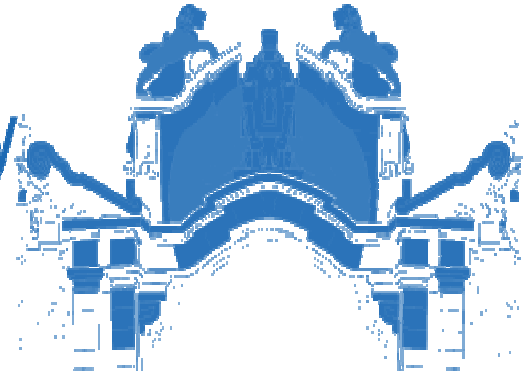




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Assessing Challenges of Public Sector Leaders in Combating Corruption: A Case Study of Ethiopian Revenues and Customs Authority in Selected Branch Offices in Addis Ababa.

By: Tagel Tesfaye

A Thesis Submitted to College Of Business And Economics In Partial Fulfillment Of The Requirement For The Degree Of Masters Of Art In Public Management And Policy (MPMP) In The Department Of Public Administration And Development Management

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ABSTRACT

Corruption is a challenge to development. Scholars define corruption as abuse of public office for private benefit. Using this working definition, this study explores the main causes, the aggravating factors, work areas vulnerable to corruption and the means to combat corruption. Ethiopian Revenue and Customs Authority was taken as case study institution. Interviews were conducted with leaders and experts in the institution. From 2,905 population size in the selected four branches, one hundred fifty seven survey questionnaires were administered to the staff of Ethiopian Revenue and Customs Authority by stratified sampling. The findings from this study confirm that corruption is increasing in extent and type (pity and grand corruptions). The perception of employee of the institution and the tax payers confirm the prevalence of corruption. Corruption has become a day to day tradition and considered as “normal” transaction, in terms of perception, including in ERCA office. From the findings of both primary and secondary sources, there need to be enhanced holistic anti-corruption efforts and reforms, commitment of leaders and experts, building of strong institutions and corruption prevention and enforcement mechanisms at all levels. Creating an educating society starts from modeling students in ethics, inclusive development and coordinated approach in the staffs, leaders of the organization and the country at general.

Key Words: Challenges, consequences, corruption, perception, commitment, ethics, national integrity system, Ethiopian Revenue & Customs Authority, Federal Attorney General

ACRONYMS

ADB	African Development Bank
AIMDG	African Institute of Management, Development and Governance
AU	African Union
BPR	Business Processing Reengineering
CPI	Corruption Perception Index
CSRP	Civil Service Reform Program
DIFD	Department for International Development
EDI	Economic Development Institute of the World Bank
EPRDF	Ethiopian People's Revolutionary Democratic Front
ERCA	Ethiopian Revenue and Customs Authority
ETB	Ethiopian Birr
FAG	Federal Auditor General
FEACC	Federal Ethics and Anti-Corruption Commission
GDP	Gross Domestic Product
HPR	House of Peoples Representatives
HRDD	Human Resource Development Directorate
HTTP	Hypertext Transfer Protocol
MPMP	Masters in Public Management and Policy (MPMP)
NGO	Non-governmental Organizations
OECD	Organization, Economy of Countries Development
PSCAP	Public Sector Capacity Building Program
TI	Transparency International
UN	United Nations
UNDP	United Nations Development Program
UNDAF	United Nations Development Assistance Framework
UNPAN	United Nations Poverty Action Network.
VAT	Value Added Tax
WB	World Bank
WWW	World Wide Web

TABLE OF CONTENTS

Acknowledgment.....	i
Abstract.....	ii
Acronyms.....	iii
List of Tables	Error! Bookmark not defined.
List of Graphs	ix
List of Figures.....	ix
List of Appendices	ix
CHAPTER ONE	
1. INTRODUCTION	1
1.1 Background of the Study	1
1.2 Statement of the Problem.....	3
1.3. Research Questions.....	6
1.4. Objectives of the Study	7
1.4.1. General Objective	7
1.4.2. Specific Objectives	7
1.5 Scope of the Study	8
1.6. Significance of the Study.....	8
1.7 Organization of the Research Report.....	9
1.8 Limitation of the Study.....	10
CHAPTER TWO	
2. LITERATURE REVIEW	11
2.1 Introduction.....	11
2.2 Defining Basic Terms	11
2.2.1 Corruption.....	11
2.2.2 Corruption in Public Administration.....	12

2.2.3 Public Leadership.....	13
2.2.4 Preventing Corruption in Public Sector Administration	14
2.2.4.1 Prevention	14
2.2.5 Public Sector	14
2.2.6 Challenges.....	15
2.2.7 Prospects	15
2.3 The Leadership Challenges in Combating Corruption	15
2.3.1 Theoretical Literature Review	16
2.3.1.1 Public Leaders and Employees Attitude in Relations to Combating Corruption.....	16
2.3.1.2 Leadership and Inspiring Shared Vision in Combating Corruption.....	17
2.3.1.3 Leaders and Enabling Followers Towards Combating Corruption.....	17
2.3.1.4 Leaders and Encouraging the Hearts of the Followers	17
2.3.1.5 Public Leaders and Modeling the Way to Combat Corruption.....	18
2.3.1.6 Public leaders and Challenging in the Process of Combating Corruption	18
2.3.2 Different Perspectives on Public Sector Corruption	18
2.3.2.1 Corruption as Socio-Cultural Problem;.....	18
2.3.2.2 Corruption as an Economic Problem;	19
2.3.2.3 Corruption as Political Problem.....	19
2.4 Arguments that support corruption and arguments Against Corruption.....	19
2.4.1 Arguments supporting presence of corruption.....	20
2.4.2 Arguments against Corruption	22
2.5 Patterns or Manifestations of Corruption in the Public Sector	24
2.5.1 Other Types of corruption based on size and norm	25
2.6 The Role of Public Sector Leaders in Combating Corruption.....	27
2.7 Strengthening a National Integrity System	28
2.7.1 Pillars of a National Integrity System	29
2.8 An Overview of Public Sector Corruption in Ethiopia.....	34

2.9 Challenges of Public Sector Leaders in Combating Corruption	35
2.10 Empirical Literature Review	36
2.10.1 Drivers of Corruption in the Public Sector	36
2.11 Impacts of Corruption in Revenues and Customs Authority	41
2.12 Prospects of Public Sector Leaders in Fighting Corruption.....	42
2.13 Conceptual Framework.....	43
CHAPTER THREE	
3. Research Methodology.....	46
3.1 An Introduction.....	456
3.1.1 Description of the Study Area.....	467
3.1.2 Justification for the Study	478
3.2 Pilot-test.....	49
3.3 Research Design	489
3.3.1 Research Type.....	4850
3.3.2 Population and Sampling	50
3.3.2.1 Population	50
3.3.2.2 Sampling Design.....	51
3.3.3 Sampling Techniques	51
3.3.3.1 Sampling of the Qualitative Data.....	51
3.3.3.2 Sampling of the Quantitative Data.....	52
3.3.4 Sampling Unit	55
3.4 Data Sources	55
3.4.1 Primary Data Sources.....	55
3.4.2 Secondary Source.....	55
3.5 Tools for qualitative data gathering	56
3.5.1 Interviews.....	56
3.5.2 Observation	56

3.6 Tools for quantitative data gathering	57
3.6.1 Questionnaires.....	57
3.7 Data Presentation and Interpretation.....	58
3.7.1 Qualitative Data Analysis	58
3.7.2 Quantitative Data Analysis	58
3.8 Ethical Consideration.....	58
 CHAPTER FOUR	
4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION.....	58
4.1 Introduction.....	58
4.2 Demographic Characteristics of Sample Respondents	59
4.3 Awareness for the incidence of corruption in day to day service delivery	60
4.4 The reason behind the exposure of corruption in ERCA	61
4.5 Recognized types of corruption based on their size and state of acceptance in ERCA	63
4.6 The most common forms of corruption manifested in ERCA	64
4.7 The periods of time in which corruption is increasing.....	66
4.8 Practical areas where corruption flourish in Ethiopian Revenue & Customs Authority	67
4.9 Causes and aggravating factors of corruption in ERCA.....	68
4.10 Effects resulted from corruption	70
4.11 Corruption experience, reporting habits and measures, and improvements in ERCA employees..	72
4.12 Access to Information Communication Technology	75
4.13 Involvement of employee and community on workshops/trainings in capacity building projects .	75
4.14 Challenges faced by leaders to combat corruption	75
 CHAPTER FIVE	
5. DESCRIPTIONS OF THE SECONDARY DATA.....	77
5.1 An overview of governance and corruption in ethiopia.....	77
5.2 An overview of the public sector services governance structure.....	80
5.3 Integrated governance strategy for combating corruption	81

5.3.1 Description of the secondary data from FEACC	82
5.3.2 Cases of corruption under investigation from Federal Attorney General . Error! Bookmark not defined.	
CHAPTER SIX	
6. CONCLUSIONS AND RECOMMENDATIONS	84
6.1 Conclusions and policy lessons	84
6.1.1 Concluding remarks	84
6.1.2 Recommendations.....	85
REFERENCES.....	93
Appendix	

List of Tables

Table 2.1 Pillars of integrity -----	30
Table 4.1 Demographic characteristics of respondents -----	60
Table 4.2 Incidence of type of corruption based on respondents' response -----	62
Table 4.4 Type of corruption based on size and acceptance -----	65
Table 4.7 Causes & aggravating factors of corruption-----	70
Table 4.9 Consequences of corruption -----	73
Table 4.10 Experience of respondent's family & friends to the service of ERCA -----	75
Table 4.10.1 Reporting of corruption practices to concerned office -----	76
Table 4.10.2 Information on measures taken by concerned office -----	77
Table 4.10.3 Forecasting of corruption on future-----	78
Table 5.1 Transparency International perception index rank -----	82
Table 5.3.1 Assets confiscated and restrained by FEACC -----	85

List of Graphs

Graph 4.3 Reasons that ERCA is exposed to corruption -----	64
Graph 4.4 Forms of corruption manifested in ERCA -----	67
Graph 4.5 The period in which corruption is manifested in ERCA -----	68
Graph 4.6 Work areas in which corruption flourishes -----	69

List of Figures

Figure 2.4 Conceptual framework -----	45
Figure 5. The public service governance structure -----	80
Figure 5.2 Focus areas of institutional reform to curb corruption-----	83

List of Appendices

Appendix A: Questionnaire for the ERCA employee-----	97
Appendix B: Interview questions for ERCA employee-----	104
Appendix C: General questions to Federal Attorney General Corruption-----	104
Appendix D: List of Contributors and participators-----	105

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study

In a more globalized, technologically advanced and rapidly changing today's world environment, particularly in the 21st century, everything falls and rises within administration of the public at large. The issue of public leadership matters in such changing space and context. Leaders influence and shape the lives of the followers and organizations they are leading. Leadership is also becoming the challenge in public institutions. (Bennis 2007).

The challenges of public sector leaders in combating corruption in public institutions is about looking into the leaders context such as “walking the talk and mobilizing others towards exemplary practice” towards combating corruption. Leaders employ to change values into action, visions into realities, obstacles into innovations, challenges into opportunities and create conducive climate in which people can transform challenges in fighting corruption into successes. The challenges of corruption are becoming increasingly complex and require adequate response. (Kouzes and Posner 2007)

Even historically, corruption seems to have been with us in history of human being since the ancient days as recorded in the Holy Bible; for example in the Gospel of Saint Matthew in the portion headed “The Guards’ Report”.

“When the chief priest had met with the elders and devised a plan, they gave the soldiers a large sum of money, telling them ‘you are to say, his disciple came during the night and stole him away while we were asleep’. If this report gets to the governor; we will satisfy him and keep you out of trouble. So the soldiers took the money and did as they were instructed”

(Saint Matthew Chapter 28 verse 12 to 15: New International Version of the Holy Bible).

Corruption is defined in several ways and of what impact of the definitions constitutes the understanding of the concept. Using the most common definition, corruption is **“the misuse of public office for private gain”** (World Bank 1997 and UNDP 1999). This is the working definition that many world organizations use in discussing corruption, including the World Bank and the International Monetary Fund. Transparency International, the leading global organization fighting corruption, defines corruption as **“the abuse of entrusted power for private gain”**. Their definition embraces corrupt practice in both the public and private sectors (<https://www.transparency.org>., TIworking paper #05/2009).

Corruption is increasing at an alarming rate from year to year. World Bank also presents that, the amount of resource claimed by corruption each year is estimated to be more than 5% of global GDP with over \$ 1 trillion paid in bribes each year while an estimated \$ 2.6 trillion are stolen annually through corruption. The African Union (2002) estimates that 2% of GDP of African states, amounting to US\$ 148 billion, are lost to corruption every year (Wickberg2013)

One can further infer that if this huge amount of money would have shifted to be used for infrastructure (pure water, hospitals, schools, electricity, roads and transportation, irrigation etc.) millions would be benefited specially the poor.

The cost of corruption in the world is high and increasing from time to time. Various studies have tried to estimate its cost at different time in their studies of corruption. The World Bank estimates that the global cost of corruption is around 1.5 trillion dollars per year i.e. 5% of the global GDP in the global economy of 30 trillion dollars (Transparency International 2015).

Furthermore, according to African Union (AU), direct and indirect costs of corruption in Africa are around 25% of its total GDP (ADB 2003). Considerable amount of money which is snapped from the throat of many poor African peoples who are highly eager to have access to primary education, health facilities, clean water, rural road but such considerable amount went to the pockets of corrupt officials. Due to the incidence of corruption, few are benefiting at the expense of the many poor, hindering sustainable development, and fuels social exclusion.

It is also the talk of the town and the result of several studies that corruption has taken root and established its terminal in government structure that is organized, manned, nurtured and led by the ruling party, the EPRDF, and become a formidable threat to peace, development and the democratization process of the country that the EPRDF itself is vowing to eradicate and achieve (Kilimanjaro International 2012).

Shimelis (2005) identified the problem of combating corruption is escalating despite the establishment of Anti-Corruption Commission and Institutionalization of the CSR and other institutions in the country. Public leaders ever more pay hypocrisy to combat against corruption.

1.1.1 Overview of Ethiopian Revenue and Customs Authority

This study aimed at assessing challenges of public sector leaders in combating corruption in Ethiopia. The study has taken Revenues and Customs Authority as a case study. Because the area under the study is where financial transactions are transferred from the private to the public or vice versa and are easily exposed to corrupt practices. According to the Proclamation No. 587/2008 of ERCA, the organization came into existence on July 7, 2008 by merging the Ministry of Revenue, Ethiopian Customs Authority and The Federal Inland Revenue Authority which formerly were responsible to raise revenue for the Federal government and prevent contraband trade (ERCA 2008).

The Ethiopian Revenue and Customs has established its headquarter in Addis Ababa. Led by a director general, who responsible to the highest executive power of the Federal Government of Ethiopia, the prime minister (1995, EFDRE Constitution, Act 51(10)). Both the director general and the deputies are appointed by the prime minister. The ERCA has organized branches at all parts of the country and one coordination office located at the port of Djibouti. Branch offices comprise Customs Control Stations which administered under the branch office where formalities of customs are completed & cleared. Tax Centers are tax collection centers at the vicinity of the taxpayers and Checkpoints are places where customs examination is conducted using machine and/ or manually to ascertain there is no variation on imported and exported goods based on customs declaration.

Having this, Ethiopia is not free from the adverse and depressing effects of corruption. Even though there is a progress in the struggle to combat corruption in public institution under the government agenda, yet the lion's share of the broad challenges of combating corruption is still ahead of public sector leaders and citizens of the country

According to the Dec 16, 2016 CPI's report, Ethiopia has a score of less than two, found at the bottom half of the index, and in greatest need to fight it. Transparency International's Corruption Perception Index (CPI) i.e., ranking of countries based on how corrupt their public sector is perceived to be & indicates its position relative to other countries, ranks Ethiopia 108 least corrupt nation out of 176 countries (Transparency International Dec 2016).

1.2 Statement of the Problem

Corruption is a great enemy of development. According to (Sen 1999) development can be understood as "a process of expanding the real freedoms that people enjoy".

Nevertheless, corruption does not allow these freedoms to flourish. "Corruption in one way or the other infringes upon the fundamental rights and freedoms of individuals... it adversely affects all categories of rights" (Action Professional Association for the People 2001:31).

(Shimelis 2005) According to the Corruption Survey undertaken in the country by the Institute of Educational Research (IER) of the Addis Ababa University (Dec. 2001), most of the public institutions established with the mission of providing quality services to the public are not up to their purpose. Organizations like the customs services, land administration, city councils, national housing have been found the worst service providers. Commercial Bank of Ethiopia also has been found corrupt in dealing with lending and borrowing services. There are severe complaints about the legal system in the country. Judges and the court system create immense problems on citizens seeking their services. Too long processes, bribes as well as lack of effective enforcement and incompetence of judges are serious impediments to using the legal system effectively in the country. Overall quality of government hospitals and schools has been deteriorating over the years. The services provided by these agencies are declining from time to time. On the other hand, privately owned health organizations and schools are charging very high prices, which the majority of the people cannot afford.

Corruption in public sector is manifested when the entrusted public administration power is abused by either nominated or assigned officials, individuals for their private gain and they are challenged by their greed personal interests to take or extort a bribe and when secretive offer of bribes to public official. In addition, power is abused when private agents actively offer bribes to get out of public policies and processes for their personal benefits.

Corruption has become socio-economic and socio-political evil of our time. It intertwines with poverty and misuse of development resources and maintains the vicious circle of poverty in countries like Ethiopia. There is perceived and practical tolerance to corruption and corrupt individuals and organizations despite the existing laws.

Thus the role of public leadership is vital in combating corruption in public sector institutions. Without anti-corruption initiatives and effective leadership at local and national level, any

attempt to achieve the overall vision of any organization is bound to fail. The challenges and prospects of fighting corruption are directly related with comprehensive challenges of good governance. (Edgardo and Jan 2003) stressed that tax and customs administration are typically among the most corruption prone public organizations, especially in emerging countries.

The administering and leadership challenges differ among leaders in diverse organizational culture. And the political will of leaders to combat corruption will be undermined if leaders mind settings are derailed or spoiled by corrupt practices & selfishness. The difference in these public leadership challenges depends on the political and socio-cultural and organizational culture in which the organization operates. A leader in a complex public institution has to meet the challenges of combating corruption by making a paradigm shift of attitudes towards corrupt behavior and corruption thereby building trust and honesty in the minds of their followers (Adams 2010).

The government of the country has started to tackle the challenges of corrupt practices and misconducts at all level by establishing the Federal Ethics and Anti-corruption Agency since 2001. Even though some encouraging efforts were made to combat corruption in the public sector, still there is a major challenge of combating corruption in such public sector.

Moreover, (Shimelis 2005) has also identified that the seriousness of the problem of corruption is in spite of the establishment of FEACC and Civil Service Reform in the country. Nowhere does corruption cause greater damage than in developing countries like Ethiopia. Similarly, the seriousness of the problems in ERCA under which the researcher will emphasize the study is to show the types, causes and consequences of corruption in the organization, and are further would be highlighted.

Even though, more attention has been given by the government to tackle corruption by prevention, controlling and prosecution aspects, but still the challenges of combating corruption from the management perspective has been a major concern for today's public sector leaders. If we are to argue that such recent leadership emphasis provides an effective ways of tackling corruption, further it remains a matter of serious challenge to combat corruption based on ethical, moral, spiritual and legal concerns and there is also little research on the challenges and prospects of public sector leaders in combating corruption. Particularly, coming to ERCA, which is a government institution, responsible to generate huge government revenue and set modern tax

administration with the vision to be a leading, fair and modern tax and customs administration in Africa by 2020 by financing huge government expenditures through huge domestic tax revenue collections, and due to its complex organizational culture, corruption is still a major challenge both for service providers and service seekers (ERCA 2008).

Despite of its vision and the relentless efforts made so far towards combating corruption and providing effective public service in the sector, the problem of fighting corruption has remained a challenge for both the service provider and the service seeker in the areas of custom clearance, valuation, as well as tax and revenue collection (FEACC 2010).

Unless the acts of corrupt practices in Ethiopian Revenues and Customs Authority are curbed through exemplary leadership at sectoral level, the final result leads to declining of revenue collection and tax administration in the process of development, thereby which impose multifaceted impediments to the country's development process as a whole. Therefore, if it is argued that the aforementioned justifications shows a gap in addressing the malaise, it remains a matter of serious concern and wise decision in studying & addressing the challenges and understanding the prospects of public sector leaders in fighting corruption from their administering and leadership aspects. Hence, the challenges of public sector leaders in combating corruption have become the unfinished agenda for the twenty first century leaders and continue in public institutions in diverse and complex organizational culture like ERCA.

As thoroughly discussed above, having many manifestations and the area have been hot topics of research in all part of the world, it is nonetheless; simply talk of corruption & anti-corruption initiatives in its general form. Further, researches in this regard show that some corruption practices are assumed to be overt (formal), abusing power in public office is comments, and important part of the job.

Why corruption still become a serious challenge to public sector leaders and yet not solved in this particular public sector? Why the corruption interface between private and public is not yet disconnected? Despite the existing law and reforms, as the ruling party is vowing to root out it, why is corruption being not curbed or reduced and why practical tolerance than taking serious measures to fight corruption? Well noting these all points, it is very pertinent to carry out a research, which is overdue to assess challenges of leaders to combat corruption in safeguarding public resources and government revenue

1.3. Research Questions

It is with the above background of the problem statement that the study is initiated and conducted. The research mainly enquires as to why corruption is rampant and increasing from time to time in Ethiopia despite the legal, policy and institutional reforms. The specific research questions are as follows:

- a) What are the major challenges faced by leaders in combating corruption in ERCA at selected offices?
- b) How do the public officials view and perceive work place corruption-the type of corruption, areas of corrupt practices, the causes of corruption?
- c) How do leaders control and fight corruption practices in the sector (policies, legal & institutional mechanisms)?
- d) What enabling and capacitating means & methods that leaders use to enable/aware employees, followers and others in combating corruption?
- e) Why is corruption increasing from time to time in Ethiopia in general, and as the case study, in ERCA?
- f) How participation of interest groups is addressed in order to support corruption prevention efforts?

1.4. Objectives of the study

This study has both general and specific objectives.

1.4.1. General objective

The general objective of this study is to assess challenges of public sector leaders in combating corruption particularly in Ethiopian Revenue & Customs Authority.

1.4.2. Specific objectives

Specifically, this study will attempt to:

- a) Assess the main challenges of leaders in combating corruption in ERCA,
- b) Analyze the way leaders perceive causes and types of corruptions,
- c) Explore the mechanisms and resolving methods that leaders use in combating corruption,
- d) Promote enabling mechanisms and discussions to provide to followers and other researchers,
- e) Mention current status & main corruption areas to indicate possible strategies in combating it,
- f) Find out either there is participation and coalition of interest groups or not.

1.5 Scope of the study

A challenge of public sector leaders in combating corruption is a broad topic. However, the study does not address all sources, extents and costs of corruption in the entire public sector at national level. The scope of this study is to assess the challenges of public sector leaders in combating corruption in Ethiopian Revenue and Customs Authority clustered at Addis Ababa Head Office, KalityGumruk Customs Branch Office, Medium Level Tax Payers' Branch Office and Large Tax Payers Branch Office. And this study has included high level, medium level and low level employees so as to obtain adequate and diversified information about the issue under discussion. However, due to the problem of distance, scarcity of different resources especially time, and money and for the sake of manageability and simplicity, the study is delimited to above mentioned ERCA's four branches.

1.6. Significance of the study

Fighting corruption is not a one-time campaign. It took England more than a century to bring corruption under control. Hong Kong and Singapore, which are mostly cited as success stories in the fight against corruption, started anti-corruption long ago. For instance, in Hong Kong, the anti-corruption drive commenced in 1974 and still the country is not free of worrying corruption.(Transparency International Dec 2016).

First and for most, it is done to fulfill the partial requirement for the degree of Masters in Public Management and Policy. Next, to curb corruption, the finding of this study will help as an input for interested bodies in designing effective anti-corruption strategies which are indispensable, . Accordingly, the finding of this study will have the following significances to:

1. Public Sector Leaders and Employees,

This study serves as an important starting point not only for leaders who are leading different public organization at different level, but also, for employees who work within these organizations in different positions and branches to serve the public and enable them to look into their individual attitudes and perception towards combating corruption as well as their organizational leadership commitment in combating corruption.

2. Future Researchers and Students

The researcher believes that this thesis will be helpful for those readers and researchers as starting point in the area to have some understandings of the underlying challenges. In today's

public sector dynamism and a world of globalization, it could serve as a reference for further research studies for those who are interested in undertaking on challenges and experiments in fighting corruption in public sector.

3. The Country at Large,

In glow of the widespread problems which facing our country Ethiopia, the twenty first century generation leaders have been subjected to several challenges as well as opportunities. Revenue generation is the nerve cell for the development of the country and the challenges of combating corruption especially in such critical areas where remains a field where to have war on corruption and government strategies may use it as inputs on the issue under discussion.

4. The Policy Makers,

The findings of this study will also help policy makers, concerned governmental organizations and public sector students. The paper will also add its share to the already existing literature in the Ethiopian context. And as the issue is relatively discovered by many writers but unresolved, it is expected to serve as a new stepping-stone in stimulating further investigations and researches to policy makers.

5. Non-Governmental Organizations,

Non-governmental organizations working on corruption may actively take part and it can contribute them its share in designing intervention programs and other endeavors which are organized to safeguard the public office and resource from private benefits.

1.7 Organization of the research report

This research finalwork is organized in six chapters. Their build up is presented in the following manner. Chapter one contained sections like the introduction part, background of the study, the research problem, general objectives, specific objectives, scope of the study,significance of the study, and limitations or bottlenecks while undertaking the research study. Chapter twohas focused on review of relevant literatures,published works from the international organizations on corruption topics, terminologies, leadership challenges in combating corruption, different perspectivesin the public sector corruption as socio-cultural, economic, political problems, arguments that support and oppose the incidence of corruption,manifestations or types of corruption, the role of public sector leaders, the national integrity system, pillars of integrity, an overview of corruption in Ethiopia, challenges of public sector leader to combat public sector corruption, empirical review, prospects of

leaders to fight corruption, and finally conceptual framework are included in the chapter. Chapter three is titled as the methodology chapter; a science of studying how research is done scientifically and a way to systematically solve the research problem; justification for the study, research design, research type, population, sampling techniques, sample data determination, data collecting tools, data sources, method of analysis and the ethical consideration respected and followed by the researcher are enumerated in this chapter. Chapter four adopted by a researcher in studying his research problem is the data presentation, analysis and interpretation part that exhibited methods of data analysis, and the findings from the target populations using the data collecting tools and sources depending on perceptions of respondents, Chapter five encompassed findings from description of the secondary data sources, overview of governance, an overview of public sector governance structure, integrated governance strategy and the data from House of Peoples Representative and Federal Attorney General are quantitatively and qualitatively analyzed, discussed and interpreted. Chapter six is the last chapter embodied both: conclusion based on results and possible recommendations are forwarded

1.8 Limitation of the study

Although the attempt has been made to address the objectives set forth using available resources and motivation in order to finalize this research, the effort of the researcher was not without bottlenecks. In this study, the first limitations were non-availability of participants especially to carry out interviews with leaders was very difficult because they were engaged in different urgent meetings scheduled from the government the so called '*Deep Renaissance*' or long and continuous meetings (*TilkTehadisso*). The researcher has mitigated problems by availing in their leisure time and in case of complete unavailability of leaders, their deputies were interviewed as possible solution. The second limitation was inaccessibility of related secondary materials to strengthen the investigated primary source results. It was impossible to get current corruption cases or issues. The basic psychological threat was that, since the research is conducted in the period of "time of emergency" which the public sector or government employee are not comfortable to respond both the questionnaires and interviews freely, the researcher had many questionnaire items returned unfilled or blank. As a solution the researcher had to look for the substitute so as to complete the sample from other respondents based on the plan and the pilot-test result then rearrange the investigation and administered questionnaires additionally.

CHAPTER TWO

2. LITERATURE REVIEW

2.1 Introduction

In this chapter, literatures pertaining to the definitions of administration, leadership, corruption and public sector leaders' challenges and prospects in combating corruption are explored. Particular focus is given to the public organizations challenge and prospects in combating corruption. Consequently, historical literatures on public leadership, corruption in public sector, empirical reviews are discussed.

Presently, everything rises and falls within administration and leadership. The very essence of public as well as private sector leadership falls at the heart of leaders. Various literatures on corruption: its historical development causes and consequences, and strategies in the struggle to fight corruption as well as the leadership challenges in curbing corruption are going to be reviewed. Of course, the issue of public sector leadership has been discussed over years and provides many theoretical and empirical studies in the area.

2.2 Defining Basic Terms

2.2.1 Corruption

Corruption has been with us for ages; accountability has equally been with us for centuries and is as old as the history of government. We may cast our mind back to 350 BC when Aristotle suggested in the *politics*:

“To protect the treasury from being defrauded, let all money be issued openly in front of the whole city, and let copies of the accounts be deposited in various words”.

The word corruption is derived from a Latin word ‘corrupts’, meaning to break or to take anything without normal state. Unlawfully, unpermitted benefiting self by contradicting the rules, norms or the practices set in the society. And the phrase ‘to break’ implies to corrupt. As a concept, the practice of corruption differs from the normal human day to day settings, ethics, moral, tradition, laws and it is only devoted to private benefit at the expense of others, especially the poor.

Corruption is characterized by a range of economic, political, administrative, social and cultural factors, both domestic and international in nature. (Berhanu 2016) quoted to define as; corruption is not an innate form of behavior, but rather a symptom of wider dynamics. It opens up and

closes down spaces for individuals, groups, organizations and institutions that populate civil society, the state, the public sector and the private sector. It is, above all, the result of dynamic relationships between multiple actors.

(UNDP 1999) further defines corruption as the misuse of power, office or authority for private benefits or gain through bribery, extortion influence peddling, nepotism, fraud, speed money or embezzlement. However, most authorities seem to agree to broadly define corruption as the misuse of official power or position for illegitimate private gain.

According to (Chibwana 2008), corruption exists in all societies and impedes the economic and political opportunities of developing countries the most. The definition of corruption has been the subject of intense debate. There is no single comprehensive universally accepted definition of corruption. Attempts to develop such a definition encounter legal, criminological and in many countries political problems. Longman dictionary of contemporary English 1992 defines the word corrupt as dishonest and improper use of one's power or position.

The Amended Corrupt Practice (2004), which deals with corruption issues, defines corruption as the engagement in corrupt practices. Corrupt practices are defined as including the offering; giving, receiving, obtaining or soliciting of any advantage to influence the action of any public officer or any official or other person to get 'reward' in place further corrupt practices also include extortion or pressure of any advantages.

To define corruption further, (Amuwo 2005) and (Obayelu 2007) consider it as the exploitation of public position, resource and power for private gain. (Fjeldstand and Isaksen and Ogundiya 2009) define corruption as "the betrayal of public trust for individual or sectoral gain, efforts to secure wealth or power through illegal means for private gain at public expense. (The African Symposium: An online Journal of the African Educational Research Network 2013).

Therefore, based on the above statements and definitions, corruption could also be defined, as an action or omission against an established rule of law, procedure and accepted norm on the part of the custodian of an office be it in the public or private realm, in it's a abusive exercise of that authority, so as to obtain something for itself or to another person or to a group of persons; or to deny somebody its right for something

2.2.2 Corruption in Public Administration

The term public administration is generally used to refer to executive government either as an entity or as an activity. Structurally, these can be agencies, authorities, departments, public offices; commissions that deliver government policies and programs all with greater and lesser proximity to the budgetary and authoritative centers of government (UNPAN Glossary).

Corruption is regarded as antithetical/adverse to the purpose of public administration. It is often referred to as a failure of the institution of the public service and as a betrayal/unfaithful of the essential professional ethic of the public administrator to serve the public “honestly and disinterestedly as trustees of the public interest” (Whitton 1994). Historically the institutional culture of public administration has been a form of protection against corruption (Theobald 1997) and prevention efforts within the control of the public administration are often directed at supporting the professional integrity of public officials (UNODC 2009).

2.2.3 Public Leadership

Some prominent scholars in the field of leadership such as (Antonakis and House 2002; Bass 2008; Lunenburg and Ornstein 1996; Northouse 2004 and Yukl 1998) defined leadership as a universal phenomenon in human societies. It is a popular subject that has long excited the interest of scholars. Nonetheless, many scholars continue to search into what precisely constitutes leadership (Ogawa2005),(Sanga and Walker2005), for instance, believe that leadership is a complex concept to explain. As a result, different concepts and definitions of leadership have been studied, discussed and presented in many ways by scholars in various fields (Bass 2008), (Northouse 2004), (Bass 2008) claims that the definitions most frequently used to deliberate on the following aspects: the leader as a person, the behavior of the leader, the effects of the leader and the interaction process between the leader and those who are being led. (Bryman 1992) defines leadership “as a process of social influence whereby a leader steers members of a group towards a goal.”

Leadership has to open its doors to the changing environment to adapt to the new phenomenon.

Thus as (Cole 1997, p.54) posits:

Leadership is a dynamic process at work in a group whereby one individual over a particular period of time, and in a particular organizational context, influences the other group members to commit themselves freely to the achievement of group tasks or goals.

Leaders need followers in order to impose their influence and authority. Thus, an appropriate definition which aligns with the purpose of the study is that most definitions of public leadership

reflect the assumption that it involves a process whereby positive influence is exerted by leaders over followers to guide, structure and facilitate activities and relationships in the organization to minimize corruption & achieve the common vision and objective of the Organization. The majority of the definitions described thus far relate leadership as a process, behavior, and function and leader-follower relationship. For general anti-corruption policy purposes a definition of corruption needs to be broader. In current international use, “the misuse of entrusted power for private gain “deliberately omits reference to the public sector. It is not restricted to a single context and can apply to conduct on either side of a corrupt transaction or one involving a non-government perpetrator acting alone (Imhonopi and Moses 2013).

2.2.4 Preventing Corruption in Public Sector Administration

2.2.4.1 Prevention

The common rhetoric of “combating” or “fighting” corruption conjures images of an enemy that can be defeated. Similarly the idea of corruption as a cancerous tumor encourages a belief that once found it can be surgically removed with no ill effects. Both of these images suggest that corruption can be eradicated if only we can find the answer. In fact the total elimination of corruption has never been the aim of corruption prevention. Such an absolute objective has been regarded as unrealistic; likely to be disproportionately costly, rigid and risk compromising human rights.

The first step to prevent something is to understand what it is and how it happens. The word “corruption” has social, moral, political, economic meanings that can all be expressed in definitions. In that sense all definitions of prevention corruption can be regarded as working definitions since they vary according to the purpose for which they are used. For example, in order to enforce an anti-corruption law, a precise definition is needed to ensure that procedural fairness is observed in operational activities of preventing, detecting and prosecuting corruption. Consequently legal instruments for prosecution have typically defined specific conducts such as bribery or nepotism with the term corruption retaining a more general meaning or an ‘umbrella’ definition (Alexandra 2012).

2.2.5 Public Sector

Public sector can be defined as government institution established to serve the public but in this context public sector refers to the Ethiopian Revenues and Customs Authority which is

designated to collect huge state revenue for further infrastructural and administrative purposes and developmental programs at large

2.2.6 Challenges

Challenges are described as the encounters which are faced from outsiders by leaders in combating corruption while leading public sectors. This challenges are; enabling followers to combat corruption, inspiring a shared vision, modeling the way towards combating corruption, changing attitudes of leaders, followers and customers and encouraging the hearts of followers keeping other challenges constant. The prevention effort also include more preventive and proactive measures such as enhancing transparency and public management, establishing standards, and reducing opportunities for corruption in high risk activities such as government procurement, judiciary, and state revenue generating and collecting organizations. These more proactive and preventive measures are left to states to implement according to local conditions. But useful technical guides, information from academic research centers that study both corruption and prevention techniques that can be used to develop skills and share best practice, local units supported by regional capacity building are all help to improve the effectiveness of prevention interventions. How corruption happens and its challenges can all be reduced in collaboration with the society rather than left aside to the state (Alexandra 2012).

2.2.7 Prospects

It refers to any good opportunity or possibility which enable public sector leader will have in future in the process of combating corruption, that could be conducive and encouraging controlling environment, institutional settings, legal frame works, reforms, attitude changing workshops, projects, the effort to upgrade access to information technology, mass media; and these all can be considered as good opportunities or prospects that support the public sector leaders to reduce the types and wildness of corruption in many countries and public organizations (Alexandra 2012).

2.3 The Leadership Challenges in Combating Corruption

According to (Kouzes and Posner 2007), the leadership challenges are how leaders mobilize others to get extra ordinary things done in organizations. It is about the practices leaders use to

transform values into action, Visions into realities, obstacles into innovations, separateness into solidarity, and risks into rewards. And also it is about leadership that creates conducive climate in which people turn challenging opportunities into remarkable successes. Certainly there are no shortages of challenging opportunities today. In this globalized and complex world, the challenges seem to be increasing and through our response, we have the potential to profoundly change the world in which we live and work. Leaders of any public or private sector face with those challenges of enabling others, encouraging hearts of their followers, modeling the way, challenging the process itself and inspiring a shared vision are stretched a head of leaders of the time.

We are living in a world of continuous changes. This change is a fact of life. But changes create fears and insecurity as well as challenges and possibilities. What has distinguished the successful countries from those that failed is the existence of leaders with the capability to anticipate changes and to respond to them positively and proactively. Knowing, with time everything changes. This change brings both challenges and opportunities to leaders and their leadership aspects (Ahmed 1998).

2.3.1 Theoretical Literature Review

The relationship between the public leadership challenges in combating corruption and the practices of building exemplary leadership variables are described in the following section as follows:

2.3.1.1 Public Leaders and Employees Attitude in Relations to Combating Corruption

The leaders' attitude towards combating corruption helps to determine both the attitudes of employees and customers. Leadership is influence. People catch our attitude just like they catch our cold by getting close to us. Leaders who possess great attitude can bring a determinant effect not only for their own success, but also for the benefits of their organization. It is the attitude that makes a difference in combating corruption in a complex organizational culture. Great leaders' understand that the right attitude with the right atmosphere which enable the right responses from their followers and other stakeholders (Maxwell 2007).

2.3.1.2 Leadership and Inspiring Shared Vision in Combating Corruption

Every organization, every social movement begins with dreams or vision. The dream or the vision is the force that invents the future. Likewise, ERCA has a vision to be a leading modern Tax Administration public institution in Africa in 2020. Thus leaders inspire a shared vision. Leaders have to enlist their followers in a common. To enlist people in a vision leaders must know their constituents and speak their languages, must have intimate knowledge of their followers' dreams, hopes, aspirations, visions and values. Leaders forge a unity of purpose by showing followers how to combat corruption by stirring the fire of passion in others for the realization of their vision (Kouzes and Posner 2007).

2.3.1.3 Leaders and Enabling Followers Towards Combating Corruption

Combating corruption is no single leader's effort and responsibility rather it requires solid trust and strong efforts of followers as well. It requires team effort, group collaboration and individual accountability. To tackle corruption sustainably, leaders have to enable their followers and stakeholders. Leaders should understand that the command and control techniques or hire and fire management no longer apply. Instead, leaders work to make others feel strong, capable, committed, feels sense of personal power and ownership about the issue raised above. Authentic leadership is founded trust and the more people trust their leaders and others, the more they take risks, make changes and keep organizations successful. Through this relationship, leaders turn their constituents in to leaders themselves (Kouzes 2007).

2.3.1.4 Leaders and Encouraging the Hearts of the Followers

The process of combating corruption is tough and long not lasting. Employees and others become exhausted, frustrated, dissatisfied and de-motivated with the struggle. They may tend to give up. But leaders should encourage the hearts of their followers to carry on their struggling. It is part of the leaders' job to show appreciation for their followers' contribution and create culture of celebrating values and victories by awarding best performers. To make dramatic change of any kind, leaders make sure their constituents see the benefit of behavior that is aligned with cherished values there by building a strong sense of collective identity and community spirit that can boldly fight against corruption through all time (Kouzes 2002).

2.3.1.5 Public Leaders and Modeling the Way to Combat Corruption

Exemplary leaders know that if they want to gain commitment and achieve the highest standards, they must be models of the behavior they expect of others. Leaders model the way to combat corruption first and foremost by being free from any corrupt practices and from having corrupt mindsets. Modeling the way in combating corruption is about earning the right and the respect to lead through direct involvement and action than lip services. People follow first the Leader then the plan (Posner 2007).

2.3.1.6 Public leaders and Challenging in the Process of Combating Corruption

Challenging the process of combating corruption is the first challenge that any leaders of the time should face in leading a diverse organizational culture organization. All leaders challenge the process. No one has claimed to achieve a personal belt by keeping things the same. Those who lead others to greatness seek and accept challenge. Public leaders are pioneers. They are willing to step out in to the unknown. They search for opportunities to innovate new ways grow and improve. Leaders must pay attention to the capacity of their constituents to take control of challenging situations with combating corruption and fully committed to change. Through incremental steps and small wins building confidence in the followers' heart is the primary focus of leaders and not only corruption but the biggest challenge can be met. The key that unlocks the door to opportunity is learning. Exemplary leaders conduct as many studies as possible to combat corruption. Try fail, try fail, and try fail that is the leader song. Leaders are learners from failure as well as successes and inspire others to do the same.

2.3.2 Different Perspectives on Public Sector Corruption

2.3.2.1 Corruption as Socio-Cultural Problem;

In a diverse and complex organizational culture, culture by itself is a dynamic and constantly changing term. If behavior labeled as 'corrupt' by some observers is nevertheless, viewed as acceptable gift giving or tipping within a country, it should simply be legalized and reported. Rent seeking behaviors triggered by faulty economic policies, poor public service leadership and pay, weak detection and penal mechanisms, and absence of transparency, and societal tolerance are considered as internal causes while corrupting incentives and procedures from foreign contractors and donor agencies are regarded external causes (Olowu 1999).

Evidence of corruption becoming “*accepted behavior*” can be found in the comments of an elderly lady from Mbale, Uganda during the national Integrity survey conducted in 2015:

In fact, this is a common, daily open practice, so that we think government has legalized the payment of bribes in the country.

(Source: -Petter Langseth Ph.D.,UN)

2.3.2.2 Corruption as an Economic Problem;

Corruption is a problem that thwarts or spoils the economic development process of a country. (Kilimanjaro 2012)

Bribes act as incentive bonuses: Officials in the public sector may have little incentives to do their jobs well, given the level of monitoring and internal controlling mechanisms. They may impose delays and other roadblocks. Bribes lower costs: officials engaged in legal pursuits seek to reduce the costs imposed on them by government in the form of taxes, custom duties and regulations. Corruption decreases tax revenue when it takes the form of tax evasion or claiming improper tax exemptions and through the growth of the unofficial economy (WB 2000). Corruption inhibits economic growth and therefore poverty reduction by distorting the allocation of resources and increasing the costs of doing business. When public resources to fund basic needs such as access to clean water, health care, and primary schooling are misappropriated, the poor are often disproportionately affected.

2.3.2.3 Corruption as Political Problem

Corruption as a political problem describes a relationship between the state and the private sector. Sometimes state officials are the dominant actors; in other cases privates are the most powerful forces. The relative bargaining power of these groups determines both the overall impact of corruption on society and the distribution of the gains between bribers and bribes. Private property; the economic factors like worsening situation of poverty and the desire to be wealthy, and the miss-match between expectations and available resources and political realities and practices of corruption is manifested as different perspectives of corruption related problems in the realm of history (Hope 2000).

2.4 Arguments that support corruption and arguments Against Corruption

In cooperation with relevant bodies, to combat corruption and other impropriety by raising awareness about the evil effect of corruption and by promoting ethics in public services and

among the society; it is also duty bound to understand arguments that stand against corruption and arguments that stand to support corruption as proposed by many scholars. Although if the governments play a great role in the economy as well, it is the larger chance to affect lives of individuals in the society, which creates great opportunity for corruption to take place.

2.4.1 Arguments supporting presence of corruption

Many scholars have argued that corruption can play a positive role in developing countries and may be good where the prevailing system is bad (Klitgaard 1988). According to (Girling 1997), under certain conditions, corruption may be functional, for instance, by 'lubricating' an overly rigid political or bureaucratic regime. The argument is, "in societies characterized by inefficient economic systems lack of participation in the political process, and institutional inefficiency, corruption can create a kind of efficiency" (Gould 1991). (Klitgaard 1988) structured this argument into three: the manager's reminder, the economist's reminder, the political scientist's reminder, and.

The manager's reminder: When bureaucratic rules are constraining, corruption may be seen as useful by organizations. Top managements may close their eyes on limited amount of employees' theft, embezzlement, misreporting of expenses, and kickbacks. Controlling these illicit activities could be expensive and such illicit sources of income may in the end substitute for higher wages.

In other words, political and bureaucratic leaders may tolerate a certain degree of administrative corruption because counter-measures against corruption may be prohibitively expensive. Besides, underpaid workers may stay motivated if they earn salary supplements through corruption knowing that corruption is systemic and that most if not all civil servants benefit from it in that system, a regime can save public funds by foregoing salary increases. Moreover, according to (Mauro 1997), corruption can motivate government employees to work harder and can also help entrepreneurs to circumvent bureaucratic impediments. Another point of argument in favor of corruption is the social anthropologists' perspective. Social anthropologists advocate that society has its own culture and values that may differ from others. Accordingly, some may consider it normal to present a gift of any kind for services they have received and further consider such reciprocity as part of the cement that binds society together. Thus, they say, condemning such values of society is misunderstanding the nature of that society (Wraith and Simpkins 1963).

There is also another perspective that considers corruption 'according to the rule' - that is, when one pays for his right, it is not considered harmful because such a practice does not deprive others of their right. Corruption according to the rule is, for instance, when one pays to obtain approval for certain construction programs, an exit permit to go abroad, and a host of other approvals required by regulations that are non-competitive but merely routine in nature. 'Wrong and unethical corruption', for instance, is when one attempts to pay huge amounts to get an occupation permit for house that he/she is not entitled to thereby depriving the eligible from exercising its right, which is 'against the rule'. Therefore, the argument is that corruption according to the rule' is not toxic (*ibid*). It is also argued that there is nothing to worry about corruption because it is found everywhere in the world and there is little evidence for corruption and inefficiency necessarily going together (*ibid*). Fighting corruption has an opportunity cost and the cost of mitigating the occurrence should not exceed social costs of corruption, which is not seen only in terms of funds but also deflection of attention and organizational competence away from other important matters. "The optimal amount of anticorruption efforts will not be infinite, and the optimal amount of corruption will not be zero" (*ibid*).

The economist's reminder: Corruption entails 'efficient' allocation of goods and services possible by bringing goods and services in the hands of the people who value them the most. According to (Bayley 1999), "bribes represent a particular element of cost, applying to all competing firms; the ability to meet it may not be unrelated to efficiency". Similarly, (Leff1999) stated that high rate of illicit payment is one of the principal criteria for allocating resources. Those who are willing and able to raise money and pay bribes are those who are 'profitable'. Thus, diversion of resources towards these people tends to introduce competition and efficiency in the system. In this sense, by introducing a kind of market mechanism, corruption improves the quality of public services. Moreover, marginal propensity of the corrupted and the corruptor to consume and invest varies. According to (Bayley1999), corruption increases investment by diverting resource from consumption to investment. Therefore, more money in the hands of corruptors means more investment. Still, several factors affect investment. The more the role of government in the economy and the higher the chance of irrational style of decision-making and the frequent changes in government personnel and policies, the more uncertain the future will be, thereby adversely affecting investment. Political uncertainty and crisis may cause economic

stagnation. Corruption can make the future predictable and hence increase the rate of investment (Leff 1999).

The political scientist's reminder: Politically, corruption increases public participation in public policy, strengthens political parties and enhances national integration by bringing various tribes, regions, elites, or parties together. This may lead to harmonization of fragmentation, and hostility. Thanks to illicit influence, a person with money who is ideologically opposed to the regime or who dislikes the personnel at the top may nonetheless be able to make the repugnant system work for him (Bayley 1999). In this sense, corruption serves as an acceptable alternative to violence and is said to promote political development sometimes seen as a mechanism of political participation and influence, particularly by ethnic minorities and foreign corporations.

2.4.2 Arguments against Corruption

Some forms of corruption are more harmful for development than others are, but corruption can never be good for development. Recent econometric studies in several countries (Bottelier 1998), indicate that increases in corruption are associated with decreases in economic growth. In fact, the cost of corruption to the economy does not be necessarily judged by the size of the illicit transactions involved. Similarly, the costs of unnecessary regulations or administrative restrictions are more than the size of the rent they create. In cases where government regulatory and commercial functions are performed by the same organization, as is frequently the case in countries in transition from a centrally planned to a market-based economic system, the distinction between corrupt and legitimate business practices may become blurred in the eyes of participants. In those situations corruption may appear, or can be made to appear, near-legitimate with reference to the regulatory functions of the public agency concerned. Yet it is precisely these subtle "system-sanctioned" forms of corruption that are often most damaging to a country's business and investment climate, especially in an economic downturn (ibid). The argument that bribery operates like grease or it is a necessary evil for the purpose of making things run smoothly is not far sighted. The solution for burdensome government regulations and ineffective legal systems is not 'grease money' but improving the system. What 'grease money' can do is just weighing decisions in terms of money, which pushes an urgent and just request of the poor to the last array (Baylay 1999).

The functionalist approach is weak mainly in a sense that it tries to evaluate corruption from a single dimension. Corruption cannot be evaluated in terms of one dimension (the economic, the political, or the social) only. It requires a synthesis of all three dimensions. Thus, the so-called the three reminders should not be seen separately for one has an adverse effect on the other. The three reminders refer to the benefits from specific corrupt acts, not from systemic corruption that pervade many or most decisions. In effect, their assumption that corruption transgresses a wrong or inefficient economic policy, overcomes limitations in an imperfect political system, or gets around imperfections in organizational rules is paradoxical. As (Bottelier1998) stated: corrupt payments by themselves are not socially productive they do not add to the sum total of goods and services available to the society. But if such payments are removed or mitigated by efficient policies, then despite their unproductive sense, they may lead to greater efficiency and thereby to a greater abundance of goods and services. The corrupt payments are socially unproductive, and they result in socially inefficient policies. Only when corruption circumvents already existing "distortions", can it be economically, politically or organizationally useful. Evidences with regard to corruption in developing countries attest that the harmful effects of corruption greatly outweigh its benefit.

As (Klitgaard 1988) stated a thorough study of corruption in Morocco found that corruption, far from helping the country, was undermining its economy, political system, and organizational efficiency. According to the same, another study in Ghana revealed that corruption had intensified ethnic conflict, ruined the efficiency of municipal government and federal agencies, and crippled merit systems in staff recruitment and promotion. Furthermore, studies in the college of public administration of the University of the Philippines summarized corruption as follows: corruption leads to the favoring of inefficient producers, the unfair and inequitable distribution of scarce public resources, and the leakage of revenue from government coffers to private hands. Less directly but no less perniciously, corruption leads to loss of confidence in government (Klitgaard 1988). The social anthropologist's perspective is unjustifiable because "by no means one can justify the manipulation of banking accounts and secret negotiations with contractor and the like in terms of tradition, culture or values of society" (Wraith and Simpkins 1963). In addition, traditional offerings of gifts to public officials or those in power to decide can also encourage bureaucratic corruption, which erodes and affects every part of the society

without realizing its gravity and pervasion. It undermines the rule of law and makes people lose confidence in government, and may ultimately become a recipe for a serious crisis.

2.5 Patterns or Manifestations of Corruption in the Public Sector

In order to develop an appropriate and successful strategy to fight against corruption is vital to understand distinguishing patterns of corruption that manifests in revenue collecting public sector or elsewhere.

The findings of (Chibwana 2008) show that corruption in the public sector is symbol of unsuccessful governance at the countrywide. In this respect, authority is being referred to imply the traditions and institutions by which power in a country is exercised, including the process by which governments are selected, monitored and replaced, the capacity of the government to effectively formulate and implement sound policies, and the respect of citizens and the state for the institutions that govern economic and social interactions among them. Here, corruption has been perceived to initially materialize itself in the following forms or patterns:

Bribery- It involves the direct or indirect offer or provision of any undue payment, gift or other advantage to a public official, in violation of their legal duties, in order to obtain or retain business or obtain any undue favor. Bribery is at the core of any definition of corruption and always includes at least two parties.

Nepotism-is a form of favoritism, where an office holder with the right to make appointments, prefers to nominate to positions kinfolk, family members and friends, irrespective of their qualification.

Embezzlement-is theft of public resources by public officials. It is also understood as another form of misappropriation. It may involve one person.

Fraud-is a crime that involves some element of deceit, trickery or swindle. It is a broader legal and popular term that includes both bribery and embezzlement.

Extortion-is when money or other resources are extracted from somebody through coercion, violence or other threats to use force and pressure.

Favoritism-is a mechanism of abuse of power meaning “privatization” and a highly biased distribution of common resources, no matter how these resources have been accumulated in the first place.

2.5.1 Other Types of corruption based on size and norm

There is no one consensus list on the types of corruption among authors on this topic, too; as is the case on definition of corruption. Different writers come up with their own list of types of corruption. If one chooses to list down every manifestation of corruption as one and distinct type of corruption, then it is possible to write down more than a dozen names of behaviors that can be labeled corrupt. However, it is also possible, especially if the objective of the job is to enumerate every impropriety that can be felt as corruption, to focus on the major types of corruption based on size and norm accordingly, may be classified as *grand* corruption, *petty* corruption and *systemic* corruption.

a) Grand corruption:

The last but not least type is grand corruption. This constitutes theft or misuse of large amounts of public resources by state officials. It usually involves members of, or associated with, political or administrative elite. Grand corruption often takes the form of embezzlement of public funds and bribes or kickbacks from large-scale public transactions.

The term grand corruption is often used to describe such acts, reflecting the scale of corruption and the considerable sums of money involved. (DIFD 2015). Besides taking the amount of money involved, the corrupt behaviors of leaders of the legislative body, of the judiciary, ministers, other executives also constitute grand corruption. This categorization is based (in most cases) on the magnitude of the monetary value of the act and on the position of the perpetrator in the higher government portfolio. The type is from state capture or influence peddling. This involves collusion between private sector and public officials or politicians for their mutual private benefit. In this case the private sector “captures” the state organs, which is legislature, executive and judicial system for its own intentions. However, state an organ, that is capture coexists with the conventional view of corruption, whereby public officials extort the private sector for private gains;

i) Political Corruption: is also regarded as grand corruptions because of the players are high ranking political position holders. Political corruption is the abuse of office by those who decide on policies, laws and regulations and the basic allocation of resources in a society; i.e. those who make the *rules of the game*. Political corruption takes place at the highest levels of political authority (DIFD 2015). It is manifested in policy making, legislations and in decisions that have institutional and national

significance. It involves law makers, politicians, government ministers, senior civil servants and other elected, nominated or appointed senior public office holders.

Political corruption may include tailoring laws and regulations to the advantage of private sector agents in exchange for bribes, succumbing to corruption and their mighty networks and as a consequence drawing policies and laws that disempower the public, anti-corruption agencies and the anti-corruption movement, granting large public sums of money to specific officials against the legal regime, or embezzling funds from the treasury of the state. Political corruption renders anti-corruption movements to be a failure. This is what makes corruption in public sector thrive, and this is because the corrupt acts are done with the knowledge and approval of top executives that have the monopoly of power to foil any attempt to hold corrupt officials accountable for their corrupt behaviors. The state has the power to make or break the success of any anti-corruption effort. This is one of the reasons why the study also examines the role of the legislature and the executive in the corruption prevention effort of the FEACC. Under a situation where the state is human shield for corruptors and corruption it is difficult to carry out successful anti-corruption movement, in which case the indignant people will turn the anti-corruption movement directed against corruption and corruptors into a political movement and directed against the state.

ii) Bureaucratic corruption may be regarded as political corruption which mostly occurs during the implementation of public policies. It involves bureaucrats and public administration staff both at the central and local level.

b) Petty corruption

This categorization is based on the amount of the money involved and on the position of the public servant involved in the corrupt transaction in government structure. There are three common types of corruption in which the above patterns of corruption have been categorized. In each case, many acts of corruption are isolated by public officials, who abuse their office, for instance, by demanding bribes and kickbacks, diverting public funds, embezzle small amounts of money or awarding favors in return for personal considerations. Acts of such a nature are often referred to as petty corruption despite on average; they involve a substantial amount of public funds (Shah and Schacter 2002).

Petty corruption is one type of corrupt behavior that takes place, in most cases, in the lower echelons of state machinery by low ranking public servants. Petty corruption is manifested by the payment or taking of bribes or kickbacks of non-significant amount of money for the mutual exchange of favors. Although this type of corruption often involves small amount of payments, in aggregate the sums may be large (DIFD 2015).It mostly hurts those citizens at the grass root level; low income groups and their micro businesses, the women, the power less; and consequently makes, through time, the government loose the trust of the broad masses.

c) Systemic corruption

This categorization is based on the state of the acceptance of corruption as a norm entrenched in the custom and behavior condoned in general in a given institution or country; and not based on the economic value of the transaction tainted with corruption or with the status of the personalities involved in the corrupt practice.

Systemic corruption is a situation where corruption becomes more or less a norm in a given state or society (source). Under such scenario asking for a bribe and giving /offering a bribe is not something that is strange for citizens. Everybody says - that is the way! , as the citizenry lose hope of getting their legitimate and constitutional rights from public service providers of any kind, is it service provision or administrative one.

2.6 The Role of Public Sector Leaders in Combating Corruption

There has never been time in modern history when the issues of leaders and quality of leadership have been so important. The need for leadership that has the competence to comprehend the threats, challenges and opportunities of globalization, the imperatives of democratization and good governance, the vision of a preferred future and the capacity and commitment to realize it is clearly crucial. In light of the endemic problems facing our country Ethiopia, the twenty first century generation leaders have been subjected to several challenges as well as opportunities. There were and will be both successes and failures in the past and future (Ahmed 1998).

If at all corruption is about effective leadership and governance, governance is about the exercise of state power, then initiatives to combat corruption in the public sector require strong leadership and ownership. People must have zero tolerance for their money being used for private rather than social, political, and economic development if they are to be successful and sustainable in their development process (Chibwana 2008)

Although the responsibility to identify corrupting influences and to combat corrupt practices is a shared endeavor, the commitment of strong leaders is vital to the permeation and sustainability of an anti-corruption ethos, whether at the firm level or in a broader society. Leaders are the ones to whom constituents look for guidance and to gauge the gravity of an issue and the importance of finding a solution is critical in securing commitment. Leadership and organization among civil society and government stakeholders is also vital, as these are the key conduits for enforcement and regulation and they are expected to lead by example and strong leadership at public sector is critical in today's globalized world (Aminal 2006)

2.7 Strengthening a National Integrity System

(Langseth *et al.* 1999). Capacity building has traditionally focused on expanding government facilities and skills. Typically, financing projects, technical skills training, infrastructure but unimportant without leadership confident in introducing accountability, transparency, results, the sustainable effect of these initiatives is questionable. New two approaches by TI and EDI of the World Bank emphasizes:

- Leadership and integrity mind set among public servants. “Mind set” refers to the outlook and state of mind that policy-makers and civil servants bring to their jobs. Integrity is critical when appointments of key executive or civil service positions are made and is equally important among politicians and leaders.
- The second change is that the audience for the capacity building be broadened to include all parts of the society interested in creating and maintain national integrity.

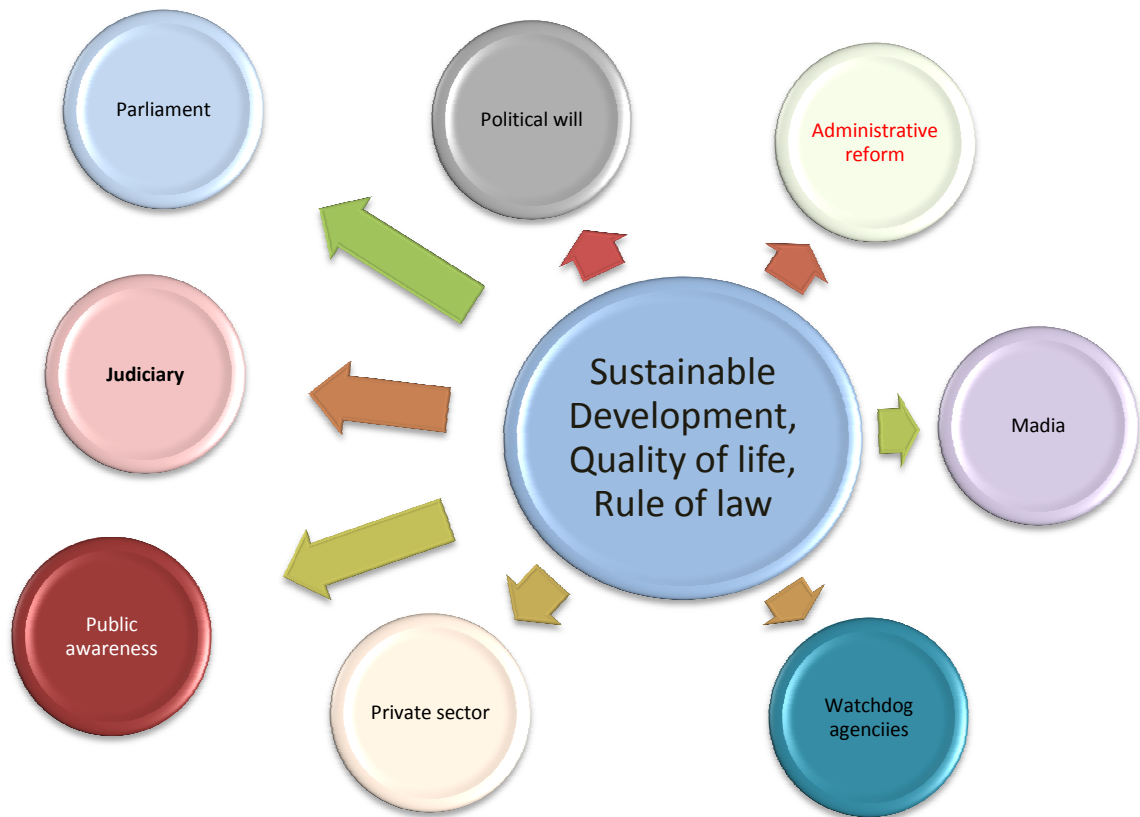
The national integrity system is a corruption-curbing mechanism that advocates the need for a holistic approach against corruption by government, private sector and civil society. To ensure the there is an enabling environment to support sustainable development a National Integrity System need to be built with mutually supportive pillars. These pillars of integrity are: (1) executive, (2) parliament, (3) judiciary, (4) watchdogs agencies (anti-corruption commission, supreme audit institutions, and ombudsman offices), (5) media, (6) private sector, (7) civil society and (8) law enforcement agencies. Ibrahim Seushi, President of TI-Tanzania Chapter, developed the notion of a ‘national integrity system’. The concept is that the eight elements are interdependent and together support the superstructure of 'national integrity' that underlies

sustainable development, much similar to the pillars supporting the roof of a house (see the following figure).

2.7.1 Pillars of a National Integrity System

The pillars are interdependent. If any of the pillars weakens, an increased load is thrown on to the others, and if several weaken, their load will collapse, so that the round ball of 'sustainable development' rolls off (*ibid*). The implication of the model is, therefore, that to keep the eight pillars in balance in order to achieve sustainable development coherent framework of institutional strengthening is vital.

Fig 2.1 Pillars of Integrity(Source: Ibrahim Seushi, President of TI)



a) Political Will

The concept of political will refers to the disposition of political leaders to take effective action against corruption. According to (Sahr and Kpundeh 1998), the term political will implies that the contention of interests and groups in society - the 'political aspect'- and the personalities and dispositions of those individuals with political power or elites - the 'will' - can take effective action together against corruption.

Leaders should demonstrate their commitment by making corruption an issue among the people and, thereby, create popular opposition to it (ibid: 1). Without demonstrated credible intent of political actors (elected or appointed leaders, civil society watchdogs, stakeholder groups, etc.), governmental efforts designed to improve the civil service, strengthen transparency and accountability, and reinvent the relationship between government and private industry prove to be ineffective (Kpundeh 1998). Therefore, successful anti-corruption campaign requires commitment not only from political leaders but also from civil society and the private sector. Coalitions of interests in support of corruption prevention should be built. Such coalitions should draw in both the private sector and civil society and in certain cases undertake public awareness campaigns to decrease tolerance of corruption (Pope 1999:101). Sahr J. Kpundeh, a renowned scholar in combating corruption is an advocate of anti-corruption coalition building. He advocates coalition building among various development agents involving all stakeholders: government, private sector, civil society including the media, and the international community (Garbes 2003). According to him, a single agent cannot successfully undertake the fight against corruption. Fighting corruption requires the coordination of various stakeholders and the application of different skills in several areas of expertise that can be tapped through coalition. Coalition building is required, therefore, to bring such various resources together toward a common goal. This can result in efficiency, avoidance of duplication of efforts as well as prevention of potential conflicts that might arise among different stakeholders in pursuing individual and unorganized anti-corruption actions (Carmignani 2001).

However, coalition building is a complex activity. On the one hand, given a country's political and institutional conditions, a set of critical strategic issues have to be addressed such as the role of government, the credibility of the political will to reform and the relationship with the international community. On the other hand, the prospective benefits of a corruption-free environment might not be enough to guarantee a viable coalition. The design of an appropriate

system of incentives for coalition partners and government officials thus becomes crucial for the coalition's effectiveness and success (ibid: 1)

b) Administrative Reforms

Reforming public sector procedures and systems is essential to enhance accountability to the public interest, and hence reduce the incidence of occurrence of corruption. In this regard, codes of ethics should be developed to guide decisions of those in managerial or leadership positions. Inadequate public sector wages should be improved both to reduce the 'need' for corruption and to ensure that the best people are available to serve the state."Singapore has been conspicuously successful in this endeavor" (Langseth, Stapenhurst, and Pope 1999: 132). Monopoly power of bureaucrats should be minimized by creating competing sources of supply, maintaining discretionary power by narrowly defining the areas of discretion and by providing clear public guidelines for the exercise of that discretion. Disclosure of income, assets and gifts should be exercised for the sake of maintaining integrity in the public service.

Those taking bribes will certainly not report this, but forcing them to record their financial position may lay an important building block for subsequent prosecution... Corruption can be reduced only if it is made a high-risk, low-return undertaking (ibid: 134).

Complaints reporting system should be in place to enable civil servants to report about their superiors' acts of corruption. Public sectors riddled with corruption should be eliminated or rationalized. Programs and procedures that are worth retaining should be reformed through redesigning and rationalization and made simpler and easier to implement and monitor. Those rules and regulations, which even if honestly administered, serve no broad public purpose should be discontinued. This has double advantage: "simplifying and enforcing government regulations will not only diminish the need for people to resort to bribery but will also ease the transaction of business in general" (Pope 1999:99). It is assumed that Privatization can curb corruption. Thus, state-run enterprises and services that are expected to be beneficial if left for private sector should also be privatized. Finally, as (Kpundeh and Heilman1996) stated, to create an open, genuinely competitive, and transparent system of public procurement, procedures of the public service procurement should be improved in such a way that procurement be economical, fair and impartial, transparent, and accountable. (cited in Langseth, Stapenhurst, and Pope 1999).

c) Watchdog Agencies

These are institutions that are useful in controlling corruption in a country. They include anticorruption agencies, the Office of the Ombudsman and general audit institutions. All assume the watchdog role and their effectiveness is subject to the level of independence and the genuine political backing they enjoy. An anti-corruption agency, to be successful, requires committed political backing at the top, operational independence, adequate access to documentation and power to question witnesses, and leadership.

But currently the commission's mandate to receive tips off whistleblowers, to investigate corruption offences, to prosecute corruption offenders except asset recovery mission is mandated to Attorney General and Federal Police in accordance with proclamation No. 943/2008. Office of the Ombudsman is responsible for investigating maladministration. It receives and investigates public complaints of abuse of office. It primarily examines wrongdoing motivated by corruption on the one hand, neglect, delay, incompetence, inefficiency, etc. on the other, in discharge of duties and responsibilities. A general audit institution is a critical watchdog institution over financial integrity and the credibility of reported information. It is responsible for auditing government income and expenditure as well as performance auditing (Langseth, Stapenhurst, and Pope 1999).

d) Parliament

Much of parliament's approach to fight corruption involves enactment of laws. But, this body can also play a role through its debates, its questioning of government officials, and the work its committees (*ibid*). That is, parliament has the power to oversee the executive branch of government and by doing so it can enhance accountability. In most cases, watchdog agencies also directly report to parliament. This includes reviewing government finances. In general, as stated in the constitution: The main functions of Parliament are to legislate, investigate, make more transparent, and evaluate the administrative, political and functional activities of the State as well as to act as the political forum in which a national consensus is arrived at. This is why the weaknesses and strengths of Parliament reflect the degree of transparency and accountability that prevails in the State as a whole, as well as the level and maturity of the political culture of the country. A strong Parliament is one capable of maintaining fluid and permanent communications with leaders and with social organizations and to represent these interests in relation to other powers of the state and private powers (Korajian 2003).

e) The Judiciary

The manner and speed in which disputes among firms, citizens, and governments were resolved, ambiguities in laws and regulations are clarified, and compliance is enforced affects the development of economies. Thus, economies need effective institutional arrangements for the purpose. In fact, the justice system may be perverted by corrupting investigators, prosecutors and/or judges. To avoid these corrupt practices, actions such as imposition of high standards and adherence to professional codes of conduct is essential. Above all, judicial independence is of paramount importance for effectiveness of the justice system. This independence is highly reliable on how judges are appointed and subsequently promoted. Appointments and promotions must not be seen as politically motivated but based solely on competence and political neutrality (Langseth, Stapenhurst, and Pope 1999).

f) Civil Society

Anti-corruption campaign cannot be successful with government effort alone. "Putting even the most determined enemies of corruption into top leadership positions is not enough if they lack political backing and the 'space' required to oppose corruption actively" (Kpundeh 1998). It requires public support in which civil society has a crucial role to play. Civil society has vested interest in doing so because its members are the victims. Civil society has common interest through which people can organize themselves and relate to one another on such basis as profession and religion, or nationalistic feelings. Thus, civil society, as an agent of change can strengthen the fight against corruption by drawing on the expertise of accountants, lawyers, academics, non-governmental organizations (NGOs), the private sector, religious leaders, and ordinary citizens (*ibid*). However, the environment necessary for a free and democratic society is crucial for civil society to play such a role.

g) The Media

Corruption is an evil that takes place in the dark usually between only two people, each of whom has a vested interest in maintaining the secrecy. Without victims to complain, therefore, the task of bringing the case to light is difficult. But the media can play such a role by exposing corruption and mobilizing public opinion if provided with independence and freedom of information. Controlling corruption requires a press that is free from intimidation and restraint; a press that has the resources to investigate rumors and evidence of corruption; and a press that has the maturity, investigative journalism skill and professional ethics.

“The degree to which the media are independent is the degree to which they can be effective public watchdogs over the conduct of public officials ”(Langseth, Stapenhurst, and Pope 1999).

h) The Private Sector

The private sector can be an important check on the arbitrary exercise of power by government. For the private sector to play such a role, it has to get information about what the state is doing and use this information to hold public actors accountable (Kpundeh 1998). The government has to provide this information. As Rose-Ackerman (1997) stated, budgets, revenue collections, statutes and rules, and the proceedings of legislative bodies must be published and financial data should be independently audited. Companies should also review their ethical behavior for their own self-interest because companies tolerating corruption by their employees are, no doubt, placing themselves at risk (Langseth, Stapenhurst, and Pope 1999).

2.8 An Overview of Public Sector Corruption in Ethiopia

After the end of the decades old civil war in 1991 it was time in Ethiopia to shift from war to peace and tranquility and from war supporting economy to an effort of poverty alleviation. With this understanding in mind, the major preoccupation of the era after the establishment of the Transitional Government in late 1991 and the subsequent establishment of the FDRE in 1996 was to fix the war ridden economy of the country. Since then Ethiopia has been taking varieties of reforms in the economic, political and social spheres. The economic policy was changed from command economy towards market oriented economy (Shimelis 2005). A complete monopoly over the means of production, such as land, manufacturing and service industries that were began in 1975 among the very few legacies of the Durg that have survived the regime. The monopoly continued under the market oriented economic policy of the EPRDF led government. As time goes on the principles of developmental state began taking root and shape and became an official governing ideology of the EPRDF led government (Addis Raiyl, Volume 5, Issue no.1; 2014:53). Under this development policy the government was at the center as a policy maker, law giver, an executive and regulatory machine and furthermore, as a wealth creating investor/individual citizen with a view of directing and facilitating development by addressing market failures and policy gaps. It has also become terminal for administrative, economic and social services and other provisions to citizens and any other entity alike (Amundsen 1999, in Shimelis, 2005). This political and economic scenario began, through time to prove how fertile ground it is for corruption to germinate, grow and proliferate across the country where there is deficit in the effort of tackling it. Complete ownership of land (which is a

significant means of production and development imputes so far), strict control over financial institutions, trade, industry, and also on supplies of basic provisions is major manifestations of a developmental state (Kidanemariam 2014). Strict control by the state extends to investment, taxes, import-exports, etc. Ownership of major resources of a country can be conducive condition, where there is deficit in the anti-corruption effort, for corruption. The government is not only the major property owner and major asset seller and unrivalled provider of goods and supplies in the country but also unparalleled procurer of goods, works and services in the country and from abroad. And it is the set of these involvement and activity of the state that brings the government machinery in the center of corruption and makes it terminal of corruption. Understanding this inevitable scenario, the EPRDF identified corruption and rent seeking to be one of the formidable problems that can undermine the nation's effort to grow, develop and democratize. It has also put a legal regime and organizational arrangement in place to take care of corruption at the right time, in the opinion of this researcher, in the country's long journey in the path of renaissance. The EPRDF's prediction, the steps taken in making laws and establishing anti-corruption watch dog(s) in this regard, were correct and has been proved so in practice under its watch. However, the success that has been achieved is not up to the expectation of the citizenry (Tewodros 2009).

Corruption in public sector is sign of failure of governance to address the issues properly at the country level and it is sensitive subject by its nature and hard to observe. It is intrinsically a secret activity and those who engage in it rarely admit wrong doing. Public awareness crusade would personalize corruption, explaining clearly and explicitly how the constant draining of government funds for private individuals. Being poorer, fewer schools, fewer water coverage and supply, fewer health service coverage, higher taxes, higher school fees, lower salaries, fewer jobs, and so on, all result from bribery (Bornwell, et al, 2000).

2.9 Challenges of Public Sector Leaders in Combating Corruption

Rapid growth of revenues is one of the most important factors for Ethiopia's over all development process. A strong revenue performance contributes to macroeconomic stability through fiscal sustainability in Ethiopian context, the operating expenditures covered by domestic revenues. Stable tax system and smooth tax collection processes without corruption are essential for enabling environment for the private investment.

But without committed leadership who are able to sell the right vision for his followers in the public sector, any attempt to achieve major reforms in an environment of systemic corruption is

bound to fail. Leadership is vital and leaders must “walk the talk” rather than mouth platitudes (TI 2000). This is especially true in Ethiopian public sector where authority relationships are quite vertical or heavily concentrated at the top. In this context the role of leadership in Anticorruption is even more important. Without the factor of leadership in the cases of public organization, it would be difficult to explain the implementation of the country’s development goal in their respective jurisdictions.

Skilled and committed leadership at all levels of society and polity can alleviate conditions that can strain and effect corruption. However, Combating corruption and enhancing development lies basically in the enthronement of leadership, essentially in the prevention and elimination of corruption through transparency in the leadership with equal and adequate access of the citizens to popular and informed participation.

In seeking change and reform in authority, there is a rapidly increasing demand among national and international anticorruption players and stakeholders for more knowledge, greater information, and increased insight about corruption. To meet that demand, a number of institutions have worked to overcome the inherent difficulties of generating and analyzing information on the naturally secretive world of corruption (Vinay and Emil 2004)

There is perhaps no more dishonorable area for corruption the revenue collection nor perhaps, one where the consequence can be so grave (World Bank 1998). As World Customs Organization has observed, corruption is most likely to occur where custom officials enjoy monopoly power over clients, have discretionary power over the provision of services and other related issues such as difficulty of laws to understand which open to differing interpretation, frequent contact between tax payer and tax administrator, controls exercised by the institution over officials charged with carrying out its functions are weak (WCO 1998).

Corruption both reduces government revenues and cripples economic growth. At the same time, corrupt officials are eager to increase government spending and subsequent their opportunities for profit. This in turn contributes to larger budget deficit on government (Tanzi 1997)

2.10 Empirical Literature Review

2.10.1 Drivers of Corruption in the Public Sector

Corruption is now widely recognized as one of the greatest barriers to prosperity, economics competitiveness and development, and social and political stability of countries. The key

question is not whether we should combat it or whether it is important-but how we effectively combat it by first understanding the key drivers of the this social evil.

(Chibwana2008) has assessed that corruption is a common problem, though it differs from country to country based on the political, socio-cultural and economic factors of a country. In his study he has identified the following common key drivers of corruption. Basically, according to him the main corruption drivers are:

a) The Rule of Law is Weakly Embedded.

Corruption in the public sector prevails where laws are applied selectively, and where the law is used as a tool for advancing private interests as opposed to protecting public interest. A common feature of such a breakdown in the rule of law in highly corrupt countries is where the police act as law breakers rather than law enforcers. For example, stopping motorists for made up traffic offences as an excuse for extracting bribes. In addition, the judiciary, which is a pillar of the rule of law, is usually highly compromised in highly corrupt countries (Chibwana 2008).

Lack of accountability, dysfunctional internal checks and balances a scenario under which the very obvious legitimate rights of citizens will not be observed and enforced before any state institution. Where rule of law fails citizens will be forced to buy their rights and those who want undue benefit against the legitimate interest of others, hence bribe givers that look for undue benefit and bribe recipients that collect illegal favor will be left loose to do whatever they may want (Vito Tanzi 1998).

b) The legitimacy of the State as the guardian of the “public interest” is contested.

In countries with a high rate of corruption, there is little public acceptance of the idea that the role of the state is to rise above private interest to protect the broader public interest. That is public officials concentrating on serving special client groups connected to them by ethnic, geographic, or other ties, maps the landscape and cultivates an environment conducive for corruption. The dividing line between what is “public” and “private is unclear. As a result, abuse of public office for private gain is common practice (Chibwana 2008).

c) Weak commitment of Leaders in Fighting Corruption

Widespread public sector corruption thrives when national authorities are either unwilling or fail to address it authoritatively. In countries where public sector corruption is endemic, it is reasonable to suspect that it involves the highest level of government. Further, that many senior officials will not have the drive to fight it (Chibwana 2008)

d) Organizational Culture (everyone syndrome)

In some institutions, employees may believe that corruption is a way of life and that they cannot survive without it. This is what can be called ‘everyone is doing it syndrome’. People who join the institutions become part of the system (Chibwana 2008)

e) Ineffective Institutional Accountability

In those countries with relatively low levels of public sector corruption, normally there are strong institutions of accountability that control abuse of authority by public officials. These institutions are created by the State itself. Some examples of such institutions are the office of the ombudsman, Ethics and Anti-Corruption Commission and the legislature. Some of these institutions emerge from outside the formal state structures and they include media and organized civic groups. However, in highly corrupt countries, there is an apparent weakness in these institutions of accountability (Chibwana 2008).

Lack of accountability, dysfunctional internal checks and balances a scenario under which the very obvious legitimate rights of citizens will not be observed and enforced before any state institution. Where rule of law fails citizens will be forced to buy their rights and those who want undue benefit against the legitimate interest of others, hence bribe givers that look for undue benefit and bribe recipients that collect illegal favor will be left loose to do whatever they may want (Vito Tanzi 1998).

f) Unclear, Complex and Frequently Changing Laws, Policies, Procedures and Regulations.

When laws are conflicting or demand intensive interpretation, the discretionary power of public officials is expanded, increasing the likelihood that they will make arbitrary or self-serving decisions. When laws are unpredictable, quite often entrepreneurs do not know their rights and obligations, as a result they often times cannot comply fully nor defend themselves against illegal inspections. An institution which has outdated policies and regulations is a fertile ground for corruption. Corruption then becomes a means to promote inefficiency and arbitrary official actions (Chibwana 2008).

Opportunities presented by complex, poorly-defined, constantly changing and inadequate rules and regulations, lack of properly established laws and principles, or code of conduct applicable to public officials and lack of institutions to enforce them; lack of watch-dog agencies are among the causes of corruption (Yemane 2004).

Especially in developing countries, the role of the state is often carried out through the use of too many rules and regulations. These rules and regulations, in most cases are ambiguous. They are

prone for different interpretations not only by different government offices but also by different public employees in one and the same office. Especially customs and tax laws are a very good example of rules and regulations that are ambiguous for want of skill in legal drafting or in most cases by design. Besides the inherent problems in the laws themselves, often several government offices must authorize an activity and several public servants must be contacted; and these are very good drivers of corruption in the public sector (Tanzi, 1998).

g) Discretionary Powers minus Accountability

Where public officers are vested with discretionary powers without corresponding measures for ensuring accountability, such powers may be prone to abuse. For example, a public officer with powers to decide to whom a service should be rendered in times of scarcity may abuse such discretion by soliciting bribes to have such a service rendered. Proximity to the people and discretion that officials have in exercising their functions can make local government highly vulnerable to corruption.

According to Jain bureaucratic discretionary power (in allocation of resources), the association of this power with economic rents, and weak accountability are among the major causes of corruption (Jain, 2001, in Bin Dong, 2011).

Discretionary decision making power is like possessing a signed blank cheque for the decision maker. This is because the measurement in discretionary decision making lies in the mind of the decision maker and not in the books that could objectively be a scale to verify the behavior of the decision maker against and hold the decision maker accountable for his/her abuse.

h) Lack of Effective Punitive Sanctions and Penalties

Most people may engage in corrupt practices if they believe that they will not be caught or if caught, they will not be severely punished. In such a case the benefit of corruption to corrupted individual out-weighs the potential risk of being caught.

i) Absence of Ethical Code of Conduct.

Employees in an institution that has no code of conduct compelling them to act with integrity and accountability may be prone to corruption. In such institution, employees are not guided on best conduct and punishment for deviation from the normal conduct is not clearly spelt out.

j) Lack of Effective Supervision. If there is little or no supervision in an institution, employees may not follow work procedures, code of conduct or policies. The institution may suffer loss and dented image through corruption as a result.

k) Bureaucratic Delays

Delays in making decisions may impede access to services, hence people may resort to paying bribes in order to speed up bureaucratic process and be served promptly.

i) Monopoly of Service

Some institutions are sole suppliers of certain services as a result there is always scarcity and high demand for the service. In such a situation, most people would be willing to offer a bribe in order to be served quickly. Sometimes, scarcity can be deliberately created in order to create an impression of high demand.

m) Living Beyond Means some people may resort to corruption if they desire to live a lifestyle that does not match with their income. Expensive life style coupled with little income may compel people to engage in corrupt practices.

n) Greed and Opportunity

Some people are greedy and selfish. Such people do not care about the effects of their conduct on others. Corruption takes place because such people take advantage of opportunities to accept and solicit bribes, which are presented to them by the systems they operate.

o) Decay of Moral Values

Corruption thrives/flourishes in societies with weak religious and moral teaching. In a society where value is placed on wealth accumulation and little thought is given to moral and religious teaching, people may use illegal and evil ways to acquire wealth. In such a society the end justifies the means.

p) The Absence of Clean and Exemplary Leadership

When the leadership is not clean or utilizes double standard, then corruption proliferates (Tanzi1998). When leaders are themselves are corrupt and/their power base is dependent on networks of corruptors, in the first case, they will not be exemplary leaders, in the second case they will not let anti-corruption watch dogs, if there are any, enforce the full length of the severity of the law against suspects of corrupt behavior. In both case the effect is one and the same, i.e.; the fight against corruption becomes an uphill battle and consequently corruption mushrooms and thrives in the country.

Therefore, one could argue that lack of inclusive political and economic institutions, lack of good governance and political commitment on the part of the leadership to tackle corruption, the absence of free and fair electoral process through which the citizenry could discipline politicians, decadence of ethical values and economic and socio-cultural factors are some of the causes for corruption. The absence of an independent anti-corruption watch dog, strong law enforcement, independent and competent judiciary, and the absence of comprehensive anti-corruption laws are among factors that exacerbate corruption.

2.11 Impacts of Corruption in Revenues and Customs Authority

The impacts of corruption fall on the overall socioeconomic, cultural and political sphere of the country. Fighting corruption in the customs administration is a major challenge for many African governments, as well as for development agencies providing technical assistance. Vast resources have been invested in integrity programs, training and institutional capacity building to no avail. According to (Chibwana 2008) customs administration is perceived by business executives to be one of the most corrupt sectors of government in many African countries. Case studies from individual countries and regions across the continent provide a grim picture of the problem and find that the most discredited institutions are the police and tax administration, including customs. “You bribe Customs and prosper or you stick to the ethical principles and perish” (Kafeero 2008)

Corruption, mostly in African countries must be understood as sometimes driven by vertical ties of patronage. The power of these ties is maintained by redistributing resources accumulated through “corruption” to societal networks according to rules of reciprocity that have their origin in informal kinship-based social structure and pseudo-morality. Such relationships combine moral obligation and emotional attachment. They also serve to perpetuate an ethic of appropriate or fair redistribution that fuels corruption (Olivier 1999).

(Shimelis 2005) further explains the challenges facing public officials are personal one that emanates due to need or greed; exploit their positions for promoting personal gain. They misappropriate public property; get involved in fraud, embezzlement, illicit transactions, and other corrupt practices. They take bribes for services to which the public is legally entitled and for the performance of duties that are contractually part of their responsibilities. They also take kickbacks from those who pay bribes for services to which individuals and groups are not legally

entitled. These people who engage in such activities are generally highly qualified people who know their work and the ethics of their professions and, therefore, know that what they are doing is illegal. Corruption is, therefore, never accidental; it is a willful act.

2.12 Prospects of Public Sector Leaders in Fighting Corruption

(Chibwana 2008) stressed that if at all corruption is about governance and governance is about the exercise of state power, then initiatives to fight corruption require strong local leadership and ownership if they are to be successful and sustainable.

Leaders of the 21 first centuries face both challenges and opportunities which our complex, rapidly changing and globalized world offered to them. Bearing in mind the impacts of corruption to the socio-economic, cultural, moral and political arena, good opportunities in the fight against corruption is a look at past failures. It is quite easy to understand why so many anticorruption initiatives have met with so little success. Wide-ranging media awareness campaigns, seminars and workshops on corruption targeted at parliamentarians, different public sector leaders, journalists, public servants and autonomous agencies and private sectors and the like has revealed poor results which would be expected in countries with weak governance and leadership, where corruption is openly practiced but neither the general public nor honest public officials are not able to take a position against it for fear of being victimized. In contrast, awareness campaigns would be expected to have a positive impact in countries where governance is fair or good and the incidence of corruption is low (ibid,p.10).

Corruption and its challenge at sectoral and country level is already mentioned in the statement of the problem as it has always great impacts both on private and public sector development issues. Some studies which incorporated known causes, manifestations, consequences has identified but the extent and degrees has been varying and its systemic, and complex nature increases with globalization and modernization which impose great challenges to leaders in tackling it. In addition to this, different studies were conducted focusing on good governance and corruption, challenges and prospects on corruption and anti-corruption strategies of Ethiopia(Shimelis 2005). But as indicated in the conceptual frame work of the proposal paper, challenges and prospects of public sector leaders in combating corruption is mainly affected by neglecting the issues of combating corruption from the public leadership aspects focusing on identified variables such as inspiring a shared vision to constituents, enabling followers to fight

against, encouraging the hearts of followers towards tackling the problem sustainably, modeling the way, building great positive attitude and challenging the process of combating corruption.

Therefore, this study will attempt to fill this knowledge gap clearly identified the extent of the long socio-cultural effects of corruption on the performance of revenue generation. As in ERCA which has been playing a pivotal role for the overall developments of the country. In addition to those factors which affect the process of tackling the social evil, the study also incorporated the best public leadership practices and experiences in leading public organization in a holistic way.

To sum up, how Corruption appears to take place is when it satisfies a certain formula. According to (Robert Klitgaard 1998), monopoly power, when combined with discretion and absence of accountability, will result to corruption. Thus, the formula: $C=M+D-A$, where C is corruption, M is monopoly, D is discretion and A is accountability. UNDP modified Klitgaard's formula by adding other dimensions: integrity and transparency. This creates the formula $C=(M+D)-(A+I+T)$, where I is integrity and T is transparency. This suggests that the absence of AIT (primarily as a result of weak governance) in addition to monopoly and discretion, results corruption. This theory strengthens the theory that corruption is primarily a failure of good governance; that corruption is a function of all these mentioned dimensions:

2.13 Conceptual Framework

This study will be strengthened with the work of conceptual framework in this separate section. The need for understanding challenges of corruption is the dependent variable. On the other hand, monopoly power, wide discretionary power, lack of good governance features like *transparency, accountability, responsiveness, integrity* and system failure, ineffective organizational structure are *independent factors*.

Hence the quality of public revenue collection is a dependent factor. Here, below conceptual framework has been developed based on the concepts of the leadership challenges aligning with combating corruption as a challenge to leaders.

The designated revenue collecting public organization i.e. ERCA need to collaborate in the fight against corruption to bring a success. Hence, the efficacy of corruption prevention strategy is *dependent* on the collaboration in the evaluation process and on their commitment for implementation, by the public institutions, of the recommendations forwarded by the FEACC;

the higher the collaboration in the evaluation process and commitment for the implementation of the recommendations the higher will be the efficacy of the corruption prevention strategy.

Hence, the corruption prevention strategy of the ERCA is *dependent* on the unequivocal support from pertinent state bodies ranging from the legislature to the government; the higher the support for the implementation of the recommendations the higher will be the efficacy of the corruption prevention strategy.

$$C = f((M + D) - (A + I + T))$$



Figure: - 2.4 Conceptual framework developed by the researcher (May, 2017)

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 An Introduction

This chapter deals with the research design and methodology of the study. Collection of both primary and secondary data from key informants and respondents through questionnaire, interview, oral discussions, observation, documents, publications, reports, court corruption files and other materials from relevant parties are used. After collection, they are categorized based on their nature and sources. Then, processed, analyzed, and interpreted accordingly in order to obtain key inputs to help undertake the study on challenges of public sector leaders in combating corruption specific to Ethiopian Revenue and Customs Authority.

Methodology part of the research deals with the logic behind the methods used in the context of the research study and explains why a particular method or technique is used, why not other methods so that research results are capable of being evaluated either by the researcher or by others. Why a research study has been undertaken, how the research problem has been defined, in what way and why the research questions has been stated, what data have been collected and what particular method has been adopted, why particular technique of analyzing data has been used are usually answered in research methodology concerning a research study (Kothari 1990).

Based on (Best and Kahn 2006), research can be from qualitative source, if it describes events and persons scientifically without the use of numerical data while quantitative research consist of research in which data can be analyzed in terms of numbers. Mixed approach is an approach, which combines both qualitative and quantitative one is used to help minimize the weakness of use of single method and ensure the validity of gathered data. The other, data from the primary and secondary sources are collected and combined with the mixed approach which includes both qualitative and quantitative data type of source for the main reason behind employing mixed approach is, for the purpose of triangulation & extensiveness.

3.1.1 Description of the Study Area

The study was conducted at the Ethiopian Revenues and Customs Authority (ERCA) at Head Office Level, KalitayGumruk Customs Office, Large Tax Payers Branch Office, and at Middle Level Tax Payers Branch Office in Addis Ababa. ERCA is led by a Director General who is accountable and report to the Prime Minister and he is assisted by five Deputy Director Generals, namely Deputy Director General, Domestic Tax Program Development and Support Division; Deputy Director General, Customs Program, Development and Support Division; Deputy Director General, Enforcement Division; Addis Ababa City Tax Program Development & Support Division; Deputy Director General, Modernization & Corporate Division. Each deputy director general oversees at least four directorates and totally the institution has 35 directorates with different responsibilities, mandates and duties with the purpose of its establishment (ERCA HRD, 2017)

The ERCA is a giant public institution which is responsible for the collection of major government revenues in the form of taxes and customs which serves as the revenue sources for the annual budgeting decision of the country. Revenue generation and collection are the nerve cells for the development and allocation of annual budgeting of the country. Budgeting is the mechanism of addressing the biggest political question; who has to get what? And when to do decisions? Budgeting is a decision making system using resources in order to achieve policy priorities. Budgets have an economic, political and technical basis. Unlike a pure economic budget, they are not entirely designed to allocate scarce resource for the best economic use. They also have a political basis where in different interests push and pull in an attempt to obtain benefits, common resources and avoid burdens for common responsibility. The quality of the budget depends on the accuracy of the method used and the expertise as well as the integrity with which has been compiled, budget can offer only a synoptic picture of their financial implications. Therefore, a compromise has to be made in the budget document between the requirement for adequate, accurate information and for manageability. (Musgrave 1989)

The researcher is decided to focus on this study from its personal experiences, through reading theoretical and empirical studies about corruption and its challenges. And some leaders have insisted the researcher to go for further researches based on the evil/gaps highlighted in the area.

(Palgrave 2006) note that, others are violating knowingly or unknowingly the new public management theory by eroding the public service only emphasizing non discipline resource use. Arguments for such view are inspired by public (rational) choice theory, which emphasizes government rather than market failure. It focuses on rent-seeking in the public sector and on the need to contain the self-serving private interests of politicians and bureaucrats. Principal-agent theory provides additional arguments for reform by identifying the problems of multilayered bureaucratic hierarchies, multiple principals with conflicting objectives, long-term & unspecified contracts between principal-agent, and monopolistic economics perspectives is influential (Palgrave 2006). Furthermore, as a developing country, corruption is of our greatest enemy next to poverty towards our way not to attain the middle income country level. In this regard, dealing with this critical public organization to analyze and assess the challenges of public sector leaders in combating corruption, it is a crucial aspect since the challenges of combating corruption in now a days has become the unfinished duty of every developed or underdeveloped country's government agenda.

3.1.2 Justification for the Study

Although some studies reveals empirical results on the historical development, causes, manifestations, types and consequences of corruption, yet a lot has to be done in curbing the challenges of corruption from the leadership aspect in the public sector like ERCA which is a giant public institution that is responsible for collection of huge government revenues but vulnerable to corruption. Revenue generation is a nerve cell for the development of the country and many studies are needed to be conducted. The researcher believes that not only neglecting the issues of corruption but also failing to address it boldly will have adverse effects on the organization itself and the country as a whole. This is the other inner motive for selecting the institution as the focus area for the study.

3.2 Pilot-test

Majority of the items in the questionnaire were developed by the researcher for the first time by trying to keep the need of coherency and consistency instructed and commented by the advisor. Similarly, discussions and interview items were prepared by the researcher depending on relevant literatures. In doing so, work natureof the respondents necessitated the need for conducting pilot-testing to check the appropriateness and clarity of the items included in the data

collecting tools. To this end, the questionnaire were pilot-tested within purposively selected fifteen high officials and fifteen medium level and lower level employees with aiming to obtain different feedbacks from few number of higher and lower level respondents. Based on the result, most of the questions are carelessly filled of unanswered. Having these test results, amendments were made to make the questionnaire easily understandable to the people and to eliminate the probability of misunderstanding, confusion and bias. And the final set of forty questions in the questionnaires are reformulated, rechecked and distributed to the four branches selected as clusters of the study accordingly.

3.3 Research Design

As stated from the outset, the purpose of this study is to examine the challenges of public sector leaders to combat corruption and carried out in Ethiopian Revenue and Customs Authority. To this end, the research design is structured to conduct the main research study with utmost precautionary manner.

The difficult problem that follows the task of defining the research problem is the preparation of the design of the research project, popularly known as the “research design”. Decisions regarding what, where, when, how much, by what means concerning an inquiry or a research study constitute a research design. “A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy and procedure.” In fact, the research design is the conceptual structure within which research is conducted and constitutes the blueprint for the collection, measurement and analysis of data. As such the design includes an outline of what the researcher will do from writing the hypothesis and its operational implications to the final analysis of data. (C.R. Kothari, 2004).

3.3.1 Research Type

Thus, this study has employed descriptive research type using both qualitative and quantitative approaches to assess attitudes, opinions, behavior, insights and perceptions about the challenges and prospects of leaders in combating corruption in the sector. Descriptive research studies are those studies which concerned with describing the characteristics of a particular individual, or of a group (Kothari 2005). Whereas explanatory research is deeper in the sense that it describes phenomenon and attempts to explain why behavior is the way it is. In other words, it enables to understand the very nature of what we are actually looking at, aiming at, for instance, explaining

social relations or events, advancing knowledge about the structure, process and nature of social event, linking factors and elements of issues into general statements.

The rationale behind using the combinations of both qualitative and quantitative research design is to give depth and breadth to the findings looking at the problem from different perspectives. According to (Kothari 2005), mixed methods research has experienced a tremendous rise in popularity in the field of social science. Further, research that involves the integration of quantitative and qualitative research has become increasingly common in recent years. The researcher wants to view problems from multiple perspectives to enhance and enrich the meaning of the existing challenges and prospects of fighting corruption. Therefore, the two approaches are useful and needed in researching this study.

3.3.2 Population and Sampling

3.3.2.1 Population

All the items under consideration in any field of inquiry constitute a ‘universe’ or ‘population’ (Kothari 2005). The population of this study includes Directorate leaders who are leading the institutions, process owners, team leaders, senior officers, officers, lower level employees and customers as the target population for the purpose of the study. According to the preliminary survey made and data secured from the Human Resources Development Directorate of ERCA, the total number of employees who work in the four branches of the organization is 2,905. Among the total number of these employees 1,398 are men while 1,507 are women. Similarly, based on preliminary survey made and data secured from customers’ service delivery directorate of ERCA, the average numbers of customers who have been served in the organization as the month of September, 2016 are 840. On the other hand, the average number of customers per week will be 210. Furthermore, greater than 28 customers on average per day are served or getting service from the organization. Therefore, the target population of the study comprises the total number of employee in the organization plus the possible number of customers who are willing to an interview at the head office in ERCA. However due to the nature of the case majority of customers were not willing to give responses except few volunteer customers who are interviewed and analyzed their responses in the analysis part accordingly.

3.3.2.2 Sampling Design

The sampling design depends on the type of the research, objectives, purposes of the study and findings the researcher likes to draw from the study. It is unscientific and unmanageable to take the whole population for the study. The reason behind sampling design is that, it is not because all population participates in the study that the researcher gathers necessary information. It is when the study is scientifically designed that helps to meet the objective of the study. Likewise, sampling design is applied for this study to gain information about the target population. Therefore, determining sample size is a very important issue in the sampling design techniques. Samples that are too small or too large are unscientific and unmanageable and may lead to inaccurate results. Accordingly, the required sample size was determined using Cochran's standard formula as stated below.

3.3.3 Sampling Techniques

3.3.3.1 Sampling of the Qualitative Data

Purposive and probability sampling technique were used to sample the target population of directorate leaders. Purposively 5 directorate leaders are selected from the 35 directorate leaders because the rest are so busy to provide qualitative interviews. The researcher uses purposive sampling technique for leaders because it is the right way to sample the required subjects of leaders who objectively address the researcher's questions and help to meet the objectives of the study. In addition to this, the samples of leaders which are purposively selected would yield greater depth of information and they are senior leaders and core processors who are dealing in different core issues of the organization.

Likewise, according to (Johnson and Christensen 2008), in purposive sampling, the researcher specifies the characteristics of a population of interest and then tries to locate individuals who have those characteristics to address the objectives of the study. They add that researchers who use purposive sampling techniques are able to focus and minimize the sample size so that it might best reflect the purpose of the research.

3.3.3.2 Sampling of the Quantitative Data

a) Sampling Frame

The sampling frame is list of the study consists of the organization that is ERCA and its customers. That is to mean the sample frame of employees includes directorate leaders, team leaders, senior officers, officers; lower level employees and customers of ERCA are list of sampling frame for the study which helps for the sample size determination from the target population of the stud

b) Sampling techniques for Employees:

Stratified sampling technique is applied to select representative samples of employees from the target population of employees due to the fact that, the target population of employees includes different employees who have different work experiences and positions in the organization.

First of all the reference population of employees are subdivided into five strata (team leaders, senior officers, officers and lower level employees) that are as homogeneous as possible in terms of position and work experiences. Second, within each single stratum, subjects were selected by means of simple random sampling procedure. Again the researcher has used non-proportionate stratified sample to over represent strata containing few subjects that a stratum which contains relatively small number of process owners and team leaders, to conduct in-depth investigations on these who deals with different process.

c) Sample size determination for Employees

In order to increase the validity of the study, representative sample size and suitable sampling technique have been given special care and emphasis. The total number of employee at the study area of the four branches is 2,905 of which 1,507 are women and 1,398 are men. Thus, to determine the sample size for categorical data Cochran's standard formula was used. However, understanding that as the sample size increases, the sampling error (M^2) decreases and altogether eliminated when census inquiry. Moreover, the researcher observed that the population under discussion is more homogenous (employees of the same institution reflecting similar characteristics), the smaller is the sampling error and relatively the smaller sample size be used based on the Cochran's scientific research sample size determination.

Accordingly, Cochran's standard formula sample size determination states;

$$N = \frac{Z^2 p(1-p)}{M^2}$$

Where,

N= the desired sample size

Z= the standard normal variable at required level of confidence

P= the proportion in the targeted population estimated to have a particular characteristics

M= the margin of errors (error researcher willing to accept)

Since there is no estimate of the population of the targeted population which have a particular characteristic, 50% is recommended to use. Thus P = 0.5, and 1- P= 0.5. The researcher considers 93% level of confidence, the corresponding standard normal deviate or standard value is Z=1.81 and the desired level significance (margin of errors at 93% confidence)

is 0.07. Therefore, the sample size given by $N_0 = \frac{Z^2 p(1-p)}{M^2}$

$$\frac{(1.81)^2 (0.5) (0.5)}{(0.07)^2} = 167$$

Since the sample size exceeds 5% of the population (2,905*0.05=145.25), thus Cochran's correction formula was used to calculate the final sample size as shown below.

$$N_1 = \frac{N_0}{1 + \frac{N_0}{N}}$$

Where,

N= population size,

N₀ = required return sample size according to Cochran's formula and,

N₁= the required sample size,

As the sample size is greater than 5% of population.

So the result,
$$N_1 = \frac{N_0}{1 + \frac{N_0}{N}} = \frac{167}{1 + \frac{167}{2,905}} = 157 \text{ used as sample size.}$$

Based on preliminary survey on Jan 2017 and data secured from Human Resource Management and Development Directorate of ERCA, the target population of each stratum and non-proportionate sample of the stratum of employees is shown below;

Thus, the total respondents were, sample size of the target number of employee, and purposively selected employees were 157. Sample of employees drawn from each stratum as shown from the table are united in order to produce an overall sample of 157 employees including the qualitative method of interview that help the researcher to gather new consciousness or insight of the qualitative aspect of challenges of leaders. Then, using random sampling procedure questionnaires is distributed for the stratified sample of 157 employees as per the number of each stratum.

Table3.1: Non-Proportionate Stratified Sample of Employee for the survey

	Stratum	Population		Non-Proportionate Stratified Sample	
		Frequency	Percent	Frequency	Percent
1	Directors	35	1	2	1
2	Team Leaders	295	10	16	10
3	Senior Officers	401	14	22	14
4	Officers	1,045	36	56	36
5	Lower level employees	1,129	39	61	39
	Total	2,905	100%	157	100%

Source: -(Researcher’s tabulation based on the data from HRDD)

c) Sampling Technique for Customers

Simple random sampling technique has been carried out to draw sample of customers from the target population of average customers who are served in the organization per week. This sampling technique gives equal chance of selection for customers who get different types of services from the organization.

Therefore, unstructured interview was used to use their free and flexible responses and there was questions asked on the spot about the service conditions that help to assess what challenges leaders impose and encounter in combating corruption in the organization but as mentioned above majority of customers were not feeling happy to give an interview. However, as a solution few customers were used for the discussion under investigation

3.3.4 Sampling Unit

The sampling unit of this study is Ethiopian Revenues and Customs Authority that is the institution itself and its customers, who have been taken as stakeholders to the institution, are the units of analysis. The challenges of public sector leaders in combating corruption in the case of ERCA is assessed and analyzed from the perspectives of the leaders, employees and customer points of view and perception based on taking new facts and data from the sampling unit of the institution and its stakeholders.

3.4 Data Sources

In this work, both primary and secondary data sources are collected to explore and assess the existing challenges of leaders in combating corruption in ERCA. Both data sources are essential to understand the complex issues of corruption and it requires critical understanding from different perspectives.

3.4.1 Primary Data Sources

Primary sources of data are collected from observations, interviews, questionnaires, further from purposively selected individuals, and informal oral discussions with employees of ERCA and some tax payers or customers.

3.4.2 Secondary Source

Secondary data sources are obtained from document analysis like: books, articles, World Bank Journals, TI journals and periodicals, the annual reports of the institution, research reports, proclamations, regulations, directives and the internet, annual corruption reports from HPR, data from Federal Attorney General and Web Site of the organization. The researcher intensively used these secondary sources of data which are abundant in size and too valuable. The data obtained from both House of Peoples Representative and Federal Attorney General were presented in terms of quantitative analysis in numbers.

3.5 Tools for qualitative data gathering

The qualitative data are collected using the tools of interviews, personal discussions, and observations. The researcher decided to prepare primary data gathering tools because to obtain current and factual information about the study on the challenges of leaders in combating corruption.

3.5.1 Interviews

The researcher has used qualitative type of interviews to gather information from leaders in order to get in-depth information about the challenges of leaders in combating corruption in the institutions. Moreover, interview is a useful instrument to collect data, because it is an active process which involves a face to face, it is vital to get unexplored facts. In the interview, all questions asked were prepared in advance to make it standardized, however to give freedom & make flexible, an open-ended questions type were also executed. Having understood, standardized open-ended interview is beneficial to focus on the topic on hand and limits the possibilities that the participants might stay away from the topic; few unstructured questions were used. Thus, in depth questions were ranged to respondents from seeking information on challenges to combat corruption, their prospects, perceptions, attitude, and insights as a leader; Mechanisms they deploy in tackling the evil mainly interview of both type structured and unstructured were used to collect facts that they use in tackling the problem under discussion.

3.5.2 Observation

The researcher gathered information from observation during the stay in the four branches of the organization under consideration. During the data collection period, the researcher preplanned to take field notes about the overall service delivery process and observed each instances like long waiting lists (queues), customer handling behaviors, employees integration and cooperation, leaders - employees relationship. And generally, these field notes served to record additional ingredients about the overall ongoing organizational performance activity and its working culture as well.

3.6 Tools for quantitative data gathering

3.6.1 Questionnaires

For the purpose of the study, the researcher administered questionnaires to collect both quantitative and qualitative data from employees and key informant customers. Here, the rationale the researcher plan to use questionnaires is to secure information from respondents because using questionnaire has the advantage for respondents to express their attitudes, perceptions and opinion freely without feeling embarrassed. The questions on questionnaires

were prepared in English version and rechecked by the advisor and some other lectures of the department for the coherency, consistency and validity of the items on enquires.

Both close and open ended questionnaires were utilized. In this respect, using both types of questionnaire has the advantage of collecting information from different perspectives. Open ended questionnaires are used to enable respondents to give their ideas and information's freely without feeling embarrassed by any one while closed ended questionnaires were used to enable respondents to choose from the ranges of possible choices provided in the questionnaire. Likewise, schematic research plan was prefixed to control the content and maintain the objective of the research questions.

Table 3.6.1 Schematic research plan questions

		Tools		
No	Research questions	Questionnaire	Interview	Observation
1	How do leaders perceive fighting corruption?	✓	✓	✓
2	What are the major challenges of leaders in combating corruption?	✓	✓	✓
3	What controlling means do leaders have in fighting corruption in the sector?	✓	✓	✓
4	What are the mechanisms that leaders use to enable followers in combating corruption?	✓	✓	✓
5	How do leaders participate to fight against corruption?	✓	✓	✓

3.7 Data Presentation and Interpretation

After the data are gathered from both primary and secondary sources through qualitative and quantitative method, the results obtained are duly analyzed and interpreted using percentage and frequency descriptive method.

3.7.1 Qualitative Data Analysis

In qualitative data analysis coding data is very important in order to discover what is important and what is to be learned, and deciding what to tell others qualitatively. The researcher used qualitative data analysis tools of open coding and selective coding to present and analyze the

collected qualitative data. Coding in qualitative data analysis is the process of examining the raw qualitative data which was in the form of words, sentences, or paragraph and assigning codes.

3.7.2 Quantitative Data Analysis

In analyzing the quantitative data collected through questionnaires from both employees and few customers, the Statistical Package for Social Science Software (SPSS) 20 versions and Microsoft excel were used. The analysis includes representations of results using numbers, charts, graphs, tables and description. Descriptive analysis was employed to analyze the frequencies and percentages of respondents' perception and their level of agreement or disagreement with the given statement under each question and multiple alternatives.

3.8 Ethical Consideration

To start and undertake the research, the necessary approval of the topic is obtained from the department of Public Administration and Development Management. The researcher requested and obtained formal letter from the department to help him undertake the research study to gather data from Ethiopian Revenues and Customs Authority of all the four branches, the Federal Attorney General, the Federal Ethics and Anti-Corruption commission, and the House of Peoples Representatives. During the whole process from respective institutions, the researcher planed in advance to behave the discussions with at most ethical manner. Further brief description about the title and objective (academic consumption) of the study were made clear to respondents for all concerned institutions were informed in polite manner that the information they give will not be disclosed to anyone else in order to build their confidence and provide the available raw data. Moreover, participants' were told their valuable and genuine responses are vital.

CHAPTER FOUR

4.DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

Social, economic, and institutional problems arises from corruption are analyzed in this chapter keeping the main objectives of the research. Thus, the main objective of this research is to examine the challenges of public sector leaders to combat corruption. As stated in the methodology chapter, the findings are obtained by employing questionnaires, interviews and group oral discussion by conducting the pilot test in advance.

From the pilot test survey the researcher observed that all distributed questionnaires were not returned back to the researcher specially male respondents are engaged in a very busy work and didn't return the questionnaire properly; knowing this, to eliminate tendency of non-return ability of questionnaires, the researcher distributed more than the calculated sample size to both female and male respondents but finally collected actual sample size from 92 female and 65 male respondents.

In the first section of this chapter demographic characteristic of respondents is summarized. In the second part, causes, manifestations, and aggravating factors of corruption are analyzed. In the third section, consequences or results with their accompanying social, economic, cultural problems are summarized. In the fourth section whether corrective legal measures, institutional mechanisms, polices or attempts or other techniques if were used are widely portrayed in the way through which public sector corruption had been combated.

Data are disclosed in the form of presentations, analysis and interpretations. Accordingly, presentation, analysis and interpretation were made to achieve the objective of the study using different methods of analysis; descriptive methods of analysis like table, frequencies, percentages and pie charts were mainly used in the study to analyze data obtained from the survey. Data were obtained mainly by employing questionnaire and secondly key informant respondents were interviewed and different types of secondary sources are used.

4.2 Demographic Characteristics of Sample Respondents

This section discusses personal information of respondents that gave assumptions of analysis from the response group that were designed to collect and judge accordingly. As indicated in the methodology part, a sample of 157 questionnaire respondents in the survey took part in the study. And the result obtained concerning their demographic features is summarized below.

Table 4.1:- Demographic Characteristics of respondents

S.no	Characteristics	Number of respondents	Percentage (%)
1	Sex		
	<ul style="list-style-type: none"> • Male • Female 	<p style="text-align: center;">65 92</p>	<p style="text-align: center;">41 59</p>
2	Age		
	<ul style="list-style-type: none"> • 18-25 • 26-44 • Above 45 	<p style="text-align: center;">35 96 26</p>	<p style="text-align: center;">22 61 17</p>
	Marital Status		
3	<ul style="list-style-type: none"> • Married • Unmarried • Widowed • Divorced 	<p style="text-align: center;">79 71 3 4</p>	<p style="text-align: center;">50 45 2 3</p>
	Educational Status		
	<ul style="list-style-type: none"> • Diploma • First Degree • MA/MSc • PhD 	<p style="text-align: center;">27 115 15 0</p>	<p style="text-align: center;">17 73 10 0</p>
	Current Position		
5	<ul style="list-style-type: none"> • Lower Level • Middle Level • Higher Level 	<p style="text-align: center;">27 98 32</p>	<p style="text-align: center;">16 60 24</p>
	Salary Per Month(Birr)		
	<ul style="list-style-type: none"> • 7,000-12,000 • 12,001-17,000 • 17,001-22,000 • Above 22,000 	<p style="text-align: center;">39 66 38 14</p>	<p style="text-align: center;">25 42 24 9</p>
Total		157	100

(Source: Authors survey questionnaire, March 2017)

As depicted in the table 4.1 above, 92 (59%) of the respondents are females and 65 (41%) are males. The use of sample of more number in female which are purposively distributed and selected would yield greater depth of information and they are senior leaders and core processors

dealing in different core issues and of course they were relatively not very busy like male as well. Furthermore, Anker (1998) noted that females are thought to deliver better opinions, insights and arguments constructed and they are better informants with social interactions.

As far as the age of respondents are concerned in the second demographic characteristics of respondents, only 96 (61%) of respondents fall between the age of 26 to 44 years. 35(22%) of respondents are between the age of 18 to 25 and lastly, 26(17%) of respondents are above 45 years; as the more numbers of respondents are elders, their response can be considered as matured. Age shows to some extent the experience a person has professionally and individually. Hence, it is well assumed that as age increases, the knowledge/experience as well as the information that a person to respond is rational and matured.

Respondents were also asked about their marital status and the following results are found. The proportion of those who are married are 79(50%), which is more than 50% of the sample respondents. Next, 71(45%) of sample respondents are not married and finally about 7 persons or 5% respondents are widowed or divorced due to their various reasons. From this we can generalize that more of respondents are feeling responsibility of their family and on issues of life and it is assumed that they respond responsibly and they carefully accomplish their post as per ethical conduct.

Respondents were also asked about their educational status. So far as indicated in the table, 115(73%) are graduated in first degree and 15 respondents of which 10% of sample respondents graduated in second degree. Lastly, 27(17%) of respondents are at least diploma holders. Although from such purposively selected sample respondents no one hold a third degree (PhD), but generally majority of the respondents have at least first degree and believed to have behavioral change. Generally, from this we can infer that 90% of respondents possessed tertiary education level to perform their day to day work and their answers can be educated, and thus well aware of corruption and its pros and cons.

4.2 Awareness for the incidence of corruption in day to day service delivery

Respondents were asked to disclose about the awareness of the existence of the incidence of corruption in their organization and they replied as follows:From the table their replay can be inferred that those employees who are well aware about the existence of corruption in ERCA are as follows based on the type of corruption they perceive.

Table: - 4.2 Incidence of the type of corruption based on respondents' response

S. no	Type of corruption	Frequency	Percentage	Valid percentage	Cumulative Percentage
1	Financial	61	39	39	39
2	Administrative	54	35	35	74
3	Political	28	18	18	92
4	Bureaucratic	14	8	8	100
		157	100	100	

(Source:- Researcher's survey report, March 2017)

61(39%) financial corruption, 54(35%) administrative corruption, 28(18%) political corruption and lastly 14(8%) bureaucratic corruption are incidences of corruption surveyed in the organization. The percentage difference indicates that financial type of corruption is the most common and large in number. Political corruption and discretion power of decisions lead to uncoordinated line to bring employees effort to fight corruption. From this we can conclude that their full response be considered as mature and most of them are well aware and remain a great challenge both for the customers and revenue generating efforts.

4.4 The reason behind the exposure of corruption in ERCA

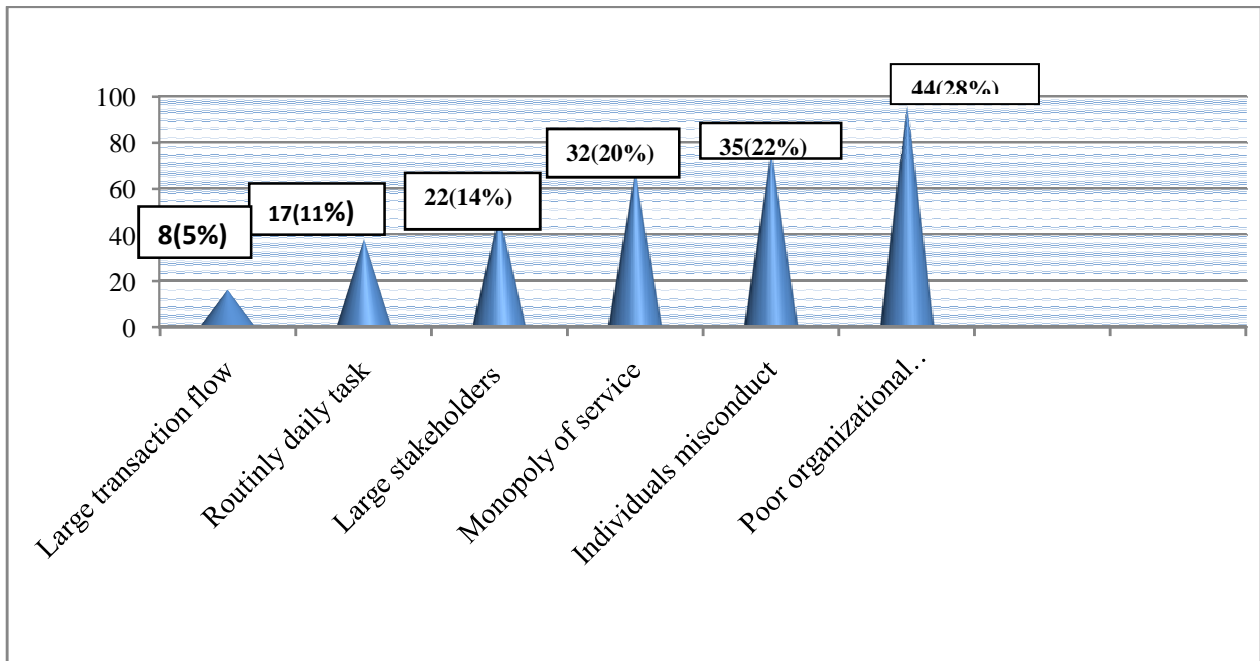
The reasons why ERCA is exposed to corruption as depicted in the graph; 32(20%) monopoly of service, 44(28%)poor organizational setting, 17(11%) routine daily task, 22(14%)sector complexity, 8(22%)large transaction flow. Lastly, 34(22%) is misconduct of employees. To compare the reasons for the exposure of corruption in ERCA: organizational setting, starting from the top management to the lower level employee there is no clear and well defined organizational settings and activities in most of the time are performed in the interests of some assigned individuals in contrary to formulations and organizational designs. It is institutional problem. In other words as more activities are run in a weak and uncoordinated public officials, the more opportunities for occurrences of corruption. As institutional weakness in prevention efforts has not to be left to higher officials at top levels but power of combating the social evil of corruption must enroll all employees in organizational settings as per some respondents replied during interview.The other thing mentioned during interview was, the reluctance that some

higher officials are not showing supportive information due to the reason that the organization did not facilitate a system of transparent channel of communication to disclose issues like corruption and good governance motives.

The second scored reason is misconduct of employees; it refers to employee or workplace attitude to corruption. The greedy nature of some employee in now days is exaggerating the existence of corruption as one director replied during interview. Those naturally greedy individuals are more likely to commit workplace corruption. In the other dimension, misconduct of employees can be manifested by lack of benefits due to administrative measures taken by the employer; employees who are unhappy at work are more likely to commit corruption.

Monopoly of service giving conditions by one organization can open a door to commit corruption. As interviewees underscored, corruption is one of the greatest barriers to prosperity, economic competitiveness and development. The revenue collecting government agenda must facilitate to entertain competitiveness and open the door to public private partnership to sustain efforts on all fronts of corruption. Monopoly nature of activity hinders the economy not to grow as required. As the interviewee continued to state, monopoly of revenue collection by the so called ERCA alone can increase inefficiency and create uncompetitive environment, imposes additional costs on business, and threatens democratic institutions finally create a decline to gross revenue collection.

Graph 4.3:- The reasons that ERCA is exposed to corruption in absolute number and percentage (Source: Researcher’s survey Report March 2017)



The large number of stockholders in the sector by itself is another reason for the exposure to corruption. Various stakeholders like importers, transistors, range of middle men(brokers), freight agents, banks, the police, customers etc. are all directly or indirectly involved in ERCA's day to day activity. As the number of parties increased in the operation of ERCA, the temptation of delay or bureaucratic conditions can also be increased, these results corrupt act to occur. Some parties that fail in competing in the market, those who need underestimation of values of sales or values of goods, or those who need unfair speedy service usually eager to bribe the customs officers and manipulate the normal mechanism. The relative proximity of the officer to large number of stakeholders is widely viewed as an important reason. Through a time the repetition and the frequency of contacts with those stockholders develops inappropriate relationships resulted many workers to be fired, as one director replied orally during discussion time

The other reason, routine daily task can lead to unethical behaviors of employees as the other branch manage replied; this is due to daily work pressure that some team managers are not be interested in the manner things are done; they may be interested only in the result achieved. Given the service delivery responsibilities of ERCA officials, r relationship between actors tend to be closer and both tax and custom service officials are more likely to have routinely close direct personal contact with aforementioned parties. These situations usually invite officials to corrupt practices.

Large transaction flow is the other cause for bribes to be offered or demanded. Due to large transaction flows in ERCA's daily operation and all other mentioned causes, huge amount of revenue don't be collected. Although the transaction volume increased at the place where large transaction executed, uncollected revenue size also increased because of negotiation with clients in the meantime. There have been clients that don't have prepared audited accounts and tried to manipulate in collaboration with ERCA staff to present falsified accounting records which is understated. To summarize oral discussions and interviews, as the transaction flows increase, customers offer bribes to favorably pass their duties speedily.

4.5 Recognized types of corruption based on size and state of acceptance in ERCA

Corruption is not manifested in one single form: indeed it typically takes at least three broad forms, in ERCA based on the data from survey. The presence of grand corruption which is

committed by high level officials is replied by 78(38%) of respondents and petty corruption 60(38%) which practiced by small amounts of money. The systematic corruption which is based on state of acceptance as a norm entrenched in the customs in given institution is responded by 19 persons or 12% of sample respondents, as of the case study, ERCA, the third one which has less weight than the two types of corruption is the systematic corruption. From this it can be concluded that the higher level officials' corruption is at serious stage and petty corruption is the next least serious type of corruption.

Table 4.4 Type of corruption based on size and State of acceptance

Corruption		Frequency	Percent	Valid percent	Cumulative percentage
1	Grand	78	50	50	50
2	Petty	60	38	38	88
3	Systematic	19	12	12	100
Total		157	100	100	

(Source: Researcher's survey report, March 2017)

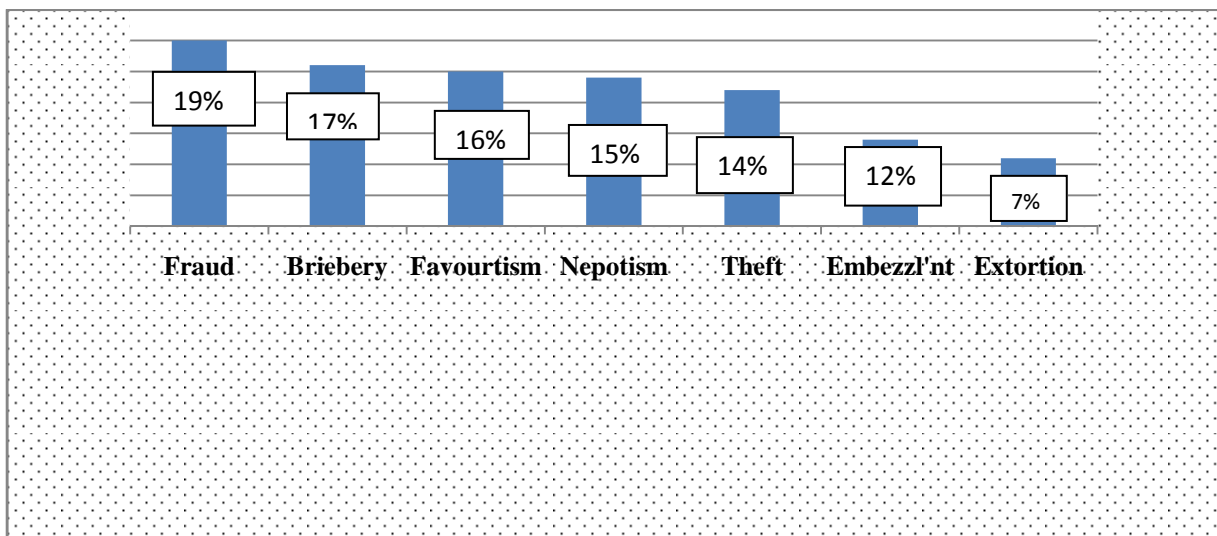
4.6 The most common forms of corruption manifested in ERCA

Corruption can also be categorized in other many ways. A distinction can be made between benefits that are paid willingly (bribery) and payments that are exacted from unwilling clients (extortion). The following graph shows different types of manifestations of corruption in ERCA based on the survey undertaken. As reflected in the graph 4.4 below, 30 employee or 19% of the total survey sample agreed that fraud is the most serious form of corruption in ERCA. 26(17%) respondents replied bribery is the second most serious problem. 25(16%) of survey respondents reported that favoritism as common form of corruption. Furthermore, 24(15%), 22(14%), 11(12%), 11(7%) of ERCA employee respondents agree as nepotism, theft, embezzlement, and extortion respectively are manifestations of workplace corruption based on perception of ERCA's employee responses reflected from questionnaire.

In doing so, information obtained from qualitative type of data gathering tool i.e. the interview, and informal oral discussion with some employee during the researcher's stay at different branch offices are; these various types of manifestations have multifaceted reasons; to mention concentration of power to decide on operational matters is directly forced the officer to commit

corruption. The organizational structure by itself has no check and balance mechanisms, frequent and elaborate regulation changes, high tolerance to corruption activities by high officials because of networked benefits are the cause why the above mentioned forms of corruption are manifesting.

The key informants who purposively selected to answer the research question during the stay in head office branch replied the following opinions, whose interview has also supported that fraud is increasing and many committed employees are fired and others are under administrative and legal measures because it is personal and psychological decay as always implemented in hidden or invisible way. The other, extortion is the least because it requires coercion and violence, respondents agreed to rate it small in size.



Graph 4.4 Forms of corruptions manifested in ERCA (Source: Researcher’s survey report)

To add, in the time of discussing such forms of corruption with key informant groups, some tried to disclose the inappropriateness of positions given to officials. Appointment of some key persons is based on national political elite, rather than independently and academically. Due to the backing of their root, these officials are not inclined to consider themselves accountable to the governing law, but tend to be more concerned with how their higher leaders view them. Further, there are an answered questions that are also as many challenges. The credibility of enforcement of laws on higher officials and “some” large tax payers are also not clearer to build a way to preventing corruption at national level.

4.7 The periods of time in which corruption is increasing

The respondents were also asked the period of time in which corruption either increased or decreased since the fall of the Derge regime to see the trend or rate of changes in twenty five years back. The figure reflects that opinion of the respondents implies incremental change that the problem of corruption is increased in the last ten years than the previous years. Out of 157 respondents 112 or 71% agree corruption is in its growth rate despite ethical standards and intuitional laws.

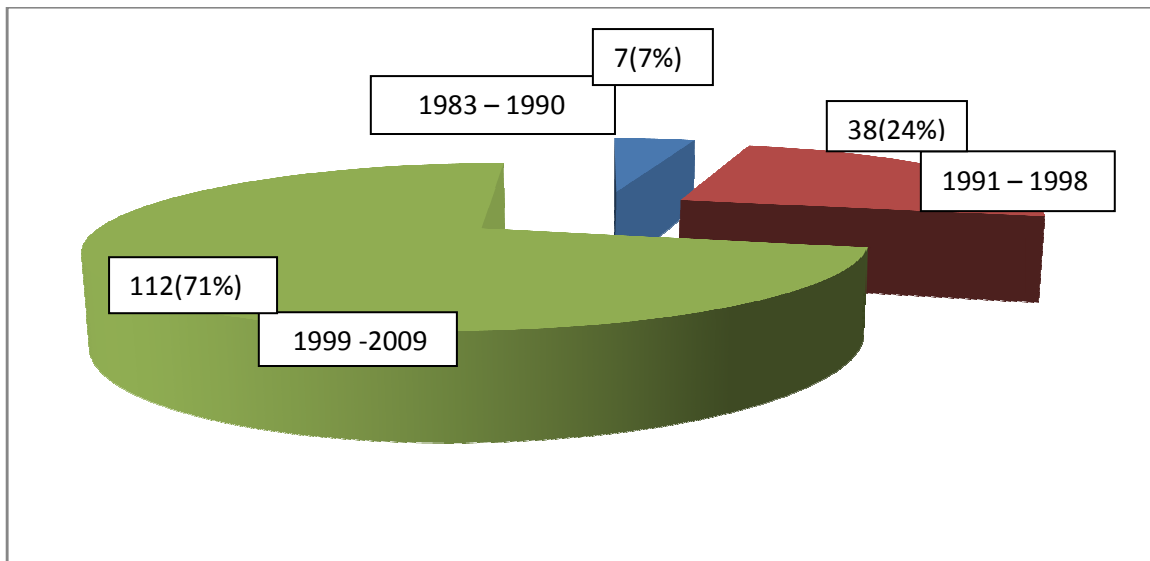


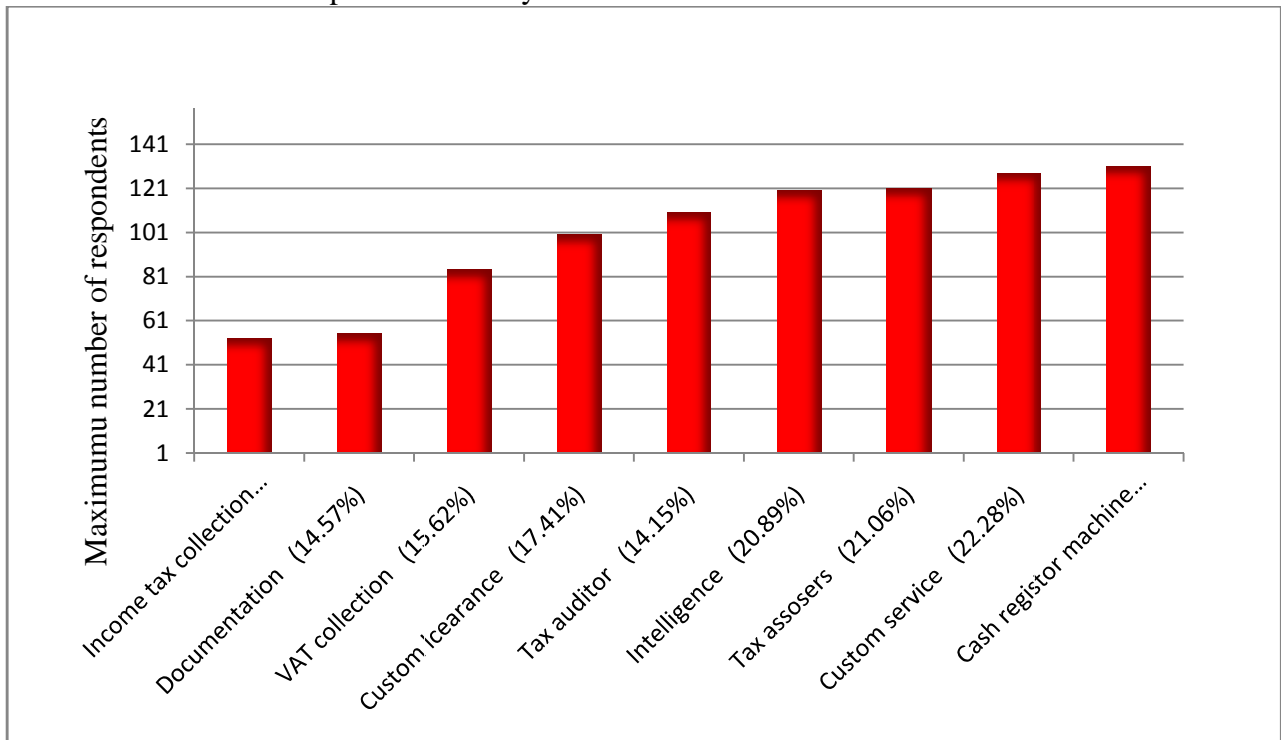
Figure 4.5 The period in which corruption more manifested in ERCA (In Ethiopian calendar) Source; (Researcher’s survey report)

The next period is from 19991 to 1998 that 38 or 24% of respondents reflects corruption was in its moderate change but clean the way to alarming change of corruption to be increased and cause social and economic problems as it is defined in the literature.

From this we can conclude that currently the practice of corruption in revenue collection endeavors is faced a big problem because of aforementioned manifestations and types of such social evil.

4.8 Practical areas where corruption flourish in Ethiopian Revenue & Customs

According to the outcome of the survey conducted, the areas in which corruption is believed to be practically rampant are those where financial transactions are directly transferred from the customer to the officer or vice versa at the time when for example, refund amounts are returned to the tax payers. Custom service sections surveyed to be the highest percentage i.e. 22.28% of respondents agreed that the service is most prone area to workplace corruption. During interview and discussions, some reflect weak system of oversight at time of estimation of imported goods at the duty station of custom and subjective estimation of valuation has a lion share. In the same survey conducted, 21.08% of the respondents believe that cash register machine operators and (21.06%) tax assessing units are also highly vulnerable to corruption. Intelligence unit who investigate tax disputes are account for 20.8% the third area of corruption prone at duty station of ERCA. It is also perceived that custom clearance scoring 17.41% is an area for the exposure of corrupt practices. Incidence of corruption also abounds in VAT collection (15.62%), Tax auditor (14.15%) and finally documentation (14.57%) and lastly (9.23%) income tax collection unit is a functional area that corruption is a reality.



Graph 4.6: Work areas in which corruption most flourishes in ERCA (Source: Survey Report)

4.9 Causes and aggravating factors of corruption in ERCA

Chibmana (2008) and many scholars and experts assessed that corruption is not a social phenomenon that can be explained by a single word or cause. It is a complicated social, institutional, human issue, often the result of many contingent circumstances.

The researcher have intensively discussed with most of the respondents about the triggering factors and aggravating reasons that increase the occurrence of corruption in ERCA in particular. (Gorta 1998) studies generally produce a mixture of situations, attitudes and processes that can be better understood as enabling factors, indicators or conditions that allow or facilitate corruption. Few of these factors can, in isolation, be said to cause a corrupt act to occur. Neither are they strictly casual in the sense that corruption will occur if they are present in a given location. Instead they are observed - or perceived - phenomena which may make it more possible for corruption to occur. They are similar in the risk factor in a given time and place to create an environment that is conducive to an individual perpetrating a corrupt act. In the following part, factors which optimize occurrence of corruption in perpetuation are explained.

Table 4.7 Causes and aggravating factors of corruption perceived in ERCA.

		Drivers/Causes and aggravating factors of corruption				
		Institutional/Organizational				
		SA (%)	A (%)	Neutral	DA (%)	SDA (%)
1	Low salary & less incentive to officers,	25.57	16.72	0	12.79	44.92
2	Ineffective reporting system of corruption,	38.37	33.11	0	13.77	14.75
3	Lack of good governance	43.00	33.00	0	20.00	04.00
4	Absence of effective tools for preventing corruption,	20.33	21.31	0	20.66	37.70
5	Lack of transparency & accountability in daily operations,	30.49	34.10	0	18.69	16.72
6	Discretion power is given to ERCA officials by law,	27.87	32.46	0	26.23	13.44
7	Ineffective punitive sanction and penalties,	19.67	29.18	0	29.84	21.31
8	Absence of ethical code of conduct for ERCA officials,	20.33	21.31	0	20.66	37.70
9	Absence of competitive nature in the sector,	27.54	34.75	0	18.69	19.02
10	Bureaucratic delay (delays in decisions over services),	49.50	31.48	0	12.46	06.56
11	The system failure	47.00	40.00	0	10.00	03.00
12	Poor civil service management	44.26	30.16	0	17.38	08.20
157(100%)		51 (33)	47 (30)	0	30 (19)	28 (18)
		Human/Behavioral				
13	Greediness behavior of ERCA officials,	34.76	33.11	0	20.00	12.13
14	Lack of leaders commitment in fighting corruption,	35.41	37.38	0	09.51	17.70

15	Good opportunities to conduct corruption,	30.49	40.33	0	15.08	14.10
16	Misunderstanding that corruption is wrong,	26.00	27.00	0	10.00	37.00
17	Individuals agreement to consider as culture,	44.00	39.00	0	10.00	07.00
18	Living beyond means (desire to live beyond income)	39.63	33.11	0	10.16	17.10
		55	55	0	20	27
		157(100%)	(35)	(35)	(0)	(13)

(Source): Researcher’s Survey Report.

In the above table 4.8 out of 157 respondents only 71(44.92%) strongly disagreed that employee’s low salary and less incentive can cause a corrupt act to occur. But some interviewees said that low salaries are not the only cause for a public official to act corruptly and the people or human factors go well beyond financial reward. The other thing, the House of People’s Representative of Ethiopia has approved the newly adjusted salary increment and it has already implemented on September 2009 E.C. that made ERCA’s employee among highly paid workers in Ethiopian context. This by itself may decrease the tendency of corrupt practice from occurring, as per some individual respondents added during their interviewee and discussion.

60.23(38.36%) of respondents strongly agreed and 51.99(33.11%) agreed that there is ineffective reporting system on corruption matters. A strong reporting mechanism with high officials and ethics directorate office are critical for establishing guaranteed prevention effort in combating corruption and promote greater accountability and transparency. Wise reporting mechanism of all corruption acts requires building a coalition of all stakeholders to bring positive change and increase the service quality of the organization in order to increase country’s revenue.

67(43%) and 52(33%) respondents strongly agreed and agreed respectively that there is lack of good governance. And further, 47.87(30.49%) strongly agree and 53.53(34.10%) agreed that there is lack of transparency and accountability. These imply that processes and authority in the hands of officials is ill exercised. There is lack of effectively formulated and implemented sound ethical policies, and respect for human right and rule of law. The framework of governance in the sector should include ethical standards for the basis of combating workplace corruption as all in good governance tune which in the end renders quality service providing organization. The public sector of every nation is critical to its national development. Anti-corruption initiatives focused on abuses and illegal practices at all level should encompass all officials and make them accountable and liable. The absence of good governance should not to deny citizens legitimate right either employee or customers; as per most respondents’ answers to opened ended question.

Generally nevertheless, it is possible to posit a number of reasons and aggravating factors which make corruption to occur and it can go a number of many dimensions that suggest to corruption prone conditions. The discretion power given to officials, ineffective punitive methods, absence of technically and knowledgeable equipped ethical code of conduct, uncompetitive nature of the business, delays in decision over services (bureaucratic delay), poor civil service management (in contrary to promoting development of an efficient, effective and accountable service provider to strengthen public financial management), human factors like; greediness behaviors, lack of leaders commitment in fighting corruption, good opportunities to conduct corruption, individuals agreement considered as a culture, misunderstanding that corruption is wrong, and finally one of the organizational problem, the system failure are all can be listed and replied by weighting them in percent (please find the table) based on their perception.

Besides, the aforementioned driving forces and causes, they can be encompassed to human factors and institutional or organizational factors and depicted in the following part accordingly; 55(35%) strongly agree & 55(35%) of respondents agreed that causes of corruption in ERCA is because of institutional factor. Again 51(33%) strongly agree and 47(30%) agreed that cause of corruption in ERCA is because of human factor as per data surveyed from the four branches of the organization.

As per discussions & interview made, one of the cause under human factor observed in ERCA is, the power of patronage networks; that is, by groups using informal patrimonial relationships, conducting corruption in a very secretive manner.

In today's rapid dynamics, the desired outcome can't be achieved because of the leaders are uncommitted and greediness human nature of them is directly affecting the organization in general.

The bad effects of corruption estimated to continue unless combating strategies and policy frameworks are developed. Generally, leaders are not strong fighters against the evil rather they are both as part of the problembased on the perception of the survey data result.

4.10 Effects resulted from corruption

The effect of corruption is cancerous tumor in the economy. Corrupt country is likely to achieve aggregate investment levels of almost 5 per cent less than a relatively uncorrupt country and lose about half a percentage point of gross domestic product per year. It is also shown to slow down own foreign direct investment (UNDP 2008).

Table:-4.9 Consequences of corruption as social and economic effects.(Source: Researcher’s survey)

	Effects of corruption	SA	%	A	%	Neutral	DA	%	SDA	%
1	Wastage of public resource,	84	54	52	34	0	18	11	3	1
2	Reducing efficiency in service delivery,	76	49	61	38	0	12	8	8	5
3	Delays in service processing & delivering	83	54	45	28	0	20	12	9	6
4	Results poor quality of service,	65	42	67	43	0	15	9	10	6
5	Reducing productivity,	75	48	54	34	0	18	11	10	7
6	Worsening poverty	77	49	49	31	0	21	13	10	7
7	Barrier to competition & entrants	93	60	49	31	0	12	8	3	1
8	Undermine well-functioning markets	93	59	50	32	0	9	6	5	3
9	Weakens state capacity & subvert legitimacy	81	52	50	31	0	16	10	10	7

NB: “SA” strongly agree,” A” agree, “DA” disagree and “SDA” strongly disagree (first raw).

The impact on the effect of leadership and corruption on national revenue collecting organization is clearly understood from the data plotted on the graph. Although, the bad effect of corruption is continued to pose threats to the ERCA’s quality service giving endeavor that significantly contribute to the reduction of government revenue and country’s development processes, the employees are capable of sufficient knowledge about the effect of corruption.

In the interview made with investment directorate, it was understood that most of the employee has enough knowledge that the effect of corruption has a far reaching negative effect on the national psyche which eventually undermine the whole system of revenue generating activities and good governance as a whole.

Respondents were asked to indicate the different kinds through which consequences or effects of corruption are manifested in economic, social and human factors specific to ERCA.

Majority of respondents duly agree that corrupt officials embezzle or waste the public’s resource if there is less control over their daily activity. According to the discussion held with some employees, corruption undermines the legitimacy of the governments and weakening their

structures, reducing productivity in the context, reducing revenue of the state, worsening poverty, creating social unrest, finally speeding up downfall of the state.

Unfortunately, the poor is the exceptional social part which is vulnerable and marginalized rather than the rich specially those who categorized in small tax payers scheme and unable to pay the bribe are usually discriminated by an offer of corrupt officials, as per one interviewee replied.

Therefore, from the data collected from primary and secondary sources, the quality of service improvement to increase the organization’s revenue is challenged by the greed behavior of leaders, officers and institutional problems.

4.11 Corruption experience, reporting habits and measures, and improvements in ERCA employees

Respondents were also asked whether their family or friends experience service delivery related problem, assuming the way how employees perceive the question of corruption as service providers when it comes to their families and friends. 152(97%) respondents said that their families and friends had no experience of service delivery problem. But five respondents 5(3%) replied their family and friends experience that they have faced service delivery problems. Problems related to registration, annual sales reporting, documentation, tax payments, unstructured work flow, business license returning procedures, overvaluations, tiresome audit steps and process are all work related problems that were ineffective and open the door to corrupt motives even innocent persons can be attracted to corrupt incidence due to aforementioned operational inefficiencies, as per most of respondents underscore.

Table:-4.10:-Experience of respondents family and friends to the service of ERCA

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	5	3	3	3
	No	152	97	97	97
					100.0
	Total	157	100.0	100.0	

They were asked the reporting habits of corruption practices, assuming the manner how each employee challenge each other and perceive the struggle against corruption. 137(88%) of respondents responded that they did not report any corruption prone actions because they respond as they have ever seen such occurrence of the act. But large number of persons replied the following answers for the question why not reporting: ‘It is not my duty’ ‘I don’t want to expose friends to lose their work’ ‘It is none of my business’ however, one respondent underscored that because of fear of revenge (not to be victimized) he did not report having seen the action of corruption. Although a majority of the respondents in each sample group reported that the organization is of course indeed committed to combat corruption, there was reluctance among the employee and even by some leaders to get involved in anti-corruption efforts due to fear of reprisals or because they felt that reporting would not achieve any purpose.

These all reasons imply that there is no the root of good governance i.e. poor transparency surrounding the higher officials and the organization as a whole is questioned. Especially from the ethics directorate, decisions regarding open access to information are closed. But 19(12%) replied that they repeatedly reported the corruption practice to the concerned office and some cases are transferred to federal attorney under investigation and others are concluded by measures of administrative decisions.

Table:- 4.10.1 Reporting of corruption prone practice to concerned office

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	19	12	12	12
	No	137	87	87	99
	Missing	1	1	1	100.0
	Total	157	100.0	100.0	

A great majority of the respondents 137(87%) confirmed that they don’t have information on measures taken on alleged corrupt individuals. Few respondents, 11(7%) indicated that they have information on measures taken on alleged corruptors. But further they described usually heard the corruption news from individuals as rumors or from the mass media as every citizens. These

responses describe that there is no free flow of information regarding measure taken either administrative or legal. All administrative ethical measures or court actions and the manner in which cases resolved in the organization should be informed to members of the staff or any other stakeholders to assure decisions are based on written code of conduct and neutrality.

Table 4.10.2:- Information on measures taken by concerned office

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	11	7	7	7
	No	137	87	87	94
	Missing	9	6	6	100.0
	Total	157	100.0	100.0	

After corrective measures have been taken, what improvements are observed and how future tendency of continuity of corruption will be in ERCA were also asked. So far as improvements and future continuity of corruption are concerned, 60(38%) asserted that current code of conduct and legal frame works are good but not enough. In addition to the current status of governing rules and regulations, and to continue the improvements of corruption behaviors, a campaign has to be done on human element to bring attitudinal change at large scope, as per most of respondents underscore. But 95(60%) affirmed that after measures have been taken, there is no change of improvement, and forecasted that it will continue unless strong ethical standards are formulated. A code of conduct should be developed specially to combat fraudulent acts especially on those in managerial or leadership positions. The survey also showed that a majority of the respondents in both customs wing and tax wings in the sample felt that corruption had been contained, and will appear to continue. Two persons returned the questionnaire unfilled. At the time of the interview, most of them replied that, there is no doubt corrupt practice will continue with its dynamics unless complete change of attitude on the part of the leaders at all levels and change of traditional culture (*status quo*) in the organization are improved.

Table:- 4.10.3 Forecasting of future continuity of corruption in ERCA

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		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	60	38	38	38
	No	95	60	61	99
	Missing	2	1	1	100
	Total	157	100.0	100.0	

4.12 Access to Information Communication Technology

To this statement, 122(78%) sizable majority of respondents agreed that an effort to combat corruption is not supported by full access of information technology that would enable robust internal control and governance. But 33(21%) affirmed that there is installed technology, however what luck is, utilization of the system to control corrupt practices simultaneously with the regular use of the accounting procedures is not supported. 2(0.7%) responded blank for the question and are insignificant. ICT plays a role not only in the daily ERCA's activity but also can support the organization to detect opportunities for manipulation and cover-ups.

4.13 Involvement of employee and community on workshops/trainings in capacity building projects

64(41%) poised that they have participated/involved in capacity building sessions. The trainings was delivered by the customs office organizing workshops with concerned employees and importers to train them on customs compliance, procedures and other topics that to contribute towards reducing corruption. 91(58%) of survey participants showed their answer that they had no chance to see community involvement to support a campaign against corruption. Around 2(1%) of survey participants returned the questionnaire unanswered. A remarkable reason that involving different cross section of the society and the entire employee have a considerable role to play in shaping ethical values and paramount important.

4.14 Challenges faced by leaders to combat corruption

Based on the view of participants at the time of interview and discussion, one of the biggest challenges of fighting corruption, is such an endeavor is being carried out in unsustainable

manner. The activity made by ethics liaison directorate in the organization is dealing with the case as campaign at a onetime mission. They added that, in such specific organization, leaders and their followers lack consistent commitment and determination to create complete change of attitude by providing education and training sessions.

The account of transparency and accountability that the government and the organization in specific are implementing are not that much strong and promising; for instance people who commit similar corrupt practice don't receive equal punishments and the measure taken is undisclosed. This would erode the trust of the employee. In connection with this, the fight against corrupt practice using available laws is not also as strong as it ought to be. Furthermore, innocent individuals are sometimes simply suspected and fired from their career. Even after court decision to replace to former work position, the organization doesn't accept the court's decision. The rule of law and independency of the judiciary is now under question mark.

To summarize it in short, the following detailed points are the challenges encountered and responded by interviewees and discussants:-The nature of activities within ERCA, vague policy and strategy, vast number of employee and lack of strong system, frequent change of leaders, lack of initiatives from top management and the government, invisible nature of corruption, the gap between the actions and regulations, higher officials considered that corruption is new concept, the ethics liaison office works on cases rather than principles and changing human mind, nepotism and favoritism based on religion, tribe (clan), employees don't have enough knowledge of ethical code of conduct, strong ties of some employees, dominant influence of leaders, environment of work that incentivize petty corruption, relative absence of effective check and balance, lack of robust relationship with the media, weak relationship with the general public and no participatory nature.

CHAPTER FIVE

5. DESCRIPTIONS OF THE SECONDARY DATA

5.1 AN OVERVIEW OF GOVERNANCE AND CORRUPTION IN ETHIOPIA

Governance is defined as the way authority in state power is exercised, including how governments are selected monitored and replaced. It is ability of the government to effectively formulate and implement sound policies, respect human rights and rule of law.

In our governance structure, of the 1995 FDRE's constitution article 74, the executive appoints and terminates the appointment of all officials in the public services and all key government functionaries, including the head of anti-corruption institution and the director general (at the minister level) of the Ethiopian Revenue and Customs Authority. But unless there is check and balance mechanism, these structural functions weakens the position of the public service officials in combating corruption. Executive

The Article 72



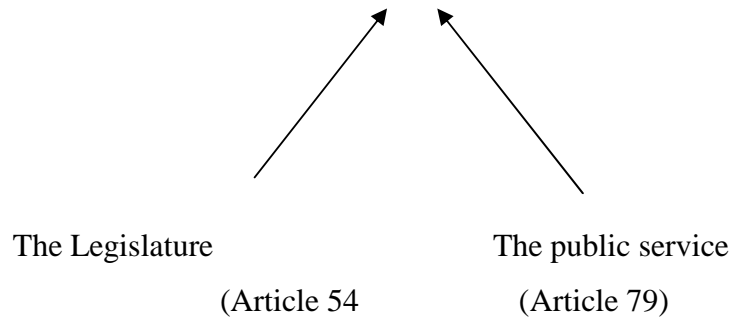


Fig.5.1 The public service governance structure (Source: EDRE 1995, constitution)

Years before 1996, the Federal Democratic Republic of Ethiopia in its policy framework had launched its state transformation agenda in the form of the Public Sector Capacity Building Program. The overall objective of PSCAP was to improve the scale, efficiency and responsiveness of public service delivery at the federal, regional, local levels; empower citizens to participate more effectively in shaping their own development; and promote good governance and accountability. The programs were expected to result in several outcomes, these being the key indicators of the performance of PSCAP. The CSRP had several components or outcomes against which its success will be measured. One of the components of CSRP is the Improving Accountability and Transparency, or Ethics, sub-program. (PSCAP Draft Project Implementation Plan, 2004, p.1).

According to the data collected from House of Peoples Representative, from the annual report for the years 2015 and 2016 , in an effort to fight corruption, the Federal Ethics and Anti-Corruption Commission had recovered Birr 645,015,929.00 (Six hundred forty five million fifteen thousand nine hundred twenty nine Ethiopian Birr) which was embezzled from public sector institutions. In the same scenario the amount of money saved from embezzlement in 2013/14 was Birr 112,437,222.30 and Birr 609,245,929.00 in 2014/2015. This data signifies that the public sector corruption is in increasing trend and seriously affecting the society at large specially the poor. However the commission is executing its mission to an integrated institutionalized corruption prevention strategy, review of working procedures, counseling service, good governance strategic plan, commissioning training centers, and good governance in order to well aware the society & urgent preventive intervention. (Source: Commissions’ Annual Report to HPR)

One of the manifestation of corruption - bribery which was reported to HPR by the commission in 2009 E.C that Regional States of Tigray, BenishangulGumiz are mostly corrupted on sectors like government procurement, land management, property administration, evidenced by 311 eye witnesses to the commission according to report presented to HPR.

In 2008 E.C, 4,663 corruption incidences are investigated by the FEAAC. The charges were investigated case by case since proclamation no. 943/2008.

Based on the information obtained from HPR the higher penalty imposed to corruptors is 16 (sixteen) years imprisonment and 3 (three) years imprisonment is the lower.

The member of House of Representative further explained that the government is attempting some breakthroughs to integrate anticorruption activities with aligning the stockholders with the commission.

Government institutions, regional and international organizations, as well as individual experts have reported that the state of corruption in Ethiopia is still at a lower level or even declining however Ethiopia is not free from the type of corruption that afflicts many other developing nations (Transparency International in 2016).

In the corruption perception index score of 2016, over two-third of the 176 countries in this year fall below the midpoint scale of 0 highly corrupt to 100 (very clean). The global average score is a paltry 43, indicating endemic corruption in country's public sector

Transparency International in its Corruption Perception Index ranked Ethiopia for the last six years in the following manner; showing how the public sector is perceived to be corrupted:

Table 5.1 Rank of Ethiopia's Corruption Perception Index, Transparency International.

Reporting Year	Rank /World	Points Earned
2016	108/176	0.34
2015	103/168	0.33
2014	110/175	0.33
2013	111/177	0.33
2012	113/176	0.33
2002 (highest)	59/102	0.35
2005 (lowest)	137/158	0.22

(Source: Web site of Transparency International Corruption Perception Index, May 2017)

Depending on the rank from TI of Dec 2016, Ethiopia scored less than two, found at the bottom half of the index, and in greatest need to fight corruption. Ranking of countries based on how corrupt their public sector is perceived to be & indicates its position relative to other countries. As shown from above table, ranks Ethiopia 108 least corrupt nation out of 176 countries. The incidence is mainly manifested in sectors such as land, procurement, government revenue and construction, sectors, suggested that corruption in these sectors is high due to relatively reluctant controls in place.

5.2 An overview of the public sector services governance structure

In Ethiopian, the public sector governance structure reveals that the executive controls the system of governance. The above diagram shows the executive at the apex of the triangle, the legislative as defined in the article 54 of the Federal Democratic Republic of Ethiopia’s constitution on the left side of the triangle and the right side showing the public service under article 51 of the 1995 constitution.

The other thing underscored to good governance is creating integrity mentality in the society. Building “integrity” which means “*using public power for the public good*” is the flip side of fighting corruption. Building integrity suggests a positive, pro-active preventive approach. It is easier to get various stakeholder groups to support preventive measures through the creation of a system of national integrity rather than specific measures designed to fight corruption.

Sustainable Development

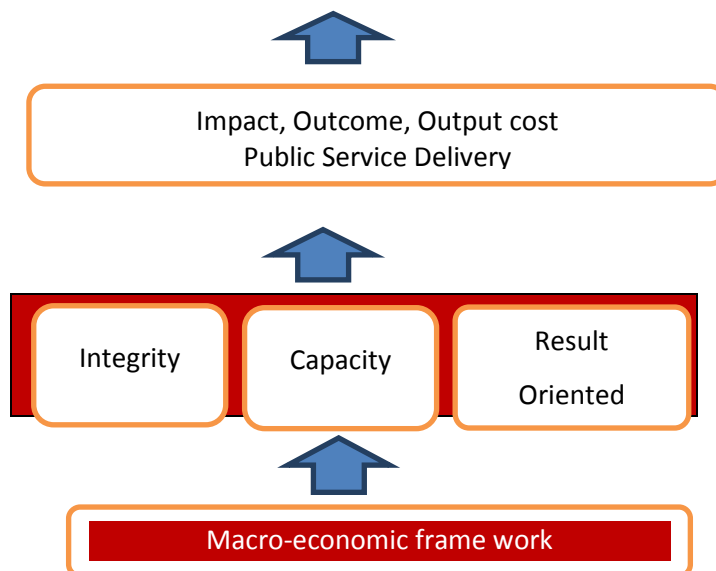


Fig 5.2:- Focus Areas for institutional reform to curb corruption (Source: Peter L. PhD)

The new approach links integrity to other key elements for curbing public sector corruption and bring sustainable development. The first element is to build systematic integrity within the society as a whole and establish the rule of law. A second and related element is to strengthen the institutional capacity of select public sector and civil society organizations so the systematic integrity and better public sector performance become possible. A third is to reorient government in order to improve performance or results. It is also often necessary to explain to partners that what is sought is not merely the curbing of corruption or the improvement of integrity. The real impact these programs seeks is improved delivery of public services, established rule of law and creation of an enabling for the private sector and sustainable development.

5.3 Integrated governance strategy for combating corruption

Leadership, governance and public sector corruption are interconnected fields. But one crucial social enemy which should be acknowledged as a serious threat to good governance is the incidence of public sector corruption. The importance of governance in the fight against corruption is described by the fact that in the public sector governance structure the executive controls the system of governance where it wields absolute power as the single most important determinant of corruption in the public sector. While corruption has many possible causes, it is strongly interrelated with poor leadership and governance. Failure in economic policy, that creates rent seeking behavior and weakness in Public administration result in a decline in the probity of public service and inadequate legislative oversight of government. Similarly, public sector corruption involves persons in higher position and employees in one side and the bribe giver from other side (Common Wealth Secretariat 2002).

Asset Type	Restrained Assets (2008 E.C)	Confiscated Assets (2008 E.C.)	Restrained Assets (2007 E.C.)	Confiscated Assets (2007 E.C.)	Restrained Assets (2006 E.C)	Confiscated Assets (2006 E.C.)
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5.3.1 Description of the secondary data from FEACC

The government of Ethiopia has adopted a preventive strategy from Article 6(2) of proclamation No. 433/2005. The FEACC's strategy of corruption prevention in the Ethiopian Revenue and Customs Authority was derived from this law that establishes the duties and responsibilities of the FEACC itself. This shows that there is prevention of corruption as a strategy in the overall anti-corruption policy in Ethiopia.

Furthermore, until proclamation No. 943/2008 which transfers the mandate of investigating and prosecuting the corruption offences to Federal Attorney General and the Federal police , the commission using its prior mandate emanated from the previous proclamation, to prevent, investigate and prosecute the public sector corruptor, has executed the following duties in 2008:-

The type of corruption manifestations are also varying in nature based on the data obtained from Federal Attorney General. Maladministration, abuse of power, material forgery, position of unexplained property, acceptance of undue advantage, forge round stamp, printing multiple sales thickets having the same serial numbers, unexplained expense figure registration, understating and/or overstating bill of quantity, long and complex human network both from internal and external persons, unpermitted use of duty free machineries and vehicles.

Table 5.3.1:- Assets confiscated & restrained by EACC (Source: Annual Report Tahisas 2009 E.C.

ETB,Shares,Bonds	85,153,459,280	67,059,900-	10,320,456.27	74,775,882	359,101,701	8,609,348.41
US Dollar	24,510	-	87,782.27		-	-
Sudanese Pound	-	-	27,746.70		-	-
Trading Houses (in no)	9	-	8	-	8	9
Residential House	74	3	37	3	140	-
Vehicles (in no)	53	3	55	4	165	-
Building (in no)	3	-	4	-	2	-
Factory (in no)	-	-	-	-	1	-
Construction machines (in no)	21	-	15	-	-	-
Plot of land	1,064	2,300m²	-	26,244.4m²	72,673m²	395m²
Gold (in Kg)	-	-	-	81,422g	-	-
Machine Gun Kalashnikovs	-	2,163	-	-	-	-

The Federal Attorney General has given a mandate by proclamation number 943/2008 to handle public sector corruption cases by establishing a directorate office commencing from September 2009 E.C. According to the data of corruption by different business organizations like evasion of tax, hiding VAT payments, customs duties etc.; the following corruption challenges are observed from the files presented to the federal court and cases under the court proceeding:

GETAS PLC Birr 5,489,600 (one file) and Birr 17,328,345.99 (other file)

NETSA PLC Birr 5,093,734.61 (one file) and 1,490,133.97 (other file)

COMET PLC Birr 1,461,331.13 (one file) and 4,902,285.09 (another file)

GH CEMEX PLC Birr 50,374,960.0

KK PLC Birr 59,630,911.30

The aforementioned business companies are accused of embezzling the tax payment that would have been paid to Ethiopian Revenue and Customs Authority. As per the respondent was tried to add looking at the individual files, the corruption incidences have been accustomed to bribing officials. However all cases listed above are under the court proceeding and are restricted to elaborate more than to this extent before decision of the court.

CHAPTER SIX

6. CONCLUSIONS AND RECOMMENDATIONS

6.1 Conclusions and policy lessons

6.1.1 Concluding remarks

This chapter begins with where the research questions are answered and the research objectives are met.

The war against corruption is like terrorisms and poverty is a special kind of war. It admits of no conventional methods. It is a war against human selfishness and greed. It is a war against decadence of mind, ethics and morals. Because of these special characteristics of the war, it requires a strong and uncompromising political will.

Based on the results obtained from primary and secondary data sources, the following conclusions are drawn:

1. From the survey conducted, corruption in the organization thus far, it is evident that the problem is not only just corruption but failure of institutional leadership & lack of officials commitment to fight the social evil, corruption.
2. The anti-corruption measure of the authority reported in the survey is ineffective of many factors; like the investigation has no check and balance system and the prevention aspects are neglected.
3. Even though the duty of handling corruption cases normally given to the ethics directorate, some interviewee stated that they are not feeling comfortable because of a question of effectiveness and appropriateness in the directorate office for the position
4. A code of conduct is officially developed but not well popularized among all staffs and branches. Awareness creation projects and workshops given are not enough to ethically capacitate the overall employees.
5. Although efforts are underway to meet the battle of corruption, enhancing efforts of information systems and wise reporting system towards fighting corruption is short.
6. Lack of community participation with tax payers starting from grass root level. This effort creates collaboration to disclose inappropriate or unethical act to the authority.
7. Interaction at the point of service delivery. Given the service delivery, relationships to be closer and more likely to be personal contact thus, this situation creates the occurrence of corruption.

6.1.2 Recommendations

Acknowledging that there is no easy solution to fight the economic, social and especially political consequences of pervasive corruption based on the result obtained and to overcome the short coming the researcher remarks the following mutually reinforcing points of recommendations:

1. The challenge against the social evil should be defeated by credible, responsible, committed and people-oriented leadership. This is a way to establish strong institution that must start from the top leadership echelon. Too much executive power yields too much power that impacts negatively on the function of the organizations goal. Therefore the power of leaders must be trimmed down so that all employees could function independently. In their leadership practice, rewards and appreciation programs should be facilitated to give recognition for those who struggle and expose the social ill and the organization should also open the door to new comers on different positions. The reason that new leaders are often assumed to be better able to push for policy and sector reforms because they are less tied in by established patronage networks.
2. In order to change the emerging bad perception that considers corruption as common daily practice should be improved by enabling the society in different programs and even by ethics and moral education that need to be provided to children and the youth side by side with other academic education to advance student's knowledge and skills on contexts of corruption. The education curriculum should include the context of corruption. Because an educated society is psychologically fit and does not cause problem to others; it rather accomplish its responsibility with ethical manner.
3. The organization should work in coordination to fight and control with the public wing, civil society, and broad coalition with trade unions, institutions, watchdog agencies and all stakeholders with every citizens, media, whistleblowers, eyewitness, and victims of corruption than ever before. Strengthening local capacity on awareness of corruption to make the revenue collectors at local level accountable for their actions, in particular, establishing strong public-private-partnership with government is critical to promote greater accountability and transparency

4. Enabled & improved service delivery across all branches of the organization must remain another key strategy in the fight against corruption first by capacitating employees. During the survey cumbersome, long queue (waiting lists) and opaque bureaucratic procedures and inordinate delays in service delivery that contributes corruption to increase in the organization. For instance, delays in the release of imported goods by custom office were a common problem for a large proportion of business importers. The information, communication and technology skills of all operational centers need to be computerized, so that they can effectively monitor electronic communications. The use of non-electronic auctions, subjective valuation of goods, and any fraudulent activity in practical operation, as elsewhere, can be easily monitored by using ICT. Therefore, electronic systems should be designed to reduce opportunities for manipulation and cover-ups and to incorporate in-built access and approval controls to protect operational integrity.

5. To improve the current ever increasing trend of corruption, with the advent of new direction, a successful battle against corruption could be necessitated. To make the revenue collecting efforts more lucrative and free from public sector corruption, the daily activities or partial tasks of the organization should be changed to well organized institution, and thus build capacity, create competitive economic systems, and reduce the tendency of occurrence of corruption.

6. The participation of civil society and tax payers in general is an integral part. Involving the private sector in designing anti-corruption strategies, encouraging higher standards of corporate agendas, adapting improved auditing ethical lessons to ensure transparency are all encompassed in participation efforts. In addition, an openness approach is required to ensure all interested parties are confident and being open and participatory on selected issues leads to effective and timely actions & scrutiny.

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Appendix A
ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF PUBLIC ADMINISTRATION & DEVELOPMENT
MANAGEMENT

Topic: Survey Questionnaire on Leadership Challenges of Corruption.

Dear Respondents,

I am a student in school of graduate studies of Addis Ababa University, pursuing the Masters of Art Degree in Public Administration & Development Management. Currently, I am conducting MA thesis (research) on “challenges of public sector leaders in combating corruption, in the case of ERCA”.

Data to be filled are solely meant for this academic writing and will in no way affect any person or organization that is filling the questionnaire items. Please be reassured that all the information provided will be treated with utmost confidentiality and in considerations of privacy.

Therefore, to successfully complete this research study, I am kindly requesting you to read all questions thoroughly and fill the facts requested honestly and openly.

General Instructions:-

- You don't need to write your name,
- Indicate your answers with a tick mark (✓) where necessary,
- Use blank space to give short answers; if any,
- You can tick more than once where necessary & appropriate,

Note: For any information, during the time of filling the questionnaire items as well as after the completion of filling the questionnaire, please give me a call at:+251911889520 or drop email to the address: tageltesfaye2016@gmail.com

Thanks in advance!

TagelTesfaye

PART ONE: RESPONDENTS DEMOGRAPHIC CHARACTERISTICS

1. Sex: A. Male B. Female
2. Age: 18-25 B. 26-44 C. Above 45
3. Marital Status:
A. Married B. Unmarried C. Widowed D. Divorced
4. Educational Status:
A. Diploma B. First Degree C. MA/MSc D. PHD
5. Current Position:
A. Team Leader B. Senior Officer C. General Manager D. Director
6. Income per month(in ETB):
A. 7, 000-12,000 B. 12, 001-17,000 C. 17,001-22,000 D. Above 22,002

PART TWO: TYPES AND CAUSES OF CORRUPTION QUESTIONS

7. Knowing the existence of corruption in ERCA; in which form the incidence is more displayed?
A. Financial Corruption B. Administrative corruption
C. Political corruption D. Bureaucratic Corruption
8. If your answer for question 7 is yes; what do you think is the **reason** that ERCA is exposed to corruption?
(Note: you can give more than one responses if any)
A. Monopoly of the service B. Poor organizational setting & culture
C. Routine daily task D. Vast range of stakeholders &/or actors
E. large transaction flow F. Misconduct of individuals (Behavioral)
9. Major types of corruption are recognized by **their size** and **state of acceptance** in many countries & literatures regardless of differences in socio-economic development. So which type of corruption you recognized in ERCA based on size and point of occurrences?
A. Petty Corruption (Small amounts by low level officials)
B. Grand Corruption (Big amounts by high level officials)

C. Systematic Corruption (state of accepted norm/custom)

10. By recognizing the existence of most common manifestations of corruption; please rate them by marking a thick mark (✓) in ERCA service delivery accordingly;

	Bribery	Embezzlement	Nepotism	Favoritism	Fraud	Theft	Extortion (Pressure)
Vary High							
High							
Very Low							
Low							
Increasing							
Decreasing							
I don't Know							

11. In which periods of time do you think the existence of corruption in ERCA is increasing?

From:

A. 1983 E.C. – 1990 E.C.

B. 1991 E.C. – 1998 E.C

C. 1999 E.C. – 2009 E.C.

12. In which practical activities does corruption mostly flourish in ERCA? And please rate them accordingly;

	Custom Service	Custom Clearance	Tax Auditor	VAT Collection	Tax Intelligence	Tax Assessor	Documentation	Cash Register Machine	Income Tax
Very High									
High									
Very low									
Low									

13. If there are unmentioned practical activities or areas which flourish to corruption; please list them accordingly _____

PART THREE: FACTORS THAT EXHIBIT THE EXISTENCE OF CORRUPTION

14. Many drivers/causes of corruption are existent and various related literatures. Which do you perceive are the drivers/root causes of corruption in ERCA? Please insert (✓);

Key: SA= Strongly Agree,A=Agree, N=NeutralDA= Disagree,SDA= Strongly Disagree

S.No	Items	SA	A	Neutral	DA	SDA
1	Low salary & less incentive to officers,					
2	Lack of leadership commitment in fighting corruption,					
3	Absence of effective tools for preventing corruption,					
4	Lack of transparency & accountability in daily operations,					
5	Discretion power is given to ERCA officials by law,					
6	Ineffective punitive sanction and penalties,					
7	Absence of ethical code of conduct for ERCA officials,					
8	Absence of competitive nature in the sector,					
9	Bureaucratic delay (delays in decisions over services),					
10	Living beyond means (desire to live beyond income size),					
11	Greediness behavior of ERCA officials,					
12	Ineffective reporting system of corruption,					
13	Good opportunities to conduct corruption.					
14	Poor civil service management					

15. What do you think are the main drivers that aggravate corruption in ERCA? Please insert (✓) marks while providing your response without hesitation.

S.No.	Item	SA	A	Neutral	DA	SDA
1	Misunderstanding that corruption is wrong					
2	Individuals agreement considered as <u>culture</u> in ERCA					
3	Lack of good governance					
4	The system failure					

Key: SA= Strongly Agree, A= Agree, DA= Disagree, SDA= Strongly Disagree

PART FOUR: CONSEQUENCES ENCOUNTERED AS A RESULT OF CORRUPTION:

16. There are lots of effects resulted from corruption. In light of this, the following questions are prepared to show the results from corruption. Please insert (✓) to provide responses.

S.No.	Item	SA	A	Neutral	DA	SDA
1	Embezzlements of public resource,					
2	Reducing efficiency in service delivery,					
3	Results in delays of service processing & delivering					
4	Results poor quality of service,					
5	Reducing productivity,					
6	Worsening poverty					
7	Distorts fair competition & barrier to new entrants					
8	Undermine well-functioning markets					
9	Weakens state capacity & subvert legitimacy					

Key: SA= Strongly Agree, A= Agree, N=Neutral DA= Disagree, SDA= Strongly Disagree

17. Do you or your family and friends have experience of service delivery related problem in ERCA?

A. Yes

B. No

18. If your answer for question 23 is yes, what was the problem that you, your friends & family faced, please write the problem?

19. Have you ever reported any corruption practice to the organization's discipline unit/ethics office before?

A. Yes

B. No

20. If your answer for question number 19 is yes; what corrective measures have been taken?

A. Administrative actions

B. Court actions

C. If another, please

specify:-_____

21. If your answer for question number 19 above is no; please specify the reason why was not reporting? _____

22. Based on question number 19; if the corruption was reported & corrective measure has been taken; do you currently observe any improvement? Please specify:-

23. Do you agree that your organization's service giving operational procedures & daily service patterns are uncomplicated and clear to customers and they close the door for occurrence of work place corruption?

A. Yes, they close the door

B. No, they don't close the door

24. If your answer for question 23 is, 'they don't' what procedures & institutional mechanisms you proposed to close a door to corruption? _____

25. Is there access to modern information communication technology that support corruption preventing efforts by leaders, employee and the organization itself?

A. Yes

B. No

26. If your answer for question 25 is yes; is the technology sufficiently accessible & utilized by all parties of ERCA? If you say no; why do you think?

27. Do you think employees of ERCA treat customers without any discrimination regardless of their tax payer's identity?

A. Yes

B. No

28. If your answer for question number 27 above is no, what do you think is the reason behind?

29. Have you ever involved/participated in awareness creation workshops/projects that were designed to capacity building programs of ERCA's employee to combat corruption?

A. Yes

B. No

30. If your answer for question 29 is yes, for how **manytimes** you participated? Please specify and **mention** them; if no, is there any reason behind for not participating in the workshops?

31. How does your organization generally work towards **ethical behaviors** of employees on code of conducts?

32. Do you **forecast** corruption will **continue** to appear in future in ERCA?

A. Yes

B. No

33. If your answer for question 31 is no, please specify **why not to continue?**

34. In what ways leaders of ERCA plays a **leadership role** and gives **commitment in anti-corruption reforms?** Please specify _____

35. Have ERCA ever had designed **community involvement strategy & participating mechanism** to ightcorruption? _____

36. In what ways ERCA continuously **invite & encourage participation of all employees** to support the anti-corruption movements?

37. What do generally you **comment over ERCA leaders** in curbing & fighting corruption in their prone sector?

38. What do you conclude the main **challenges of leaders** that hinder the leaders to combating corruption?

39. Have you ever **challenged** each other with your **colleagues** at the incidence of corruption?

Please specify: - _____

40. If you have **more information** with regard to ERCA as wel as public sector corruption, please don't hesitate to state. (It is personal opinion, be free and state.....)

Thanks you again!

Appendix B

General interview questions for Ethiopian Revenue and Customs Authority Employees:

1. What is public sector corruption?
2. What do you think are the main factors of corruption ?
3. In your view, what are the main challenges of the organization to combat corruption ?
4. What is your role in fighting corruption?
5. What problems have you encountered?
6. Which practical working areas are most vulnerable to corruption?
7. What controlling mechanisms are used and how do you see and rate the result?
8. What additional efforts need to be exerted to fight against corruption?

Appendix C

1. What do you think are the challenges of public sector leaders to combat corruption ?
2. What do you say about the current status of corruption?
3. Do you forecast corruption will continue?

No.	Name of contributor	Name of the Organization	Position/Title
1	AtoMengistuGizaw	ERCA	Investment Directorate Director, ERCA
2	AtoBizuayehuAgeghewu	ERCA	Intelligence Senior Officer, ERCA
3	AtoAbebeWodaferaw	ERCA	Team leader, Revenue Account
3	AtoNigussieDaba	Civil Service university	Lecturer, Ethiopia civil Service University, School of policy studies
3	AtoZerihun (0111241018)	HPR	Peoples Representative, Legal Justice & Administrative standing committee
4	W/roAskale (0111241018)	HPR	Peoples Representative, Legal Justice & Administrative standing committee
5	AtoGetnetSelamu (0111241034)	HPR	Information Desk Officer
6	AtoMezmurYared (0112733499)	Federal Attorney General	Corruption Crimes Prosecution Directorate Director
7	Ato Samuel Wuletaw (0112733499)	Federal Attorney General	Corruption crimes prosecution Directorate, Higher Prosecutor
8	AtoFetuNuri (0112733499)	Federal Attorney General	Corruption Crimes, Higher Prosecutor
9	AtoEndaleTsegaye (0112733499)	Federal Attorney General	Corruption Crimes Prosecutors, Principal
10	ShewannigizawElfneh (Engineer)	Contractor	Tax Payer
11	Ato Solomon Desalegn	Awash Bank	Tax Payer

