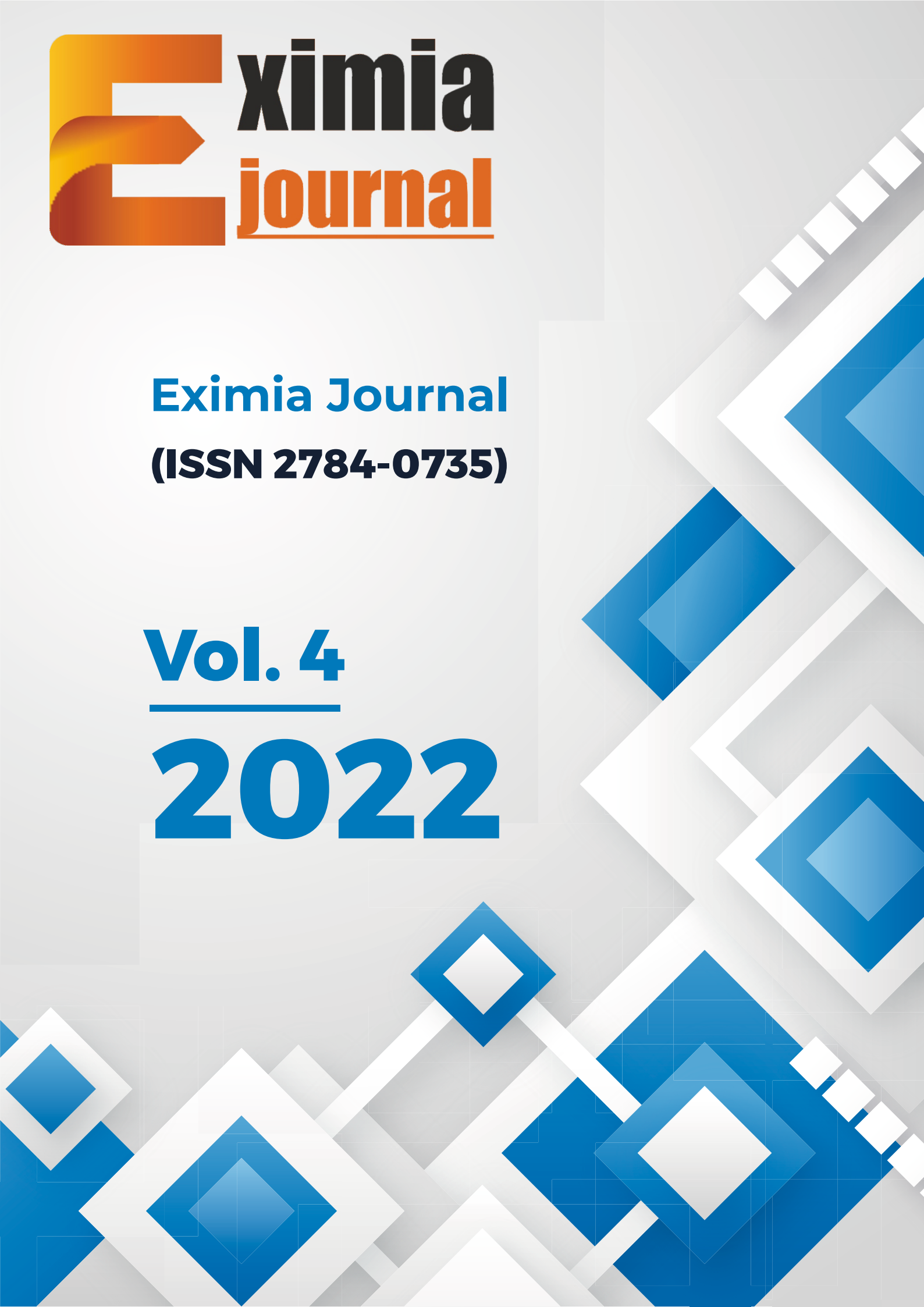




Eximia Journal
(ISSN 2784-0735)

Vol. 4

2022



The Effects of Corruption on Small Businesses in Malawi and the Role of the United Nations (U.N)

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Abstract. The aim of this research was to find out how corruption affected small businesses in Malawi and what the United Nations (U.N.) was doing about it. This study utilized qualitative data collection and analysis procedures. A questionnaire survey was administered to eleven conveniently selected participants. The results revealed that majority of the participants said that corruption exists, and it affected their businesses negatively. In addition, the anti-corruption laws of The United Nations and Malawi were not effectively enforced to stop corruption. Corruption is the core reason behind Malawi's underdevelopment. The United Nations should collaborate with the Malawi government to: Ensure appropriate use of foreign aid; monitor and evaluate the implementation of enforcement of anti-corruption laws. They should work with the Malawi Anti-Corruption bureau, an independent government agency charged with prosecuting those who misuse the foreign aid and reimburse to the appropriate target. Hopefully, the United Nations will also help curb corruption in other developing countries that are greatly affected by corruption.

Keywords. Small business, Corruption, United Nations, Protests, Malawi

1. Introduction

Maintaining international peace and security, developing friendly relations among nations, promoting social progress, better living standards, human rights including combating corruption are some of things that The United Nations oversees. The United Nations is an international organization with 51 countries involved and the richer nations like the United Kingdom, The United States and China are international donors that assist some of the third world countries in Africa like Malawi, Zimbabwe, and Zambia among others. The foreign aid to third world countries is often not used for its intended purpose, which is alleviating poverty to poor people. Corruption of these funds have become a norm and has affected small businesses and the whole economy too. Veselinovic (2016) reveals that corruption is the biggest threat to Africa's growth and the solution lies in good, ethical leadership and, strong and enforceable laws against corruption but most governments are not doing enough to fight the problem. The aim of this paper was to find out how corruption affected small businesses in Malawi and recommend intervention by Malawi and The United Nations.

2. Problem Statement

The continent of Africa is endowed with abundant natural resources, and it has attracted development aid from the rich nations. This foreign aid is supposed to help in economic development but there is a lot of corruption, and it is negatively affecting small businesses in

these third world countries. Corruption is the core reason behind Africa's underdevelopment and the United Nations (U.N) is just watching, leaving many African countries underdeveloped, for example, Malawi. Malawi is a landlocked country in southeastern Africa. It is a narrow strip of land, and it borders with Zambia to the northwest, Tanzania to the northeast and Mozambique to the south, southwest and southeast. It has a lake which runs along it that it shares with Tanzania, and it has beautiful beaches, safaris, and islands. Malawi relies heavily on tea, sugar, coffee, and tobacco exportation, making up more than 90% of Malawi's foreign income. The rest of the country's income comes from the foreign aid, and this is where there is continuous corruption that has affected small businesses. Malawi has for years demonstrated a weaker economic stand than other SADC (Southern African Development Community) countries. The exchange rate has been varying, interest rates rocketing, and inflation is high. The biggest corruption scandal in Malawi happened in 2014 with \$31 million stolen from the government and over 70 million individuals including high-level civil servants, private contractors and politicians have been charged in connection with the scandal. Only 11 of them have been convicted and sentenced.

No country can progress with a high level of corruption and if it is not controlled, small businesses will continue to suffer. Businesses experience high borrowing costs on loans and over taxation when the tax administration employees accept bribes and irregular payments by these small businesses just so they can stay in business. The United Nations must increase their effort in reducing corruption. They must establish objectives to better enforce financial transparency and monitoring of all foreign aid transactions to fight corruption and help small businesses that in turn will help the economic status of third world countries.

3. Research Objective

The objective of this paper was to find out how corruption affected small businesses in third world countries like Malawi and call upon the United Nations to mitigate corruption. The data revealed how the anti-corruption laws in place were not being implemented, which affected small businesses.

4. Methods and Participants

This study utilized qualitative data collection and analysis procedures. A questionnaire survey was administered to eleven conveniently selected participants who were self-sponsored small business owners. The researcher reviewed selected corruption articles, journals, books and then designed a nine question Likert scale and one qualitative open-ended question. The questionnaire was divided into two categories that consisted of questions regarding how corruption was affecting small businesses and how the United Nations could help mitigate corruption in Malawi. The questionnaire was electronically administered to eleven participants who are small business owners in Malawi. The researcher informed the participants about the purpose of the research, and they were free to ask questions if they did not understand.

Additionally, the participants were informed that responding to the questionnaire was by choice and there was no monetary gain. They were also informed that they were free to stop at any time without negative consequences. They were informed that their answers were confidential, and their names would not be revealed. There was 100% (n=11) response. The data was then analyzed, and tables were created indicating the number of respondents per question. The qualitative open-ended question was analyzed according to similarity in answers. The researcher also took pictures of looted shops in Malawi due to protests on corruption. This study did not discriminate based on race, gender, or age. The age range was from 24 to 40, 45% were female and 55% male. Eighty-two (82%) educational level reached tertiary and 18% completed high school.

5. Results and discussion

This section presents and discusses results.

Corruption Survey

Table 1: Question: How frequently do you think corruption is part of the business culture in your country of operation?

Always	Most of the time	Sometimes	Rarely	Never	Don't Know
6	5	0	0	0	0

When asked, “How frequently do you think corruption is part of the business culture in your country of operation?”, Six people stated that it was always a part of the business culture. Five people answered that it was most of the time. No one (0%) said it was “sometimes, rarely , never or don’t know”. Majority of the people 100% (n=11) felt that corruption happens always or most of the time in the business culture in their country of operation.

Table 2: Question: How often does corruption negatively affect business growth?

Always	Most of the time	Sometimes	Rarely	Never	Don't Know
7	4	0	0	0	0

When asked, “How often does corruption negatively affect business growth?” Seven people stated that it always negatively affects business growth, and four people responded most of the time. No one (0%) said it was “sometimes, rarely , never or don’t know”. Majority of the people 100% (n=11) felt that corruption does negatively affect business growth.

Table 3: Question: Are bribes a constant feature in the daily operations to keep some businesses from being shut down?

Always	Most of the time	Sometimes	Rarely	Never	Don't Know
4	2	4	0	0	0

When asked, “Are bribes a constant feature in the daily operations to keep some businesses from being shut down?” Four people answered that bribes are always a constant feature in a business’s daily operations, two people responded most the time, four people stated sometimes. No one (0%) said they “don’t know, rarely or never.”

Table 4: Question: Do you think government officials (politicians, police) try to stop corruption in the country ?

Always	Most of the time	Sometimes	Rarely	Never	Don't Know
0	0	2	6	3	0

When asked, “ Do you think government officials (politicians, police) try to stop corruption in the country ?”, two people responded that government officials sometimes try to stop corruption. Six people answered that they rarely do, and three people stated that they never do. No one (0%) said it was “always, most of the time or don’t know”.

Table 5: Question: How happy are you with the present economic status of the country?

Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied
0	0	1	10

When asked, “How happy are you with the present economic status of the country?”, One person stated somewhat dissatisfied with the present economy and ten people stated very dissatisfied. No one (0%) stated, “very satisfied or somewhat satisfied.”

Table 6: Question: Do you think the anti-corruption bureau in Malawi is fulfilling its job of stopping corruption?

Always	Most of the time	Sometimes	Rarely	Never	Don’t Know
0	0	3	4	4	0

When asked, “Do you think the anti-corruption bureau in Malawi is fulfilling its job of stopping corruption?”, three people stated sometimes, four people stated rarely, and four people stated never on the anti-corruption bureau in Malawi fulfilling its job of stopping corruption. No one (0%) responded it was “always, most of the time or don’t know.”

Table 7: Question: Rich nations like the United Kingdom and China are in the United Nations. They are international donors that assist poor countries like Malawi, but the foreign aid is misused. Most countries have anti-corruption laws, and the United Nations has some too. How often do you think the U.N laws are applied to stop corruption?

Always	Most of the time	Sometimes	Rarely	Never	Don’t Know
0	0	2	3	4	2

When asked, “How often do you think the U.N laws are applied to stop corruption?”, two people stated sometimes, three people stated rarely, four people stated never and two people stated don’t know, when it comes to how often the U.N laws are applied to stop corruption. No one (0%) stated, “always or most of the time.”

Table 8: Question: The United Nations has a department that fights corruption in poor countries that have small businesses struggling to overcome start-up costs. How satisfied are you with the United Nations involvement in crime prevention to make sure all governments enforce anti-corruption laws?

Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied
2	4	4	1

When asked, “ How satisfied are you with the United Nations involvement in crime prevention to make sure all governments enforce anti-corruption laws?”, two people stated very satisfied, four people somewhat satisfied, four people somewhat dissatisfied and one person very dissatisfied.

Table 9: Question: How effective do you think the United Nations anti-corruption laws are in helping small businesses in Malawi?

Always	Most of the time	Sometimes	Rarely	Never	Don’t Know
0	3	3	3	1	1

When asked, “How effective do you think the United Nations anti-corruption laws are in helping small businesses in Malawi?”, Three people stated most of the time, three people stated sometimes, three people stated rarely, one person stated never, and one person stated don’t know. No one (0%) stated “always”.

The final open-ended question of the survey, “What do you think can be done to stop corruption in Malawi?”, allowed for a variety of answers from respondents. Majority of the participants 100% (n=11) commented that they would like to have a change of Malawian government officials. Malawi has had the same people circulating in government , just in different seats in Parliament and sectors. They stated that for corruption to end, a new government was needed and not the recycled politicians who have been there before and after the biggest scandal in Malawi in 2014, called cash gate. The cash gate scandal involved \$31 million stolen from the government (Kayuni, 2016). Over 70 million individuals including high-level civil servants, private contractors and politicians have been charged in connection with the scandal but only 11 of them have been convicted and sentenced so far. Furthermore, most of the participants specified that the United Nations (U.N) should have an independent body from rich nations like the United Kingdom and the United States, which will not be attached to the ruling government. If there is a separation between the two, they would probably seriously fight corruption with stronger laws, and it will help third world countries like Malawi and the small businesses. Small business activities need to be protected from a corrupt environment for them to thrive.

Corruption is the core reason behind Africa’s underdevelopment and the United Nations (U.N) is just watching, leaving many African countries underdeveloped, for example, Malawi. Additionally, Cusak (2020) highlights the Transparency International’s 2019 Corruption Perceptions Index that shows Africa as the most corrupt region of the world, according to the African Union. He explains that Africa’s development is among the world’s most severe because 90% of the African population live under very corrupt or extremely corrupt governments. The aid that comes from rich countries like the United Kingdom (U.K), is supposed to help in economic development but there is a lot of corruption, and it is negatively affecting small businesses in these third world countries. It had gotten to a point that there were protests and strikes almost every day in Malawi. Masina (2018) highlights how small businesses came to a standstill as many shops were closed because hundreds of people marched against corruption and bad governance. In addition, in 2019 protests took place and people damaged business property (see pictures below).

Photos of the protests and looted stores in Lilongwe, Malawi.



Chikoti, M. (2020). Protesters marching in Lilongwe. photograph, Lilongwe Malawi.



Mkwinda Nyasulu, N. (2019) Broken glass door



Chiuta, W. (2019). Police armoured vehicle set ablaze. photograph, Lilongwe, Malawi.



Mkwindi Nyasulu, N. (2019) Broken glass door

Although these protests were organized by the Human Rights Defenders Coalition, they did not advocate violence. These protests challenged the former President of Malawi, Peter Mutharika on his promises of tackling corruption, boosting the economy, improving infrastructure, and containing inflation. None of what he promised in his first term was done and the people of Malawi were tired (Jomo, 2019). He further explains that the protests were a way to make the ruling government understand that corruption was adversely affecting the country. The protests revealed that people were tired of corruption perpetuated by the Democratic Progressive Party (DPP).

The Presidential elections on May 20, 2019, were allegedly rigged and resulted into President Peter Mutharika's political party, Democratic Progressive Party (DPP) winning. DPP winning meant that the corrupt environment would continue, for instance, small businesses having to keep bribing officials to start or keep the businesses running. Furthermore, the economy kept getting worse and even electricity and water were being affected. For years, Malawi has no electricity (blackouts) almost every day, and no running water, even up to 3 days or more at a time in some areas which affects businesses. The aid that comes to help with these issues were directed to personal use by the political party leaders and their associates. This resulted in the elections in May 2019 being challenged by other political parties like United Transformation Movement (UTM) and Malawi Congress Party (MCP), who both vowed to change Malawi for the better with fresh people in government. This however has not been easy to do. Previous protests turned violent because protestors ended up looting stores, clashing with security forces, and setting several police cars on fire because the police themselves are believed to be corrupt too (Jomo, 2019).

Surprisingly, these protests in Malawi led to re-elections in June 2020, with the combined force of the Malawi Congress Party (MCP) and the United Transformation Movement (UTM) delivering a historic victory over the previous government. Malawi's current ruling alliance for democracy, led by President Dr. Lazarus Chakwera vowed to get rid of corruption within the government and since taking office, launched investigations into some of the deals made by the previous government and suspended contracts (Pensulo,2020). Some

government officials were arrested or fired over corruptive contracts and theft of millions, if not billions of Malawi Kwacha.

Indeed, the results have shown that small businesses in Malawi are affected by corruption and the United Nations (U.N) the watch dog is not doing much. Corruption hinders business growth, raises transaction costs and distorts development priorities (Das, 2019). These small business owners are self-sponsored, and corruption negatively affects their daily operations. Schalkwyk (2017) emphasizes that many governments have made commitments to combating corruption but that has not really helped curb it since some countries might be commitment-rich but implementation-poor. Implementation is poor because the anti-corruption laws are not really applied. Collins (2019) assessed that the United Nations (U.N) established objectives to better enforce financial transparency and monitoring of all foreign aid transactions. However, in Malawi the presence of the United Nations has not been felt. The corrupt people feel that the law does not apply to them. They are not scared to go beyond the limit nor the consequences because they will likely get away with it just like some of the cash gate suspects who still have not been caught.

Nonetheless, the current alliance for democracy government spearheaded by President Lazarus Chakwera in 2021 had a minister and other 19 officials arrested over misuse of aid (Masina, 2021). This provides some hope, but it is not enough.

6. Conclusion

Langseth (2000) highlights a global program against corruption that was designed by the Centre for International Crime Prevention (CICP) in collaboration with the United Nations Interregional Crime and Justice Research Institute (UNICRI). This program can probably make sure that all received foreign aid is appropriately used through the Malawi Anti-Corruption bureau that must also adopt new laws and regulations on their investigative procedures, to better serve the country and economy.

Corruption is the core reason behind Malawi's underdevelopment. The United Nations should collaborate with the Malawi government to: Ensure appropriate use of foreign aid; monitor and evaluate the implementation of enforcement of anti-corruption laws. They should work with the Malawi Anti-Corruption bureau, an independent government agency charged with prosecuting those who misuse the foreign aid and reimburse to the appropriate target. Hopefully, the United Nations will also help mitigate corruption in other developing countries that are greatly affected by corruption.

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