

Governance, Development Outcomes and Inequality: A Cross-Country Analysis

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Abstract

The relationship between governance and economic development is one of the most important areas of research in international development. Much of the previous literature has focused on whether better governance leads to higher levels of income and human development. Good governance should entail processes, decisions and outcomes that alleviate inequality and improve the quality-of-life. This study purposes to investigate the relationship among governance indicators, development outcomes and inequality for selected countries. World Governance Indicators (WGIs) from the World Bank is used in the study as a key governance measures. The progressive improvements of all dimensions of governance indicator seem to promote quality-of-life. Over all findings highlight the increasing importance of policies intending to reduce corruption and violence, together with stimulating legitimacy, transparency and institutional quality for the countries investigated. Along with the fact that governance quality is lower in sub-Saharan Africa than other regions of the world this suggests that improvements in governance contribute to development outcomes in poor countries.

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