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ANALYSIS OF GOVERNANCE SYSTEM IN DOJ&CD WITH A VIEW TO IDENTIFYING SHORTCOMINGS AND PREVENTING CORRUPTION

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DECLARATION

I declare that the **ANALYSIS OF GOVERNANCE SYSTEM IN DOJ&CD WITH A VIEW TO IDENTIFYING SHORTCOMINGS AND PREVENTING CORRUPTION** is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references

________________________ 30 October *2011*

Theresa Molomoitime Ross Date

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In memory of my dear sister, Basebi Nkomo.

ABSTRACT

In the recent years, there have been many reports on the prevalence of corruption in the Department of Justice and Constitutional Development. Corruption impacts negatively on the image of organisations since it erodes public trust and delegitimises such organisations. Therefore, good corporate governance practices should be adopted to prevent corruption.

The purpose of this study was to analyse the governance system of the Department of Justice and Constitutional Development with the view to identifying shortcomings in the system.

A survey design was used to study governance system in the DOJ&CD. The study used a questionnaire with open-ended questions to elicit information on the objectives of the study. DOJ&CD employees based in the administrative head office in Pretoria were used as units of study.

The results obtained in the study demonstrated rampant and increasing corruption levels in the DOJ&CD. In order to prevent corrupt activities within the DOJ&CD, the researcher suggested adoption of corporate governance principles that emphasise the importance of value systems in preventing corruption. These approaches included improving internal control systems, encouraging whistleblowing and emphasising the critical role of code of ethics in shaping good conduct.

LIST OF ACRONYMS

AIM	Asian Institute of Management
BUSA	Business Unity South Africa
CIPE	Centre for International Private Enterprises
COSO	Committee of Sponsoring Organisations
DOC&CD	Department of Justice and Constitutional Development
DPSA	Department of Public Service and Administration
EBRD	European Bank of Reconstruction and Development
IFAC	International Finance Corporation.
IIA	Institute of Internal Auditors
OECD	Organisation for Economic Co-operation and Development
PFMA	Public Finance Management Act
TI	Transparency International
UNDP	United Nations Development Programme
USA	United States of America
UK	United Kingdom

Table of Contents .... Page

List of Figures:

LIST OF TABLES:

CHAPTER 1: INTRODUCTION

1.1 Introduction and background

There is consensus that corruption is a universal problem. This scourge is more prevalent in developing countries (Transparency International, 2009:6). Corruption refers to the misuse of public power, office or authority for private benefit, through bribery, extortion, influence peddling, nepotism, fraud, speed money or embezzlement (UNDP, 2004:6). According to Dassah (2008), corruption has spread in Africa with devastating effects. Corruption erodes stability and trust, and it damages the ethos of democratic governments (Department of Public Service and Administration, 2003; Dassah, 2008). The phenomenon of corruption has captured the attention of South Africans that are committed to good governance. (Kroukamp, 2006; Pragal, 2006). Indications are that there are high levels of corruption in South Africa.

Corruption is fundamentally a problem of governance, which also points to failure of institutions (UNDP, 2004:2). Corruption is not seen solely as a disease, but also a symptom indicating poor governance (Yamalov and Belev, 2003; Amjad, 2007). Corruption has defied years of economic and political reforms and has continued to grow and frustrate the efforts aimed at improving the living standards of communities and promoting democratic governance (Mensah, Aboagye, Addo & Buatsi, 2003). Corruption distorts policies of government and renders them ineffective (Huber-Grabenwarter, 2007). Since corruption is a major threat to good governance, this phenomenon has therefore captured the attention of South Africans who are committed to good governance (Kroukamp, 2006:207).

In 2009, Transparency International's Corruption Perception Index gave South Africa a ranking of 55 out of 180 countries and a rating of 4.7 out of a score of 10(Transparency International, 2009). This is a decline of one position from 2008 when South Africa ranked 54 with a rating of 4.9. Clearly South Africa is losing points as a corruption free country on the Transparency International barometer.

The emerging picture indicates that although South Africa is faring better than some of its counterparts in Africa, the situation is not improving. It is crucial to ensure that corruption is prevented in all its forms before it occurs.

The problem of corruption is not unique to South Africa, and in fact corruption continues to be a problem around the world (Umlaw, 2001). Webb (2008) views corruption as an impediment to service delivery. It is critical that the focus is shifted from detecting fraud and corruption to preventing it. According to Dassah (2008) reforms in the public service need to take into account efforts to prevent fraud and corruption. Since corruption is regarded as a system, it must be fought with a system (Reiger, 2005).

Good governance is vital as it can help to enhance organisational image, boost shareholder confidence and reduce the risk of corrupt practices. The prevention of corruption is also critical for achieving the Millenium Development Goal of minimising corruption to improve service delivery (UNDP, 2004:9). In fact corporate governance is seen as an antidote to corruption (CIPE, 2008b; Business Report, 2006). Corporate governance supports economic development by promoting the efficient use of resources and by creating conditions that attract both domestic and foreign investment (Mensah, *et al.,* 2003; Reiger, 2005).

The purpose of this study is to determine the effectiveness of the current system of governance in the Department of Justice and Constitutional Development (DOJ&CD). Apart from the considerations of accessibility of information to the researcher, the DOJ&CD is chosen because it is a critical stakeholder in the fight against corruption. The King III report is not relevant for the purposes of this study. This is influenced by the fact that the DOJ&CD is a government department and King III is aimed at private companies. Therefore, it is important to look into mechanisms that the department can employ in preventing and fighting corruption effectively.

1.2 Profile of the Department of Justice

The DOJ&CD is a public service organisation. It is a national department created under section 7 and Schedule 1 of the Public Service Act (1994). Since it is a national department, it has regional offices in all the nine provinces of the Republic of South Africa. The DOJ&CD is under the control of an Executive Authority, although the accountability and responsibility vests in the functionaries directly involved in the performance of the functions of the Department. In terms of the Public Finance Management Act, 1999, the head of the department is the accounting officer. The mandate of the DOJ&CD is to uphold and protect the Constitution of South Africa and the rule of law in the interest of a safer and more secure South Africa. By the end of March 2009, the DOJ&CD had a total of 18 181 employees (DOJ&CD, 2009).

The core function of the Department is to give effect to the constitutionally mandated requirement that South Africa have a fair, equitable and accessible system of justice. The Department strives to achieve this through ensuring equitable access to justice services, improving the functioning of the courts, collaborating with its Justice, Crime Prevention and Security Cluster partners. The core functions of the Department are as follows:

- The facilitation of the adjudication of criminal matters and the resolution of civil disputes;
- The prosecution of criminal offences in all criminal courts and the investigation of certain offences;
- The delivery of legal and advocacy services to the community to promote access to justice;
- The provision and management of court facilities;
- The delivery of legal advisory services to, and representation of the state;
- Constitutional development, including the education of the public and government officials with regard to constitutional rights and obligations, and monitoring the implementation of the Constitution;
- The development of legislation; and
- The facilitation of the administration of deceased and insolvent estates, curatorship and tutorship, the liquidation of companies and close corporations, the registration of trusts and the management of the Guardian's Fund.

1.3 Problem statement

The DOJ&CD is mandated by the Constitution of the Republic of South Africa to ensure that South Africa has a fair, equitable and accessible justice system. In the eyes of the public, the DOJ&CD is an assurance of fairness, honesty and integrity. If the Department is not able to fulfill this role and thus protect itself and the society, it will be difficult for the society to trust and rely on it. Therefore, it is expected that an effective governance system exists in the DOJ&CD. However, over the past years up to the current period, there has been an increase in the different forms of corruption incidents in this Department.

It is reported that during 2005/2006 and 2006/2007, the DOJ&CD reported the highest number of corruption cases (Dlamini, 2010). During 2007/2008 financial year, the DOJ&CD is reported to have been defrauded of more than R3 million (Mkhwanazi, 2009). The DOJ&CD was also found to have the highest number of cases of financial misconduct. Also, according to Bekker (2009), during 2006/2007, the highest number of fraud and corruption cases occurred in the DOJ&CD.

During hearings of the Parliamentary Standing Committee on Public Accounts on the 2008/2009 annual report of the DOJ&CD, concerns were raised that fraud and theft levels in the DOJ&CD were on the increase and that the DOJ&CD failed to comply with legislation and regulations under the Public Finance Management Act (1999), the Treasury regulations and the Public Service Act, 1994 and its regulations. The DOJ&CD was described as a "sinking ship" because of incidents of irregular and wasteful expenditure, flouting of regulations and bonus payments without justification (Mkhwanazi, 2010). The Auditor-General indicated that financial and control systems of DOJ&CD are inadequate. An organisation that has weak or ineffective internal controls risks being a breeding ground for corrupt practices (Mensah, *et al.*, 2003).

The above negative picture is of great concern bearing in mind that the DOJ&CD is responsible for the protection and enforcement of the law and therefore must be exemplary. Johnston (2004:37) points out that when corrupt public officials who are invested with public trust preach integrity and transparency are found to be in breach of their hypocritical declarations, the whole fabric of society risks collapsing. The

DOJ&CD should be the upholder of governance and must be opposed to corruption. If there is a breakdown in the administration of justice, or the system of justice is not able to protect itself and the citizens against incidents of corruption, it will not be trusted. If employees of the Department become involved in corruption, it can create an assumption on the members of the public that they are not secure and this leads to a breakdown in law and other societal values. Furthermore, in developing risk strategies and fraud control measures, the department needs to take the relevant corruption information into account.

Corruption cases that have been highlighted above are only a symptom. The real problem that exists within the DOJ&CD seems to be poor governance that leads to corrupt tendencies. For this reason, this research study seeks to establish whether corruption exists in the DOJ&CD, extent of such corruption and to ascertain reasons for the occurrence of corruption. Further to this, problem areas within the existing governance system of the DOJ&CD will be identified and consequently improvement initiatives in line with governance principles will be proposed.

Based on the research problem, the following research questions are posed:

1.4 Research questions

- Are there any corruption incidents in the DOJ&CD?
- Are corruption incidents in the DOJ&CD on the increase or decline?
- Why there is corruption in the DOJ&CD when it is supposed to be the upholder of law and set a model example.

The above research questions are overarching questions, and sub questions and sub problems were designed as below within the boundaries of this research study.

1.5 Sub-problems and sub-questions

- Determine whether there are any significant incidents of corruption in DOJ&CD

- Sub-problem 1: To establish reasons for the occurrence of corruption in the DOJ&CD.

- Sub-question 1: Why are corruption incidents in DOJ&CD taking place?

- Sub-problem 2: To determine ways that can be used to prevent corruption in the DOJ&CD.
- Sub-question 2: How can the incidence of corruption cases in the DOJ&CD be prevented?
- Sub-problem 3: To ascertain the effectiveness of the current governance system in the DOJ&CD.
- Sub-question 3: Is the current governance system in the DOJ&CD effective?

1.6 Research objectives

The main objectives of the study are the following:

- To determine the trends of corruption incidents in the DOJ&CD.
- To determine the reasons for the occurrence of corruption incidents in the DOJ&CD.
- To investigate the strengths and weaknesses of governance processes in the DOJ&CD.
- To develop strategies to prevent corruption in the DOJ&CD.

1.7 Research Hypotheses

Hypotheses

Below are the research hypotheses that have been developed and will be proven using data from the questionnaire.

Hypothesis1:

H_0: The new governance system that came into operation in 1999 has not caused any significant decline in the number of corruption incidents in the DOJ&CD.

H_1: The new governance system that came into operation in 1999 has caused significant decline in the number of corruption incidents in the DOJ&CD.

Hypothesis 2:

$H_{0:}$ Corruption incidents in the Department of Justice and Constitutional Development are influenced by the salary

$H_{2:}$ Corruption incidents in the Department of Justice and Constitutional Development are not influenced by salary.

1.8 Delimitation of the study

This research study seeks to investigate whether there are any corruption incidents within DOJ&CD in South Africa. Over and above this, it seeks to investigate governance system within the department with the aim of making improvements where it is necessary.

The study is predominantly quantitative and information was solicited from DOJ&CD employees at the administrative head office based in Pretoria, only. DOJ&CD personnel from operational level with a university qualification to executive management were considered for the purposes of this study. Clerical personnel and below were not included in the study. They were excluded solely because the researcher was of the view that they might not clearly understand the objectives of the study and hence add no value to the research. The study was not confined to understanding people's perceptions but envisaged identifying tangible deficiencies in the system and devising mechanism to address these shortfalls. The other factor that limits this study is that it does not consider the King III report. This is largely influenced by the fact that the King III report is not really relevant for the public sector and applies more to the private sector.

1.9 Importance and possible benefits of the study

The importance of this study is divided into two sections as below:

(a) Organisational benefit:

Since the study seeks to identify gaps within the DOJ&CD's governance system and thereafter develop mechanisms to address these gaps, if the findings of the study are accepted, the study will assist in the formulation of policies that can be used to fight and prevent corruption. The policy could lead to improved transparency and accountability. The successful implementation of the recommendations of the study might improve governance structures and hence lead to reduced incidence of corruption, reduced losses and improved revenue performance. The approach will also lead to improved service delivery and this will boost the public image of the DOJ&CD. Overall, the study will benefit the Department as the keeper of societal values on law and order, Government and the society.

(b) Academic benefit:

While considerable research into corporate governance has been undertaken, this study focuses specifically on corporate governance and a public service organisation. As it is clear from the literature study that notable research has been done in respect of the private sector, the same cannot be said about the public sector. This study will therefore contribute to valuable information to the body of knowledge in respect of governance in the public sector.

1.10 Outline of the research report

The research study is divided into the following chapters:

Chapter 2 provides a background to the corporate governance and its relevance in the public sector.

Chapter 3 details the literature on which the research is based.

Chapter 4 of the report encapsulates the description of the research methodology. The research methodology entails a survey study based on a questionnaire distributed randomly to employees of the DOJ&CD. The trends as well as frequency of corruption incidents were identified. The approach is to identify problem areas within the DOJ&CD and hence place more emphasis on improving them.

Chapter 5 focuses on the analysis of the data collected from the survey and the discussion of the results. It further provides a detailed analysis of the data gathered. The responses were interpreted in order to arrive at findings and make a conclusion and recommendations. Findings were compared to the existing theory espoused in chapters 2 and 3.

Chapter 6 contains the conclusion and recommendations of the research and proposals for further research studies.

The primary aim of chapter 1 is to introduce the study by setting out the background to the concepts of corporate governance and corruption as well as factors that influenced the study. The chapter has also set out the structure of the research by providing a summary of what various chapters of the report will cover.

CHAPTER 2: Background of study

2.1 Introduction

Corruption affects equally governments, businesses, and individual citizens, as well as the international community. According to CIPE (2008a), corruption affects all societies. It is a global phenomenon that hampers the developmental work of governments and inter-governmental organisations (EBRD, 2006; Sullivan, 2009). The negative effects of corruption on development are no longer questionable (UNDP, 2004:1). Corruption is endemic in many countries, with its corrosive effects that are especially felt by states with weak institutions (EBRD, 2006). Counted among the effects of corruption are the distortion of government policy intentions, loss of revenue and declining confidence in government and economy (Clarke and Xu, 2001).

The tenth principle of the United Nations Convention against Corruption demands that businesses work against corruption in all its forms, including extortion and bribery. Corruption is regarded as a corrosive drain on public trust and the legitimacy of institutions. Hence, corruption is regarded as a cancer that weakens the organs and institutions of society. Initiatives such as the Millennium Development Goals place emphasis on the quality of governance and the level of effectiveness, efficiency and equity in resource generation and management (UNDP, 2004). Wu (2005:168) believes that improvements in corporate governance are essential for breaking the cycle of corruption. While Daily, Dalton & Cannella (2003) submit that the subject of corporate governance is of enormous practical importance.

The relation between corporate governance and corruption is particularly relevant in developing countries (Wu, 2005). Although not a panacea for all corporate evils, corporate governance plays an important role in curbing corruption (Sullivan, 2009). Good corporate governance can prevent corruption from occurring and limit its negative effects. The use of corporate governance principles in an organisation makes it harder to commit acts of corruption on the day to day operations.

2.2 Corporate governance defined

Various definitions of corporate governance have emerged over the years, and there is still not a universally accepted definition (Fox and Heller, 2008). Corporate governance can be defined as the system by which organisations are directed and controlled (Wixley and Everingham, 2002). Smit, Cronje, Brevis &Vrba (2007) take this definition further by stating that corporate governance is the system from which the oranisation's values and ethics emerge. Hough, Thompson, Strickland & Gamble (2008:174) define corporate governance as the entire system by which companies are managed and monitored and encompasses the manifestation of personal beliefs, values and ethics which configure the organisation. This definition points to corporate governance as being a guide to conduct the affairs of a business with honesty and integrity. According to Smit *et al*., (2007) ability to demonstrate good corporate governance is a basic requirement of doing business.

The notion of corporate governance which originates in the private sector is a key development in the modern organisational environment (Rossouw, van der Watt & Malan, 2002). Governance is synonymous with the exercise of authority, direction and control of an organisation (Prigge, 2007:3). According to Bekker (2009:7), corporate governance is associated with the trends towards greater corporate responsibility and the conduct of business within acceptable ethical standards. Prigge (2007) submits that everything related to major decisions on company resources could be an object of a governance analysis. The goal of governance is to create safeguards enabling the organisation to achieve certain objectives on behalf of the stakeholders (Netherlands Ministry of Finance, 2000). Governance frameworks establishes internal structures, processes and control mechanisms to prevent management or staff from misusing their positions and power within the organisation for personal gain (TI, 2009)

In South Africa, corporate governance has been recognised as a fundamental objective for the efficient utilisation and management of state-owned assets (Okeahalam and Akinboade, 2003). King Report on Corporate Governance (2002:7) defines corporate governance as the building of a balance between the economic and social goals and between individuals and communal goals, with the aim of aligning as closely the interests of individuals, organisations and society. This definition emphasises the economic and the non-financial orientation of corporate governance.

The common thread that connects all the definitions of corporate governance is that it has to do with assisting organisations in maintaining their legitimacy and fostering social cohesion between organisations and the society (Aguilera, 2003). Barrett (2000) regards corporate governance as the organisation's response to risk.

Mensah, *et al.*, (2003) regards corporate governance as being concerned with the processes, systems, practices and procedures that govern institutions, the manner in which rules and regulations are applied and followed, the relationships that these rules and regulations create and the nature of those relationships. Corporate governance constitutes a set of rules for those who are in charge of organisations, and a set of guidelines for dealing with various ethical issues that will arise from such responsibility (Wixley and Everingham, 2005).

Metcalfe (2007) defines governance as being about institutional and individual attitudes, leadership, values and behaviours. This extends governance to cover much more than rules, regulations, accountabilities, structures and frameworks. Metcalfe (2007) is of the view that speaking of corporate governance in the public sector is a narrow perspective which diminishes the extent of governance in the public sector. In order to achieve good governance there is a need to integrate robust organisational structures and accountability with measures that achieve strong leadership, disciplined performance, ethical conduct and professional relationships with all stakeholders (Metcalfe, 2007).

According to Wixley and Everingham (2006), the process of corporate governance is shaped by the following activities:

(a) Direction: which refers to formulating the strategic and future direction for organisations;

(b) Executive actions: which refers to critical and important decisions by executives;

(c) Supervision: which involves overseeing and monitoring of management performance; and

(d) Accountability: relating to the acknowledgement of responsibilities to those making legitimate demands for accountability.

The primary goal of corporate governance is to enhance the value of the company through ethical behaviour, openness and ensuring informed decision-making in the company (Ramaswamy, 2005). Corporate governance has become an essential tool for improving corporate performance and advancing the development of market oriented democracies (CIPE, 2008b). Good corporate governance as one of the most effective tools in reducing the incidence of corruption (Kaufmann, 2002; Mensah, *et al.,* 2003; Koma, 2009; Aguilera, 2005).

Corporate governance ensures that an organisation adheres to its strategic goals that impact on organisational performance, stewardship and business capacity to be accountable to its stakeholders (Hendrikse and Hendrikse, 2004; Tlakula, 2005). This ensures that the goal of governance is to create safeguards that enable the objectives of the organisation to be achieved. In order to achieve this, organisations should have governance systems in place which include management, control, supervision and accountability. Corporate governance is an important effort to ensure accountability and responsibility and a set of principles, which should be incorporated into every part of the organisation (Imam and Malik, 2007; CIPE, 2008a). This is associated with greater corporate responsibility and the conduct of business within acceptable ethical standards of transparency, accountability, and openness in reporting and disclosure of operational and financial information which is regarded as vital to good corporate governance (Bekker, 2009).

Good Corporate governance should be supported by the introduction and maintenance of mechanisms to promote the behaviour and performance of management which is in the interests of the stakeholders of the organisation (Barac, 2003).

2.3 Characteristics of good corporate governance

The essentials of good governance are key to understanding the notion of governance. Good governance affects attitudes to business, responsibilities, leadership, honesty and integrity Hough *et al*., (2008:174). Corporate governance is underpinned by the following characteristics:

(a) Accountability;

(b) Transparency;

(c) Independence;

(d) Responsibility;

(e) Discipline;

(f) Fairness; and

(g) Social responsibility (King II Report, 2002; CIPE, 2008b:3).

These standards set the tone in the organisation for "doing the right thing" (Hough *et al*., 2008). Openness in an organisation ensures that stakeholders have confidence in the decision-making processes and actions of the public sector entities, in the management of their activities and in the individuals in them.

Integrity is aimed at ensuring honesty and objectivity, high standards of propriety and probity in stewardship of public funds and resources and in the management of the affairs of the organisation (Hermanson and Rittenburg, 2003). Integrity refers to the quality of acting in accordance with the moral values, norms and rules accepted by the members of the organisation and its stakeholders (OECD, 2008). Therefore, integrity is a characteristic of individual or organisational behaviour. This concept is dependent on the effectiveness of the control framework and on the personal standards of professionalism of individuals in organisations (Barac, 2003). The principles outlined above apply equally to the private sector and the public sector irrespective of whether the governing bodies are elected or appointed, or whether they comprise a group or an individual (IFAC,2003). Hough, *et al*., (2008:179) submit that the true spirit of corporate governance emerges when an organisation adheres to these cardinal principles.

The characteristics of governance should be evident in the practices which constitute the governance model of an organisation (Fourier, 2006). These characteristics should be reflected in the standards of behaviour, organisational structure, control and external reporting (Aguilera, 2005). The presence of the above principles in an organisation can lead to high levels of trust between the organisation and its stakeholders (McCann, 2009). Therefore, it is critical for organisations to promote the culture of integrity, transparency and accountability.

The following dimensions are key to public sector governance:

(a) Standards of behaviour;

(b) Organisational structures and processes;

(c) Control; and

(d) External reporting (Blackwood, 2009).

2.3.1 Accountability

Accountability is one of the cornerstones of standards of good governance (Stapenhurst and O'Brien, 2007; Van der Nest; Thornhill & de Jager, 2008). Other equally critical standards of corporate governance include fairness, transparency and responsibility. The notion of accountability relates to holding individuals and organisations charged with a public mandate to account for specific actions, activities or decisions to the public, from which they derive their authority (Bekker, 2009:15). According to Peters (2007), accountability is the requirement of an administrative organisation to render an account of what it has done. This implies that public officials have an obligation to report and explain actions and decisions taken in accordance with their respective lines of responsibility (Khan and Chowdhury, 2008). According to the Netherlands Ministry of Finance (2000:18) accountability deals with the question of whether the way of providing account of activities at all levels provides sufficient certified information on whether the objectives of the organisation are being achieved.

According to Peters (2007:136), accountability ensures organisations and individuals are responsible for their actions and decisions, including the stewardship of public funds and all aspects of performance, and that they submit themselves to appropriate external scrutiny. This is a legitimate expectation on the part of citizens since public resources are acquired through their taxes and therefore they are entitled to know whether public resources are being properly used (Shah, 2007). This according to Peters (2007) can be achieved through publishing the organisational report so that assessments can be done reasonably and objectively by the public. Accountability is critical for determining whether the citizens are getting value for money, instilling confidence in government (Stapenhurst and O'Brien, 2007; Bekker, 2009; OECD, 2008) and establishing whether the public officials are being responsive to the citizenry. Hence, Peters (2007) submits that accountability is particularly important in developing countries where government is attempting to strengthen the relations of trust with the citizens. An organisation must be able to identify their success or failures and to earn from these outcomes (Peters, 2007).

Accountability is essential for the legitimacy of governance and that government should place emphasis on it in order to eliminate corruption and to promote transparency (King II Report, 2002; Peters, 2007). Transparency in the provision of accounting information can help reduce the level of corruption by increasing the probability of detecting corrupt practices. Taylor and Raga (2006) write that accountability is the fundamental prerequisite for preventing the abuse of power and for ensuring that power is directed towards the achievement of efficiency, effectiveness, responsiveness and transparency. Peters (2007) submits that although transparency and openness are necessary, they are not sufficient to produce accountability in the public sector.

Ramaswamy (2005) submits that the primary goal of corporate governance is to enhance the value of a company through ethical behaviour, espousing a policy of openness and fairness and ensuring informed decision making throughout the company(King, 2002; Peters, 2007). This indicates an organisation that practices good corporate governance through accountability. Accountability can only be achieved where information is readily available through effective disclosure (Fels, 2003).

According to Van der Nest, *et al* (2008) increased accountability is required for good democracy and improved service delivery. However, the Peters (2009) notes that accountability is difficult to maintain, particularly in government. When public officials have wide authority and little accountability, corruption occurs (Stapenhurst and O'Brien, 2007). Accountability exists when there is a relationship where an individual or body and the performance of tasks or functions by that individual or body, are subject to another's oversight, direction or request that they provide information or justification for their actions (UNDP, 2004). Accountability is managed through rules and regulations that establish formal procedures designed to minimise personal judgement and errors by public officials (OECD, 2009).

UNDP (2004) distinguishes between financial, administrative and political accountability. Administrative accountability includes critical systems of control internal to an organisation which ensures the proper functioning of checks and balances provided by the organisation. Good corporate governance can be achieved if there is transparency and accountability at the decision-making level in the organisation (Stapenhurst and O'Brien, 2007).

According to Barrett (2001), in order to achieve full accountability in an organisation, that organisation has to be transparent. Accountability is also essential in the organisational behaviour as it fosters compliance with the law and ensures that the behaviour of officials corresponds to the law and code of ethics of the organisation. Corruption indicates poor governance (Yamalov and Belev, 2003) both in public administration and in business. Lack of transparency and low accountability are major causes of corruption worldwide. This confirms the view of Taylor and Raga (2006) that open, transparent and accountable government is an imperative prerequisite for citizen oriented public service delivery because without it, unethical behaviour will result.

Section 195 of the Constitution of South Africa (1996) lays principles for public service administration that enforces high levels of accountability and responsibilities. The Constitution also mandates the National Treasury to ensure transparency, accountability, sound financial controls in the management of public finances. At the Department level, accountability is also exercised through the adoption of the *Batho-Pele* principles developed in 1997 for the public sector (DPSA, 2003). This notion means putting people first in the Sesotho language. The principles embodied in this notion are an initiative to get public servants to be service orientated to strive for excellence in service delivery and to commit to continuous service delivery improvement (DPSA, 2003). This notion is a mechanism which allows customers to hold public servants accountable to the type of service they deliver. According to the Auditor-General of South Africa, those elected to positions of power can only be held accountable if they in turn hold those who implement their decisions accountable (Temkin, 2010).

Public institutions and functionaries are held responsible to implement accountability measures (Van Der Nest *et al*., 2008:547). This implies that the public sector officials have to demonstrate high levels of accountability with regard to public funds. Rossouw *et al*., (2002) submits that the concept of accountability is being extended to ensure that the interests of other stakeholders are taken into account.

In government departments, the Director-General, who is the accounting officer, is appointed by the Executive and have an executive managerial responsibility and functions. The political head of the Department is responsible for policy matters, while the Director-General as the head of the Department is responsible for output and management of the implementation of the budget (Bekker, 2009:6). This is particularly important as effective governance is achieved through clarity of responsibilities and roles (Harper, 2006).

Accountability ensures that actions and decisions by public officials are subject to oversight in order to guarantee that government initiatives meet their stated objectives and respond to the needs of communities they are meant to be benefiting, and thereby contributing to better governance (Stapenhurst and O'Brien, 2007).

2.3.2 Management

Management is the way in which the system is operated (Thornhill, 2005). Corporate governance is a management issue (Hepworth, 2002; Hermanson and Rittenburg, 2003; Siswana, 2007). All corporate governance models recognise management as one of the major drivers of governance (Hermann and Rittenberg, 2003: 32). Management has a control role in the organisation (Hepworth, 2002). Smit *et al*., 2007) write that managers must activate and guide the organisation to achieve its goal. Through setting tone at the top and handling the day to day operations of the organisation, the management's influence on the quality of governance is critical (Hermann and Rittenburg, 2003:33).

Management is aimed at directing an institution towards its predetermined objectives (Siswana, 2007). It is the responsibility of management to implement various accountability instruments and to steer the organisation to achieving the set goals within a framework of accepted organisational behaviour. In ensuring this, the accounting officer has to perform the following activities:

(a) Giving strategic direction for the organisation;

(b) Monitoring and overseeing management performance;

(c) Responding to accountability demands; and

(d) Making executive decisions (Tlakula, 2005).

Management is responsible for monitoring organisational risks and implementing controls to mitigate risks (Hermanson and Rittenburg, 2003).

2.5 PFMA and Treasury Regulations

The primary objective of governance in the public sector is to ensure that government deliver services in a way that is equitably efficient, effective, affordable and consistent with the principles of service delivery (Van Wyk, 2004:414). Corporate governance should have broader application and form the basis for financial management in the public sector (Van Wyk, 2004; Thornhill, 2005). The governance framework in the public service is determined by the Public Finance Management Act (Act No.1 of 1999) and the Public Service Act and Regulations. Treasury Regulations (2005) regulate in detail the rules and regulations related to financial management and reporting to be followed by the public sector entities. The PFMA provide guidance to financial control in the public sector (Bekker, 2009). To this end, Botha (2003) writes that internal control must be understood and practiced in full in the South African Government sector.

The PFMA assumes a political head is responsible for policy matters and outcomes, and the accounting officer is responsible for output and implementation. This functionary is accountable to Parliament for the management and implementation of the budget (National Treasury, 2005). The role of the Director-General as the accounting officer is particularly important for proper financial accounting and the execution of the budget of the department.

The objectives of the PFMA (1999) are to –

(i) modernise financial management in the public sector;

(ii) enable managers to manage, but at the same time be held more accountable;

(iii) ensure timely provision of quality information; and

(iv) eliminate waste and corruption in the public sector(National Treasury, 2005).

2.6 Perceptions of corporate governance in the public sector

Since corporate governance has its origins in the private sector, it is viewed as having limited application in the public sector (Whitfield, 2003:1; Hepworth, 2004). According to Prempeh (2003), when corporate governance is discussed, the focus is on companies in the private sector. Corporate governance deals with the responsibilities of the board, the general meeting of shareholders and the existence of internal controls (Netherlands Ministry of Finance, 2000). Governance is seen as associated with business matters, while public sector was linked to stewardship (Koma, 2009). Generally, organisations have since realised that it makes more business sense to be aligned with high standards of corporate governance. Van der Nest *et al.*, (2008) submits that governance in the public sector deserves the same attention as governance in the private sector. Modern public sector reforms require that corporate governance is equally important in both the private and public sectors (Barac, 2003). Achieving good corporate governance in the public sector is challenging because of additional requirements placed on the public sector, the exact meaning of corporate governance has not been made clear (Nayager, 2008).

Public sector governance differs from private sector governance in the following ways:

(i) Board of directors may be difficult to define;

(ii) No single framework of governance would apply to all public sector entities; and

(iii) There is a need to identify the public sector stakeholders (Nayager, 2009).

Effective governance is essential for building confidence in public sector entities (IFAC, 2003; Whitfield, 2003:3; Koma, 2009). Improving governance in the public sector is high on the agenda of many countries (Netherlands Ministry of Finance, 2000). This helps in promoting the credibility of the public sector. Shah (2007) writes that the image of the public service matters greatly in the eyes of the general public. Therefore, public perceptions about government performance are likely to be positive if the citizens are of the view that the state governance structures are seen to be practicing corporate governance and are therefore transparent and accountable. The need for corporate governance in the public sector is necessary for demonstrating that taxpayers' money is used efficiently and effectively (Sendt, 2003).

According to Hendrikse and Hendrikse (2004), if the tests of governance apply for an organisation, that entity should apply governance in its operations. Those tests are:

(a) Existence test;

(b) Activity test;

(c) Relationship test; and

(d) Responsibility test.

In the public sector, the tax payers are the ultimate owners of government business and operations and have the right to expect government agencies to perform to best practice and to comply with corporate governance principles (Webb, 2008).

The accounting officer is responsible for leadership and strategic direction, defining control mechanisms, monitoring the overall performance of the department and reporting (National Treasury, 2005). This accounting authority resembles the board of directors in the private sector. Barac (2003) submits that this makes a case for the application of the methods of governance in the private sector to the public sector. There is now a greater demand for openness and accountability in government, and greater willingness of the society to challenge decisions (Shah, 2007). Government departments are required to operate in a manner that is open to public scrutiny which places their actions above question with regard to ethics and public processes (Tlakula, 2005).

According to Nayager (2008), the public service needs higher levels of corporate governance standards and greater duty of accountability than the private sector as this will promote the credibility of the public sector and assists in acquiring capital at reduced cost internationally. Good governance and transparency are building blocks of modern democratic societies (Tlakula, 2005; Nayager, 2008). Corporate governance is seen as a serious issue in the public sector because of the prevalence of administrative secrecy, lack of transparency, and inefficiency in public expenditure that prevails in the public sector (Grobler and Joubert, 2004: 92). Transparency in the provision of accounting information can help reduce the level of corruption by increasing the probability of detection (Wu, 2005).

Corporate governance can lead to improvements in service delivery and efficiency in the public sector (Hepworth, 2004c). To this end, IFAC (2003) emphasises that government employees should be advised of their role in good governance. The application of corporate governance principles in any organisation can contribute to improving processes and making the organisation effective. Sendt (2003) is of the view that corporate governance is more important in the public sector given the competing objectives the public sector often faces.

Governance in the public sector is characterised by the following principles:

(a) A clear definition of the organisation‘s purpose and desired outcomes;
(b) Well defined functions and responsibilities;
(c) Appropriate corporate culture; transparent decision making;
(d) Strong governance team; and
(e) Accountability to stakeholders (Hepworth, 2004a).

Irrespective of the type of organisation, governance is about the existence of clear and appropriate relationships (Whitfield, 2003:2; Kibirige, 2003). Although the principles of corporate governance apply equally to the public sector, there are differences which include difficulty to define the board, and the need to identify public sector stakeholders (Blackwood, 2009). Alter (2002:30) submits that public efficiency remains a concern and working methods and management practices in the private sector should be useful points of reference for the daily operations in the public sector. Public officials employed in complex government departments have to be accountable to their immediate supervisors, the political leadership and the public at large (Raga and Taylor, 2006).

Although government and private sector operate in different environments and are confronted by other issues, the nature of these issues is similar. Issues such as management, supervision, stakeholders and auditing are also important in the public environment. (Tlakula, 2005; Koma, 2009) assert that there is a case for the application of corporate governance in the public sector. There is no doubt that implementing corporate governance principles in government departments would require some degree of flexibility.

In order to ensure effective corporate governance in the public sector, public officials must strive for compliance with the following requirements:

(a) They are people with knowledge, ability and commitment to their full responsibilities;

(b) They understand their purpose and whose interests they represent;

(c) They understand the objectives and strategies of their department;

(d) They understand what constitutes reasonable information for good government and do everything possible to attain it;

(e) Once appropriately informed, they are prepared to ensure that the departments' objectives are met and that operational performance is not less than satisfactory; and

(f) They fulfill their accountability obligations to those whose interests they represent by regularly and adequately reporting on the department's activities and effectiveness (Fourier, 2006).

Government use private sector corporate governance concepts and practices to achieve their objectives more openly and effectively as this will make them better serve their constituencies (Fourier (2006).

2.7 Why governance matters

The main objective of corporate governance in the public sector is to ensure that government deliver services in a way that is equitable, efficient, effective and affordable, and consistent with the principles of service delivery such as universal coverage and environmental sustainability (Van Wyk, 2004:414).

The more apparent benefits of corporate governance include the following:

(a) It forces an institution to have necessary built in checks and balances from the top to the bottom of the organisation, in order to control success;

(b) It ensures that the organisation is under control and encourages open and transparent communication within and outside; and

(c) It encourages the organisation to establish high principles that drive the code of conduct to ethical and equitable values. Governance is achieved where there is performance with conformance (Hendrikse and Hendrikse, 2004:98).

Supporting the benefits of corporate governance already mentioned, Claessens (2006) submits that corporate governance promotes the efficient use of resources, improves confidence in government and leads to improved corporate performance. While good corporate governance practices are beneficial for a variety of reasons, they are difficult to instill in business (Sullivan, 2009). According to CIPE (2008a), corporate governance is an antidote to corruption that clarifies private rights and public interests, and thus preventing the abuses of both.

2.8 Organisational Culture

Good corporate governance requires culture change, and cannot be created only by regulation from above (Nayager, 2008). Culture is broadly defined as the shared attitudes, behavioural patterns and values that cohesive groups pass on from one generation to the next (Kotter and Heskett, 1992). Cultural change involves an organisation unlearning unproductive and disabling patterns of behaviour and learning better and effective ways of performing for the purpose of organisational effectiveness (Ajay, 2002: 48). This illustrates that culture is created internal to the organisation, and can therefore only be changed inside and not outside the organisation. It is important to know how to bring about change speedily (Kotter and Heskett, 1992). According to Johnson (2003), culture is more powerful in directing human behaviour than any regulatory framework can be.

Before commencing with organisational change, an organisational must determine what it wants to achieve, and a method that it will need to determine whether or not the change has been achieved (Kotter, 1996). Changing the organisational culture where corruption is prevalent is likely to be met with resistance. The organisation should change itself from within by creating strict standards governing the behaviour of employees in their various operations. The organisation must also communicate, involve, enable and facilitate involvement of people, as early and openly as is possible.

2.8.1 Need for change

Addressing the challenge of corruption needs to be tackled within a broader context of improving governance and institutional change (Kauffmann, *et al*, 2006). According to Punt (2007) the same conditions that govern any change in an organisation are required to address corruption. Change refers to internal changes that determine how the organisation reacts and adapts to external changes at great speed or to top-down programs such as culture change (Kotter, 1996). Organisational change rests heavily on leadership (Shah, 2007:116). Therefore leadership must ensure that the organisational climate is conducive to change. Glaser (2007:124) notes that an entrenched culture of corruption is difficult to transform as this can be met with resistance.

A system of corporate governance requires human beings to implement it. Therefore, the understanding of the human side of change management is necessary. The planned change must involve people, and should not be imposed on them. When change occurs at the level of individual employees, it will be an indication that change has been successful. Therefore, an organisation aiming to change its culture needs to focus on changing the behaviour of its employees.

2.8.2 Management of change

A change in the organisational strategy may necessitate a change in the beliefs, values and behavior of people in the organisation (Smit *et al*., 2007). This can also include changing the corporate culture of the organisation. If the organisational culture is filled with unethical conduct, such as corruption, it will undermine efforts on a policy level to combat it (Johnson, 2003). When the actual behavior is not in line with the required behaviour, there should be a consideration for changing the organisational culture (Smit *et al*., 2007:231). In order to sustain organisational change, institutions implementing new policies require support in change management. This is because organisational culture, the unwritten rules of ‘how things really get done’, is more influential in encouraging behaviour than formally stated policies and procedures (Johnson, 2003).

Change management refers to a structured organisational approach for ensuring that changes are thoroughly and smoothly implemented and that the lasting benefits of change are achieved (Jones, Aguirre & Calderone, 2004). Change could range from a simple process change, to major changes in policy or strategy needed if the organisation is to achieve its objectives (McLean, 2005). The objective of organisational change is to transform individuals, teams and organisation from a current state to a desired future state (Jones *et al*., 2004). Kotter (1996) cautions that change needs to be understood and managed in a way that people can cope effectively with it. According Kotter (1996), change efforts in organisations fail because organisations do not take a holistic approach required to see change through.

There are several models of change management. No single model of managing change fits every organisation (Hussey, 1995). What follows hereunder is an eight step change model proposed by Kotter (1996). This model guides how to engage the entire organisation in the change process. The model covers the following steps:

(a) Create urgency

In order for change to happen, it is necessary that the whole organisation is committed to it. Kotter (1996) advocates the development of a sense of urgency around the need for change in the organisation. It is essential to identify potential threats, and develop scenarios showing what could happen in the future (Hussey, 1995). The leadership should also examine the opportunities that could be exploited from the change. It is necessary to get everyone in the organisation involved in the process of change (Ajay, 2002; Hussey, 1995). Therefore clear reasons for the change should be articulated. According to Kotter (1996), at least 75% of an organisations’ management need to buy into the change. The management has to work hard on making everyone in the organisation to understand what is going to happen, why, to whom, when what it will take and what is expected of them(Ajayi, 2002:78). It is important to make it clear that new ways have to be embraced and create an understanding that the current situation is not working.

(b) Form a powerful guiding team

The leadership of the organisation should convince employees that change is necessary. This often takes strong leadership and visible support from key people within the organisation. Managing change is not enough, it is necessary to lead it. Effective change agents can be identified from the organisation. In order to lead change, a team of influential people, whose power comes from a variety of sources, including job title, status and expertise needs to be established (Kotter, 1996). This team must have a good mix of people from different units of the organisation and different levels within the organisation. People may even be brought from outside the organisation, in order to bring a fresh perspective. This team needs to continue building urgency and momentum around the need for change. The team must have a strong commitment to change the organisation. It should be a powerful and valuable resource for good governance.

(c) Create a vision for change

A clear vision sets the tone for change and can help everyone understand why there needs to be a change in the organisation (Kotter, 1996). Vision should motivate people through implementation of change (Jones *et al*., 2004). It is necessary to make it clear what is important and where the organisation is going. Ownership for the new goals and the culture change must be created. If people are able to identify what is intended to be achieved, they are likely to understand why they should carry out the directives given (Kotter, 1996). Values that are central to the change must be determined and a short summary that captures the vision as the future of the organisation should be developed. A strategy to execute that vision must then be crafted to carry the vision forward.

(d) Communicate the vision

Change cannot take place in a communication vacuum (Ajayi, 2002). In support of this view, Hussey (1995) submits that a clear sense of direction needs to be communicated when change is initiated in an organisation. According to Ramaswamy (2005), communication is a key element in ensuring that employees and other stakeholders are aware of their rights and responsibilities. If this happens people will draw their own conclusions (Hussey, 1995). Appropriate behaviours and the values of the organisation need to be communicated clearly. In this case instilling a new culture of behaviour and values has to come from the leadership.

The leadership of the organisation should "walk the talk" and demonstrate the kind of behaviour that it expects from others (Ajay, 2002). Because leaders in an organisation are closely scrutinised, no hypocracy on the part of leadership should be seen or suspected. The vision should be used daily to make decisions and carry out operations (Hussey, 1995). This will be achieved if communications flows from the top to lower levels and across employees' line of communication (Ramaswamy, 2005). There must be regular discussions about the change vision in order to keep it fresh on everyone's minds. A collective understanding of where the organisation is going is necessary (Kotter, 1996). The vision should be applied to all aspects of operations, from training to performance reviews so that everything is connected to the vision (Hussey, 1995). All employees have to own the organisation's new direction.

(e) **Remove obstacles**

When change is initiated, people's reactions will determine the success or failure of the initiative. It is important to determine whether there are processes or structures that are getting in the way of implementing change. Removing obstacles can empower the people needed to execute the vision, and it can help the change to be implemented and progress (Ajay, 2002). People who resist the change need to be identified in order to help them to understand the vision (Hussey, 1995). Communication is important when dealing with change and any possible resistance. It is also important to understand the driving forces behind the resistance and effectively address those forces. Therefore, swift action aimed at removing the barriers to change should be taken.

According to Ajay (2002) reasons for resistance to change include the following:

(a) Leadership has not clearly communicated the reason for change;

(b) Employees think that the leaders are wrong; and

(c) Employees think that the change will harm their self interest.

(f) Create short-term wins

Since long term goals may not be easily recognisable, the leadership has to create short-term targets for the change. The change team may have to come up with the targets, with each success that is realised to motivate the entire organisation. People who help with the implementation of change should be recognised and rewarded accordingly (Kotter, 1996). This could be achieved through regular achievements and progress reporting in order to draw attention to the successes.

(g) Build on the change

Quick-wins are only the beginning of what needs to be done to achieve long-term change. Every success provides an opportunity to build on what is being done right and identify what needs to be improved. Goals must be set in order to continue building on the momentum achieved. This will help to achieve continuous improvement. The leadership could communicate with employees by newsletters, e-mail or video message.

(h) Anchor the changes in corporate culture

Anchoring the changes requires a complete behavioural change that embraces everyone in the organisation, and aims to establish a set of values that places human behaviour at the centre of the culture. In order to infuse change in the organisation, that change should be made the important part of the organisation. Continuous effort must be made to ensure that change is seen in every aspect of the organisation. This will cause that change to have a solid place in the organisation's culture. To anchor the change, new approaches should be institutionalised through major initiatives across the organisation (Metcalfe, 2007).

It is also important that the organisation's leaders and employees continue to support the change. There should be regular reporting about the progress regarding the change. Ajayi (2002) writes that change is embedded in the organisation when it has become "business as usual", and the new behaviours become common individual and organisational practice. This is about making new behaviours, processes and procedures permanent so that they are embedded in the organisation. The culture of the organisation should be shaped and moulded through continuous reinforcement and goal focused measurement system (Ajayi, 2002:119). Employees who resist change may find it easier to buy into the change if they understand how the changes might affect them (Rudloff, 2008).

Smit *et al*., (2007:229) outlines approached that managers can adopt in changing the culture. These include:

(a) Getting people to subscribe to the new pattern of beliefs and values and changing some elements of the culture;

(b) Inducting and socialising people into the oprganisations and removing those who deviate from the culture;

(c) Strengthening the prevailing culture appropriate communication and training.

2.9 Corruption defined

Corruption is a complex and multifaceted phenomenon with multiple causes and effects, as it takes on various forms and functions in different contexts (Grobler and Joubert, 2004). Hence it is almost impossible to come up with precise objective measures of it (Kaufmann, 2002). In order to achieve good governance in any organisation, corruption must be given attention. The definition of corruption is highly contentious. Sullivan (2009) attributes the lack of a common definition of corruption to cultural relativity that is associated with deeming actions as wrong or right. Due to the differing perspectives of specific acts of corruption, there is no universally accepted definition of corruption (Dassah, 2008; Kroukamp, 2006). Corruption is a complex and serious problem that presents many challenges to government and the society (Pragal, 2006:19; Kroukamp, 2006). According to Johnston (2004) corruption is a disease with multiple causative factors. In the public sector these factors include increased costs of public transaction, and these increased costs are borne by tax payers (OECD, 2009). Corruption is a symptom of deep-seated economic, political and institutional weaknesses. Kell (2006) submits that corruption is mainly caused by inadequately implemented policy frameworks. According to Dassah (2008) corruption manifests itself as soon as public officials forsake public interest for personal gain.

The new trend in the fight against corruption places emphasis not only on efficiency but also on transparency and accountability of the public sector (Reiger (2005). Effective transparency has the potential to undermine the possibility for corruption and weaken the environment in which corruption thrives (Standing, 2007:16; Kell, 2006). Corruption is seen as a direct threat to personal and organisational integrity (Punt, 2007).

Corruption means the abuse of entrusted power for private gain (TI, 2009; Kroukamp, 2006). This definition is preferred for the following reasons:

(a) Applies across sectors and therefore covers corruption in the public sector;

(b) Covers both financial and non-financial benefits;

(c) Refers to both systemic and individual abuses that can range from dishonesty to criminal activities;

(d) Highlights the importance of governance systems in controlling and regulating how authority is exercised; and

(e) It highlights the diversion of resources from the intended use, thus highlighting the inefficient costs associated with corruption (Sullivan, 2009:6).

Mensah, *et al*., (2003:1) adopts a broader view and defines corruption as encompassing all forms of irregular, unethical, immoral or illegal practices and transactions, dealing and activities in the process of handling commercial or public transactions or in the performance of official duties. This study focuses on bureaucratic corruption in terms of which employees enrich themselves through misuse of office. According to Grobler and Joubert (2007) the deterioration of moral or ethical standards in the public service, the perversion of the integrity, the destruction of an efficient state administration could all be classified under corruption.

Webb (2008:596) identifies four elements that must be present when corruption takes place. They are the following:

(i) Public official;

(ii) Discretionary power;

(iii) Misuse of that discretionary power; and

(v) Benefit resulting to that official.

These elements are seen as being too narrow and excessively legalistic. Flourishing corruption, particularly in the public sector is attributable to institutional weaknesses with unethical behaviour as the cause (Mensah, *et al*., 2003; Kroukamp, 2006). This can also includes weak internal controls and weak auditing standards. Wu (2005) submits that poor governance breeds corruption. Karras (1999) also believes that increased autonomy of managers increase corruption and other unethical behaviour. Exposed corruption can also be an indication that measures adopted to expose and prevent it are working. Lambdorff (2001) argue that corruption is likely to induce the selection of wrong contractors and products in public procurement. The cost of corruption, dishonest civil servants and wasteful expenditure in South Africa is relatively high despite some improvements (Dassah, 2008). Corruption can disturb economic, endanger free trade and stability on which the free market economy is based (Raga and Taylor, 2006). This will, without doubt threaten good governance because it generates decline of confidence in public institutions and eventually undermines trust in government (Kell, 2006; Van Vuuren, 2004). According to the Asian Institute of Management (2005), corruption is like a virus that spares no one because it weakens the organs and institutions. UNDP (2004) believes corruption breeds impunity.

In order to circumvent corrupt activities, Webb (2008) suggests that the role of public officials should be limited and clarified. Measures aimed at fighting corruption in all its terms are critical because of the economic, social and other effects it has on the country and citizens (Dassah, 2008).

Bhat (2007) writes that it is well established that corporate governance can play a decisive role in eliminating corruption. Therefore fighting corruption is essential for ensuring the good functioning of public services and provides best value for money (OECD, 2009). Kaufmann (2002) recommends institutional change and improved governance for addressing the challenge of corruption.

2.9.1 Causes of corruption

According to the UNDP (2004), corruption is mainly a governance issue, which manifests itself in failure of institutions. Causes of corruption are multifaceted and do not apply across countries (Kroukamp, 2006; CIPE, 2008a). Bureaucratic traditions, political development and social history are regarded as the root cause of corruption in South African public service. From these categories, Kroukamp (2006) has distinguished the following major contributors to corruption:

- Undesirable social controls;
- Antiquated laws;
- Excess demand;
- Entrepreneurial politics;
- Bureaucratisation;
- Excessive discretion;
- Defective administration arrangements, including inadequate controls.

According to Polner and Ireland (2010), there is evidence that inefficiency is one of the causes of corruption. CIPE (2008a) has identified the following causes of corruption:

- Unclear complex and frequently changing laws and regulation;
- Lack of transparency and accountability;
- Low public sector wages;
- Inadequate, inconsistent and unfair enforcement of laws and regulations; and

- Lack of competition.

Secondary causes have been identifies as including low salaries, economic pressures, socio-economic imbalances, and high workload (Dassah, 2006; Kroukamp, 2006). Other causes include poor discipline, lack of management information systems, lack of skills, and a lack of culture of performance (Kroukamp, 2006). Polner and Ireland (2010) submit that although salaries should at least be in line with a living wage, raising salaries does not necessarily enhance ethical behaviour. On the other hand, Lambsdorff (2001) dispels the notion that high public service salaries will reduce corruption. According to Dassah (2008), causes of corruption relate, among others to weak accountability, principles of ethics in government.

AIM (2005) suggests that corruption is caused by wide authority, with little accountability and perverse incentives which include lack of professionalism in the public service, which encourage self-serving rather than public-serving behaviour. According to Grobler and Joubert (2004), greed is the major contributor to corruption. The absence of adequate supervision and controls gives the corrupt official opportunities to be devious (Grober and Joubert, 2004). Therefore, if the system of governance is made to be effective, it will not be easy for corrupt practices to thrive in an organisation or for them to be detected early and eliminated. Shah (2007) argues that because public sector corruption is a system of failed governance, preventing it depends on the quality of management, nature of accountability, degree to which processes are transparent and the dissemination of information. Corruption is attributed to inadequate incomes, especially in the lower paid public servants (Grobler and Joubert, 2004).

2.10 Relation between corporate governance and corruption

Corporate governance is regarded as an antidote to corruption in organisations (Sullivan, 2009; CIPE; 2008a; Wu, 2005). The increase in globalised business and a cascade of corporate corruption and fraud in both developed and developing world countries has contributed to an increase in voluntary and regulatory initiatives that seek to improve corporate governance (Gold and Dienhart, 2007:163). Corruption erodes stability and trust, and it damages the ethos of democratic governments

(DPSA, 2003; Grobler and Joubert, 2004). Sullivan (2009) warns that a sound corporate governance environment does not guarantee a corruption free environment, but that exposed corruption is a manifestation of weak governance practices with unethical behaviour as the cause. Where there is poor governance, there are greater incentives for and more scope for corruption (IMF, 2005).

Corruption is usually cited as the major institutional constrain on business development (Hellman, Jones, Kaufmann & Schankerman, 2000). According to Priks (2007), corruption result from monopoly together with discretion which lacks effective accountability. Corporate governance plays an important part in curbing corruption (Sullivan, 2009). Good corporate governance is of critical importance in countering corruption in developed and developing countries (TI, 2009; Sullivan, 2009). Weak corporate governance systems provide an opportunity for corruption to thrive (Reiger, 2005; Wu, 2005; IMF, 2005). Hence Wu (2005:152) suggests that the linkage between corruption and corporate governance is of paramount importance to a more balanced approach to corruption.

The need for corporate governance arises from the potential conflicts of interest among participants in the corporate structure (Imam and Malik, 2007). The corporate governance framework is the widest control mechanism, both internal and external, to encourage the efficient use of corporate resources and equally to require accountability for the stewardship of those resources (OECD, 2009). Corporate governance ensures that large institutions are well-run and earn the confidence of investors and lenders. Importantly, the system ensures safeguards against corruption and mismanagement, while promoting fundamental values of a market economy in a democratic society (CIPE, 2008b).

Organisations with strong corporate governance pay more attention to conducting their business in an ethical manner (Mensah, *et al*., 2003). The presence of corruption in an organisation makes it difficult to enforce policies that ensure accountability and transparency. According to Wu (2005), the principles of transparency and accountability can reduce the level of corruption by placing constraints on corrupt officials.

Sound corporate governance is one of the tools that can be used to reduce the incidents of corruption (Mensah, *et al*., 2003). Bhat (2007) takes this further by suggesting that corporate governance can play a decisive role in eliminating corruption. Kaufmann, Kraay& Mastruzzi, 2006:18) advocates for particular focus to be paid to transparent related mechanisms in order to enhance the prevention of corrupt practices. This approach is less costly mechanism than dealing with corruption once it has occurred.

2.11 Fighting corruption in organisations

According to the Punt (2007), corruption, particularly in Africa is still widespread despite the efforts to fight it. Similarly, Acquaah-Gaisie (2003), submits that corporate crimes are on the increase in South Africa. The adoption of corporate governance principles by African countries will be a giant step towards creating safeguards against corruption and mismanagement, promoting transparency in economic life and attracting more domestic and foreign investment (Okeahalam and Akinboade, 2003). Fighting corruption is essential to ensure the good functioning of public services and to provide best value for money (OECD, 2009). It is agreed that emphasis should be on prevention rather than reactionary response to corruption that has already happened (Attafuah (2002).

According to Kroukamp (2006:213) organisations should strive for deterrence, prevention and detection of corruption. Different writers mentioned above advocate different approaches to prevent corruption. Preventing corruption is critical for maintaining a good reputation, avoiding the cost of cleaning up corrupt practices, avoiding legal risks connected to illegal practices and to assist organisations to becoming better corporate citizens (OECD, 2009). Since there appears to be a general agreement about the disadvantages of corruption, the focus need to be shifted to what needs to be done in order to prevent it (Kell, 2006:7). According to Wu (2005:168), corporate governance can become a critical ingredient to break the vicious circle of corruption.

Preventative measures of corruption such as transparency are the first line of defence against corruption or fraud (EBRD, 2006). To this end, the following are advocated as mechanisms to prevent corruption from occurring in organisations:

(a) Improved internal controls;

(b) Strengthened internal audit function;

(c) Investment in security systems;

(d) Involvement of strong audit committee;

(e) Promotion and effective implementation of code of ethics, as well as training on such ethics;

(f) Promotion of whistleblowing;

(g) Increasing visible deterrent warning signs;

(h) Reference checks on employees; and

(i) Fraud prevention plans developed through an inclusive process and communicated to employees (Gloeck and de Jager, 2005; Dassah, 2008).

The above mechanisms indicate that it is necessary to have strengthened corporate governance structures in order to fight corruption.

2.12 Conclusion

This chapter reflected on the various definitions of corporate governance and laid out the essentials that need to be present in an organisation that practices good corporate governance. The importance of corporate governance in public and private institutions was demonstrated. The chapter also demonstrated that although corporate governance is viewed as a private sector concept, it is also useful for the public sector and can be adopted albeit with adaptations. Corruption was defined and the contributors to corruption were referred to.

The chapter also explored the relations between corporate governance and corruption, and the literature indicates that effective corporate governance can be used to prevent corruption. Corporate governance plays a critical role in determining the culture of an organisation. In order to introduce and implement new practices in an organisation, such as principles of corporate governance, there is a need to manage that change effectively. Therefore, the chapter also discussed the Kotter (1996) model of management of change. Different mechanisms which are found in corporate governance can be used to prevent the occurrence of corruption in organisations.

The next chapter focuses on the enablers of corporate governance in South Africa. These include risk management, internal controls, leadership and ethics. The chapter will also discuss how these enablers can be used to prevent corruption.

CHAPTER 3: LITERATURE REVIEW

3.1 INTRODUCTION

Sound corporate governance principles and practices are critical to preventing corruption on the supply and demand side. Most of the studies in corporate governance have been conducted in countries such as the USA and the UK. There has been limited published research on corporate governance in Africa and even less rigorous academic or empirical research (Okeahalam and Akinboade, 2003). The paucity of research in this field is particularly prevalent in phenomenon South Africa. Consequently, this chapter attempts to critically analyse the related literature with the view to close the gaps and hence develop mechanisms to address these gaps.

3.2 Rise of corporate governance in South Africa

Corporate governance owes its origins in the private sector. This concept emanates from far back when ownership and management of the enterprise separated (Mensah, *et al*., 2003; Wixley and Everingham, 2005; Blackwood, 2009). According to Rossouw, *et al*., (2002:289) corporate governance was introduced to ensure that the agents of the owners of companies control companies in ways that will serve the interests of shareholders of the company. Corporate governance gained prominence following numerous far-reaching incidents of corporate fraud and collapse. These incidents resulted in a greater demand for transparency and honesty in reporting in the running of organisations. The demand for change and regulatory action has since transformed corporate governance (Ramaswamy, 2005). The response to this demand in South Africa was the introduction of the King I Report on Corporate Governance in1994 (Andreasson, 2007).

History has demonstrated that improvements in governance and compliance come as a result of corporate scandals, such as those of Enron and Parmalat, and closer to home notable scandals such as Macmed Group and Regal Treasury Bank, Fidentia, Masterbond , to name but a few. These scandals have fuelled academic, governmental and investor interest in corporate governance (Prempeh, 2002).

Corporate governance is one of the most effective tools to reduce the incidence of corruption (Mensah, *et al*., 2003). This notion is grounded on socially accepted principles and promotes honest and responsible behaviour.

3.3 Corporate governance plateau in South Africa

The King Report on Corporate Governance has been the highlight of corporate governance in South Africa. King I report was launched in 1994 by the King Committee under the auspices of the Institute of Directors in Southern Africa (Andreasson, 2007). The report was prompted by social and political changes in sweeping South Africa in the early 1990's. Andreasson (2007) argue that the report was motivated by the concern for competitiveness in South Africa's private sector following the country's re-integration into the global economy.

The purpose of the King Report is to promote highest standards of corporate governance in the private and public sector in South Africa (Bekker, 2009). This report incorporated a Code of Corporate practices and conduct, which was the first of its kind in South Africa and was aimed at promoting the highest standards of corporate governance in the private and public sector (Bekker, 2009). This report has become an internationally recognised brand (Naidoo, 2002; Bekker, 2009; Andreasson, 2007).

Evolving economic environment which resulted from the new constitutional dispensation and the political landscape has necessitated that King I be updated (Bekker, 2009:8). The King II Report on Corporate Governance for South Africa was unveiled in 2002. This report differed from the King I report in that it recognised on the social, environmental and economic factors as the integral part of corporate governance. The King Report has been hailed as a global landmark in corporate standards (Daily, *et al*., 2003; Labuschagne and Els, 2006). The other distinguishing feature of the King II Report is that unlike its predecessor, it adopted an integrated approach.

The King Report invokes organisations and companies to attain higher and more consistent standards of governance (Swarts and Firer, 2005:147). The King Report (2002) adopts principled-based benchmarks rather than legislation for good business practice in corporate governance. This approach was influenced by the belief that dishonesty, which largely prevails in organisations, cannot be legislated. The King report is premised on the view that corporate governance should not be regarded as a box ticking exercise (Naidoo, 2002; Koma, 2009). This emphasises the view that corporate governance should be dealt with as part of the business. The report advocates a qualitative approach in order to instil key principles of good governance which encompass fairness, accountability, responsibility and transparency into corporate management. The heavy reliance of the King Report on voluntary compliance has attracted criticism (Andreasson, 2009). Although the report is not specifically aimed at preventing corrupt practices, the elements of the report and the code bear on corruption prevention (Business Unity South Africa, 2009).

3.3.1 Application of King Code

King II Report applies to listed companies, banks, financial entities, insurance companies, public sector enterprises and agencies, including any department of state or organ of state or administration in national, provincial or local spheres of government or any functionary or institution (Koma, 2009; King II, 2002).

Institutions exercising judicial powers, such as courts, are excluded from the application of the King II Report (2002). While the King II Report (2002) applies generally, there are certain public sector issues which may not be adequately addressed by the King II Report such as the board structure (Firer, 2005). At the same time, there are recommendations that can be successfully applied in the public sector as they are in the private sector (Koma, 2009; Van der Nest, et *al*., 2008).

3.3.2 Stakeholder view model

The corporate governance model espoused in the King Report (2002) adopts the stakeholder view. This model emphasise the societal, economic and environmental dimension of corporate governance. The corporate governance model espoused by the King II Report emphasises the inclusive approach in which organisations are advised to consider the interests of various stakeholders (West, 2006; Andreasson, 2009). It is argued that this inclusive approach will contribute to minimising the harm resulting from the operations of the organisation. The shareholder model, on the other hand, holds the view that a corporation is an extension of its owners (Aguilera, 2005). The goal of the organisation is to provide goods and services to customers for the benefit of its owners, hence an organisation is required to be accountable to its owners (West, 2006). The stakeholder model places emphasis on the organisation as a social entity that has accountability to various stakeholders who include owners, suppliers, employees, customers, management and local communities (West, 2006:434). This model ensures that organisations operate for the benefit of the society as a whole (Webster, 2002). It further recognises that the society has the right to expect the organisation to operate their business responsibly and in a sustainable manner.

King II Report emphasises the triple bottom line, also known as sustainability reporting (Smit *et al*., 2007) which relates to the economic, environmental and social aspects of the organisation's activities. Although it is difficult to measure financial implications of environmental aspects and social activities sustainable reporting has become a standard practice in South Africa (Smit *et al*., 2007). This development denotes an improvement from the single bottom line which is more associated with economic performance which was regarded as critical in the private sector and the double bottom line. The double bottom line was more concerned about profit and social good (Hendrikse and Hendrikse, 2004).

West (2006) is of the view that even with the inclusivity approach, the King Report (2002) does not resonate with the African values, especially where managers have the responsibility to consider all the stakeholders in their operations. The King Report (2002) advocates for the top management's responsibilities to the stakeholders to be seen as human moral obligations rather than fiduciary responsibilities.

3.3.3 *Ubuntu*

The King II Report is premised on the philosophy that governance in any context must reflect the value system of the society in which it operates (Naidoo, 2002). King Report (2002) advocates the incorporation of a uniquely South African culture different from that embraced by the American and British business. The notion *ubuntu* places emphasis on communal values rather than individual interest (West, 2006). Naidoo (2002) writes that this value is relevant in corporate governance particularly when dealing with people. West (2006) writes that the values of *ubuntu* should not be treated as an alternative thinking but should rather be mainstreamed into the operations of any organisation. West (2006) asserts that the notion of *ubuntu* should be regarded as being a human moral obligation to the stakeholders. Andreasson (2009) points out that the South African corporate governance model has been hybridised by the conflicting views borne out of the Western thinking and the African values of *ubuntu*. The South African corporate governance environment seeks only to further the owners' interests or take the community interests only to further their own interests (West, (2006); Aguilera, (2004); Andreasson, (2009).

In the South African public sector, the Department of Public Service and Administration has initiated the *Batho-Pele* principles in order to sensitise public officials to the fact that their positions are not opportunities for self-enrichment, but are conduits of service requiring care, diligence and integrity (Punt, 2007). The notion of *ubuntu* is also underpinned by the public service principles of *Batho-Pele*. Contrary to dissenting views, effective incorporation of African values in corporate governance environment will not compromise the standards of governance (Rossouw, *et al.,* 2002; West, 2006).

3.3.4 Role of corporate governance in relation to corruption

King II Report is not specifically aimed at fighting corruption. However, this report places a great deal of emphasis on the ethical governance of organisations and deals with management of ethics, which can be critical in prevention of corruption. The increase in globalised business and a cascade of corporate corruption and fraud in both developed and developing world countries has contributed to an increase in voluntary and regulatory initiatives that seek to improve corporate governance (Gold and Dienhart, 2007:163). Due to its promotion of advanced level of institutional conduct, the adherence to the principles of corporate governance espoused in the King II Report is encouraged (National Treasury (2005:11).

3.4 Enablers of good corporate governance

Wixley and Everingham (2002:8) detail the elements that are conducive for effective governance. The elements identified by Wixley and Everingham (2002) are also supported by the King II Report. These include the board and directors, risk management, internal audit, integrated sustainability reporting, accounting and auditing and compliance and enforcement. These are checks and balances that ensure that things are always done right. Hough *et al.*, (2008:178) point out that these enablers of corporate governance are mechanisms for ensuring that the organisations adhere to the cardinal values of accountability, transparency, fairness and responsibility. These elements are also supported by Ernst and Young (2009). This author adopts more comprehensive framework, which relies on the interrelation of all checks and balances within an organisation. The Effective Governance Model illustrated in figure 3.1 takes into account all internal and external essentials for effective corporate governance. This model supports the interrelated view of governance, and emphasises that none of the elements is sufficient on its own.

FIGURE: 3.1: Effective Governance Model

Source: Ernst and Young (2009:3)

This model crafts a direction in terms of which everyone in the organisation can better understand their role in governance. Importantly, the model departs from the earlier focus of corporate governance that was predominantly on financial reporting and accountability. Koornhof and du Plessis (2000) suggest that addressing corruption holistically in the public sector helps in managing it.

3.4.1 Leadership

Corporate governance is essentially about leadership (King, 2002; Hough, *et al*., 2008). Since leadership can reside with an individual or the organisation, it is not a position of authority (McCann, 2009). Corporate governance involves leadership for efficiency, probity, responsibility, transparency and accountability (Mensah, *et al*., 2003:7; Tlakula, 2005).

The way leadership is exercised and the culture of the organisation are critical for the standards of behaviour required for corporate governance. According to Barrett (2004) without leadership there can be no solid foundation for governance in an organisation. In government, as in business, standards and expectations for good organisational behaviour start with leadership (Webster, 2002; Nayager, 2008). It takes a very strong and committed managerial leadership to effectively implement the mission and vision of an organisation without exposing such an organisation to all forms of risks (Rossouw, *et al*., 2002). Dassah (2008) submits that leadership is vital in expressing commitment to control corruption.

In the private sector, leadership is represented by the board while, in the public service, it is represented by the accounting authority in the form of an accounting officer. According to Barac (2003), the accounting authority is an equivalent of the board. The National Treasury (2010:51) requires that the accounting officer sets the right tone for the prevention and management of corruption in the department. The leadership should inculcate this commitment throughout the organisation. Employees must be made aware of the need to prevent loss and to safeguard stakeholders' interest. The fight against corruption starts with leadership which requires a great deal of personal commitment, courage and perseverance guided by strong ethical values to confront those corrupt practices that permit individuals to abuse positions of power for personal gain (Webster, 2002; Sullivan, 2009).

The way an organisation approaches governance is a reflection of the true nature of its ethics and integrity (Tlakula, 2005). Perceived and observed behaviour by senior managers sets the tone throughout the organisation and shapes the identity of the organisation (Kauffmann, *et al*., 2006). According to Wu (2005:158), having a strong corporate leadership makes it more credible for management to commit to "zero tolerance to corruption" (Wu, 2005:158; Krishnan, 2004).

While ethics code is not a guarantee to good corporate behaviour, if it is coupled with leadership through actions, commitment and examples, setting the moral tone at the top, the code can translate ethics principles into the expected behaviour of all employees (Sullivan, 2009:3). Ethical top management contributes to fostering integrity in the organisation. Therefore, supervisors and leaders in high positions should lead by example (Grobler and Joubert, 2004). This means that leadership and management should be free from corruption so that they can influence their subordinates to do the same.

Leaders must openly, and with confidence, declare that corruption is a problem deserving dedicated attention and then act accordingly (Punt, 2007). Cynicism may be created by leaders "who talk anti-corruption but not walking the talk" (Grobler and Joubert, 2004). Shah (2007) believes that if leadership acts with integrity, the employees are likely to follow in their steps.

3.4.1.1 Building an ethical organisation

Culture, as the soul of the organisation is shaped by the people that operate and live within that organisation (Punt, 2007). This means that efforts to prevent corruption must focus on structures and process, as well as the organisational culture created by the leadership. Building an ethical organisational culture is the only sustainable way to prevent corruption by making people intolerant of it and more likely to report observed incidences of misconduct (Punt, 2007). The first focus in building an ethical business culture should start inside the organisation (BUSA (2009). Ethical behaviour is reinforced when top management demonstrates through its actions that questionable behaviour will not be tolerated (Ramaswamy, 2005). Better supervision by managers is needed in order to prevent corruption in government (Grobler and Joubert, 2004).

An important point in building an ethical organisation is the requirement to show clear leadership commitment through the codification of organisational values (Smit *et al*., 2007). Building an organisational culture intolerant of fraud and corruption is not a one-off intervention (Punt, 2007). Therefore, in order for this culture to succeed, it must become the organisational way of being or living. Building an ethical organisation is a good test of leadership (Kell, 2006). In support of this Dassah (2008) submits that strong, credible, exemplary, incorruptible and committed leadership are needed to spearhead awareness on corruption.

There are five keys to building an ethical organisation. These follow hereunder:

1. Leadership: Top management need to call for ethics as a priority and demonstrate that by “walking the talk”. Therefore, the code of ethics must receive total commitment by the top structure of the organisation. Leaders in high positions should lead by example, they should face corruption in order to encourage the subordinates to do the same (Grobler and Joubert, 2004:4). Shacklock and Lewis (2006) argue that if people working in an organisation are themselves without or are weak on integrity and if the leadership lacks strength and commitment to ethical behaviour, even a good structure will not create an entity or a system that is based upon integrity.

2. Commitment: All involved need to make time for the initiative of committing to the code of ethics. The code itself should commit the organisation to highest standards.

3. Collaboration: All the stakeholders need to work together to develop agreement about the ethics initiative. This will ensure that ethics are infused into the culture of the organisation.

4. Implementation: The initiative should include the strategy to make ethics an integral part of the organisation. This will assist in promoting compliance with the ethics code.

5. Reflection and renewal: There must be an on-going assessment which includes annual re-adoption of the code and exploration of ways to communicate the code to new employees and other stakeholders.

Corporate integrity is perceived to be the product of ethical leadership, strong compliance and effective regulations to prevent and sanction wrong-going (TI, 2009).

3.4.2 Control environment

3.4.2.1 Internal Controls

Internal control is a valuable tool in preventing corrupt behaviour (Byington and Christensen, 2005:36; Yamalov and Belev, 2002). Internal control refers to a process established by management to provide reasonable assurance that organisational objectives will be achieved (Hermanson and Rittenburg, 2003; Hepworth, 2002). The purpose of internal controls is to protect the organisation's assets from and loss and to provide assurance as to the reliability of and material accuracy of the financial statements (Byington and Christensen, 2005:35). According to the King Report (2002), internal control should be inculcated in the daily activities of the organisation. Management, therefore, is responsible for the implementation of the procedural controls (Hermanson and Rittenburg, 2003; Hepworth, 2002). However, Botha (2003) warns that internal controls are not failproof, particularly where fraud and corruption is involved.

Jeffrey (2008) points out that internal controls strengthens internal environment by uncovering possible weaknesses in processes and structures. The management structure of any organisation is responsible to develop, implement and maintain a sound system of internal controls and to report on their effectiveness (Botha, 2003:53). Administrative controls include the organisational plan and the procedures and records involved in decision process that lead to the authorisation of transactions. On the other hand, accounting controls include procedures and records involved in safeguarding assets and the issuance of reliable records (Byington and Christensen, 2005). Therefore, management and leadership should emphasise the importance of internal controls through their actions and words (Botha, 2003; Hepworth, 2002). It is also required that management cultivate the culture of internal controls in the organisation and in this way make internal control the responsibility of everyone in the organisation. Good culture of internal controls mitigates reputational risk in an organisation (Hepworth, 2002). There should be an organisation a culture at all levels of the organisation that is conscious of importance of internal controls (Botha, 2003).

The COSO Framework (2009) defines internal control as a process, effected by an entity's board of directors, management and other personnel. This process is designed to provide reasonable assurance regarding the achievement of objectives in the following areas:

(a) Effectiveness and efficiency of operations;

(b) Reliability of financial reporting; and

(c) Compliance with applicable laws and regulations (COSO, 2009).

Hepworth (2002) adds that that internal control should also provide assurance to top management about the safeguarding of assets and interests from losses of all kinds, including those arising out of fraud, irregularity or corruption.

The National Treasury supports the COSO definition of internal controls. The National Treasury (2010) further asserts that effective internal controls support accountability by assisting in providing reliable information through effective accounting standards.

National Treasury (2005) also regards internal controls as systems, procedures and processes that are implemented to minimise the risk, including financial risk which the department might otherwise be exposed to as a result of fraud, negligence, error, incapacity or other cause. Evidently, government believes that internal controls play a major role in the prevention of corruption, thereby, strengthening governance. Botha (2003) submits that instances of fraud and corruption can be directly or indirectly be linked to a deficient system of internal control.

Internal control means much more than internal control for financial purposes as it supports the whole organisation in achieving its objectives. Internal controls include systems, procedures and processes that are implemented to minimise the risk to which the department might otherwise be exposed as a result of fraud, negligence, error, incapacity or other cause (National Treasury, 2005:28; Blackwood, 2009).

According to Ramaswamy (2005), the best way to prevent fraud and corruption is by establishing an efficient control system that encompasses good control environment determined by management's philosophy of ethical behaviour and strong corporate governance policies.

An efficient control system should encompass the following:

(a) Good control environment determined by management’s philosophy of ethical behaviour and strong corporate governance policies;

(b) Superior accounting system; and

(c) Strong procedural controls that provide for safeguarding the assets, proper documentation and authorisations, audit mechanisms (Ramaswamy, 2005).

It is believed that the highest risk area for potential corruption resides in the procurement of goods and services (Kroukamp, 2006:214). However, this risk can be counteracted by placing more emphasis on internal controls as a measure to prevent fraud and corruption (Dassah, 2008). Barret (2001:10), assert that no system of corporate governance can provide a total protection against fraud or management failure. At the same time, Ramaswamy(2005) points out that internal control cannot change an inherently weak management system or provide assurance as to the reliability of financial reporting (Ramaswamy, 2005). To this end, Webb (2008), suggest that organisations determined to prevent corruption should put in place robust control structures, aimed at achieving defined output for the prevention of corruption and avoid a “tick and flick” approach merely to be seen to be doing something about the problem.

3.4.2.2 Internal audit

Internal audit is an integral part of the corporate governance regime (Hermanson and Rittenburg, 2003). The internal audit function can be pivotal in assisting management with assessment and monitoring of business risks and assessing the effectiveness of the organisation’s internal controls (Wixley and Everingham, 2002:112).

Internal auditing refers to an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations (IIA, 2007). There is a clear link between internal audit and internal control. Internal audit is an instrument of management (Reiger, 2005). The primary goal of internal audit is to evaluate the organisation’s risk management, internal control and corporate governance processes and ensure that they are functioning correctly (Hepworth, 2004a). Internal audit is about ensuring that risk management and internal control are working in synergy. Therefore, the function is critical in controlling and monitoring risk. A properly structured internal audit function with forensic ability and independent audit can provide an effective oversight (Kroukamp, 2006:214). This would include oversight on the effectiveness of risk management processes. It is widely accepted that auditing and financial discipline can create a framework which reduces the scope for corrupt activities (Khan and Chowdhury, 2008).

The internal audit function gives the management assurance that their risk management process supports their capacity to achieve their objectives (Hepworth, 2004a). Therefore, improving internal audit should be seen as complementary to improving management (Hepworth, 2002). The internal audit function should assist the executive management and the board in the discharge of their obligations relating to safeguarding assets, risk management, operation of adequate controls and reliability of financial statements and stewardship reporting(Rudloff, 2006). The internal audit function can help ensure every organisation and its stakeholders that the key risks are being appropriately identified and well controlled (Jeffrey, 2008; Rudloff, 2006:84).

This internal system has, as its main objective, the facilitation of early detection of errors or fraud. Hence, Gerrit (2009) submits that the quality of internal audit can only be realised when it has positive impact on the quality of corporate governance. Managers should be relied upon to exercise control

In order to perform their functions effectively internal auditors require organisational independence from the leadership, to enable unrestricted evaluation of management activities and personnel. Internal audit helps an organisation accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes (IIA, 2007). The scope of this function suggests that an internal audit function is a first line defence against inadequate corporate governance and financial reporting. Balkaran (2008) states that it is advantageous for the internal audit function to report directly to the audit committee as it helps to strengthen auditor independence and objectivity. Although, according to (Laher, 2004), administratively, the head of internal audit may report to someone else.

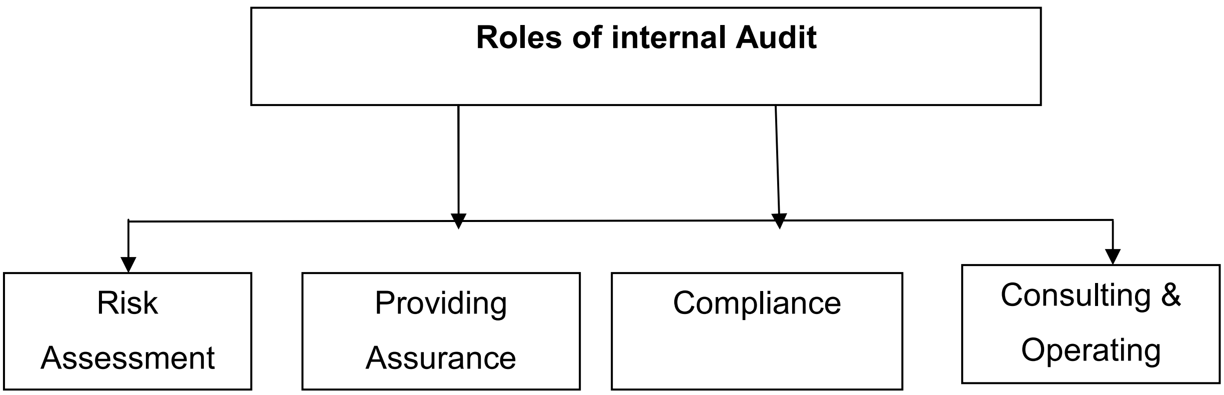
Among others, the role of internal audit is to assist the audit committee in performing its responsibilities effectively. According to Khan and Chowdhury (2008) many countries have taken the initiative to strengthen their public accountability systems, particularly audit in order to overcome challenges of corruption and deteriorating service delivery. King Report (2002) cautions against the internal audit function assuming the functions of systems and process of risk management as this may compromise their independence. This is influenced by the fact that internal audit has to provide assurance in relation to effectiveness of risk management and internal control. The internal audit function, under the guidance and control of the audit committee, is also responsible for monitoring internal control (Van Der Nest, *et al.*, 2008).

Internal audit programs should be systems-based so that they will be able to identify and test all aspects of the controls applied. In this way, they will be able to address risks in service delivery and procurement systems, thereby adding value and improving internal operations.

King Report (2002) recommends that internal audit should adopt a risk based approach in its activities. Audit teams can contribute to cutting down on the risk of fraud when involved at an earlier stage of adjudication of tenders (Temkin, 2010). The aim is for auditors to be able to red flag fraud in the tender procedures, and thus prevent corruption.

The internal audit function is quite broad and critical for strengthening governance in an organisation. The main functions of internal audit are captured in figure 3.2 below.

Figure 3.2: Internal Audit Activity



Source: Hermanson and Rittenburg (2003:55)

Over and above the above functions, internal auditors should work in partnership with the external auditors. These functions should be performed in compliance with the International Standards for the Professional Practice of Internal Auditing. The purpose of these standards is to delineate the basic principles that represent the practice of internal auditing, provide the framework for performing the internal audit activities and to foster improved organisational processes and operations (IIA, 2004).

3.4.2.3 Risk Management

The King II Report (2002:73) defines risk management as the identification and evaluation of actual potential risk areas as they pertain to the company, followed by a process of termination, transfer, tolerance or mitigation of each risk. The management owns risk management in an organisation (Freer, 2002). Risk management is about the nature which includes causes, effects and likelihood and significance of risks faced by the organisation (Hepworth, 2004a). This implies that an organisation needs to decide on the acceptance level of the risks and design a cost-effective strategy to help manage the impact of the risk on the organisation. Internal control is about controlling risk and monitoring the function of risk management. This indicates that risk management is not a once-off exercise, but a process which needs to be continuously monitored. A comprehensive risk management system with appropriate internal controls will build a more robust organisation from an operations point of view and deliver a demonstrable system of risk identification (Blackwood, 2009).

The COSO Framework (2009) defines risk management as a process, effected by the entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risks to be within its risk appetite to provide reasonable assurance regarding the achievement of entity objectives.

Freer (2002:4) cautions that managing reputation is an increasing important challenge for public sector institutions. According to this author, if confidence of an organisation is damaged, reputation is threatened. In order to mitigate reputational damage, it is critical that organisations adopt policies and systems to prevent corruption (TI, 2009). Semple (2006) submits that successful management of risk in the public sector will lead to better performance and achievement of key objectives. According to Barrett (2001), an effective corporate governance framework incorporating sound values and risk management processes can provide a solid form on which a cost effective, transparent and accountable organisation can be built.

The primary purpose of internal control is to continuously evaluate whether management and employees are all working to ensure the success of risk strategies while keeping the level of risk at an acceptable level (Freer, 2002). In so doing, an accompanying sound system of internal control should be able to reduce poor judgment in decision making, human error, any deliberate failure to follow control processes by employees and managers and the impact of unexpected events (Siswana, 2007).

According to the National Treasury (2010) the following are functions of risk management:

(a) More efficient, reliable and cost effective delivery of services;

(b) More reliable decisions;

(c) Innovation;

(d) Minimised waste and fraud;

(e) Better value for money through efficient use of resources; and

(f) And improved project and programme management.

Wixley and Everingham (2002:85) outlines the following critical steps must be followed in establishing a sound risk management system:

(ii) Continuous and early detection of risks;

(iii) Full understanding of risks and their causes and consequences;

(iv) Determining how best to manage or mitigate risks;

(v) Establishing internal controls to mitigate risks; and

(iv) Monitoring performance of controls and ensure accurate and timely reporting.

The King Report (2002) identifies the process of risk management as planning, arranging and controlling of activities and resources to minimise the impact of all risks to levels that can be tolerated by the organisation. These processes are particularly relevant for the risk management strategy. The King Report (2002:73) regards risk management as a process that utilises internal controls as one of the measures to mitigate and control risk. However, in order to achieve their objective, internal controls need to be effective.

Organisations face various forms of risks which include physical and operational, human resource, technological, financial and compliance risks (King II, 2002; Siswana, 2007). According to Siswana (2007:142) the development of risk management in the public service can prevent fraudulent activities if efficient internal controls are in place. However, these internal controls also need to be effective in order for them to achieve their objectives. Risk management as an internal control measure is central in supporting good governance, effective risk management can enhance good corporate governance (Siswana, 2007).

1. Risk management culture

The strategy must be used to determine the skills required of managers and staff to improve controls and manage the risks. Risk management should be practiced throughout the company by all staff in the day-to-day activities according to their respective levels of responsibility (King Report, 2002:77). Therefore, risk management requires a team based approach, and should become the culture of the organisation. If the risk culture has become part of doing the business, it becomes the responsibility of everyone in the organisation to practice risk management (Freer, 2002). Managing risk in an integrated approach ensures that internal controls are not weakened. Risk must be managed in an integrated approach, because failure to do so weakens internal controls in an organisation (COSO, 2009). Therefore the process outlined below should be followed in dealing with organisational risk.

2. Risk Assessment

Risk management acknowledges that all activities within an organisation involve an element of risk. Risk identification, risk analysis and risk prioritisation are key elements of risk assessment. The management must decide the company's appetite or tolerance for risk. This can be done by objectively assessing the risks that may prevent a particular activity from meeting its objective (Barret, 2001). Risk analysis enables an organisation to understand the nature of the risks that it faces, including how they come to exist, whether they can or should be controlled and how they can produce a loss or gain.

The National Treasury (2010) requires accounting officers to ensure that a risk assessment is conducted regularly to identify emerging risks of the institution. Risk assessment should be ongoing with processes such as risk identification and analysis being repeated as often as necessary (Freer, 2002). In undertaking risk assessment, the organisation needs to consider the nature and complexity of its processes.

Control activities include policies and procedures established and implemented to assist in ensuring the risk response. These activities include for example, approvals, authorisations and verifications. It is critical to perform a comprehensive risk assessment.

(a) Risk identification

Risk identification, involves, what is at risk and from what sources. This element includes the processes by which an organisation points identifies internal and external risks (Gerrit, 2009. This could include identifying the potential for corruption and developing approaches to minimise the risk of it occurring. The culture of the organisation should encourage all employees to contribute to the identification and analysis of risk. In identifying the source of risks, it is critical to understand the forces that impact on the organisation.

(b) Risk analysis

This refers to a process through which an organisation is able to understand the nature of the risks that it faces, including how they come to exist, whether they can or should be controlled and how they can produce a loss or gain (Siswana, 2007). This process involves determining the consequence of the risk.

(c) Risk prioritisation

Once a risk has been identified and analysed, an organisation needs to decide on its tolerance for such risks. Further, the organization needs to determine the tolerance level to that risk and the extent to which it wants to assume them (Siswana, 2007). Management should decide what constitutes an acceptable level of risk. The level of risk tolerance should be established by top management, and reviewed on a regular basis. This is important for determining the appropriate resource to manage the risk.

The other elements of risk assessment include monitoring of the risk management process and the dissemination of information and communication. These are discussed below.

(d) Monitoring of the risk management process

Risk assessment and the effectiveness of internal control systems should be evaluated objectively (King II, 2002:79). Monitoring is implemented to ensure that internal control continues to operate effectively (COSO, 2009). The continuous monitoring of processes and procedures will assist in identifying any changes in risks and ensure the effectiveness of internal controls. Therefore, failure to monitor risks could adversely affect the strategic objectives of the organisation. If risks are regularly monitored, the organisation should be able to react appropriately to the risk. Continuous monitoring includes regular management and supervisory activities. The management response to risk could include avoiding, accepting, reducing or developing a set of actions to align risks with the organisation's risk tolerances and risk appetite (Blackwood, 2009).

(e) Information and communication

Information and communication are equally important for risk management. Accurate relevant information should be identified, captured and communicated in the form and timeframe that enable people to carry out their responsibilities (Ramaswamy, 2005). The information must be accurate, complete, consistent and transparent. The information should flow down, across and up the organisation

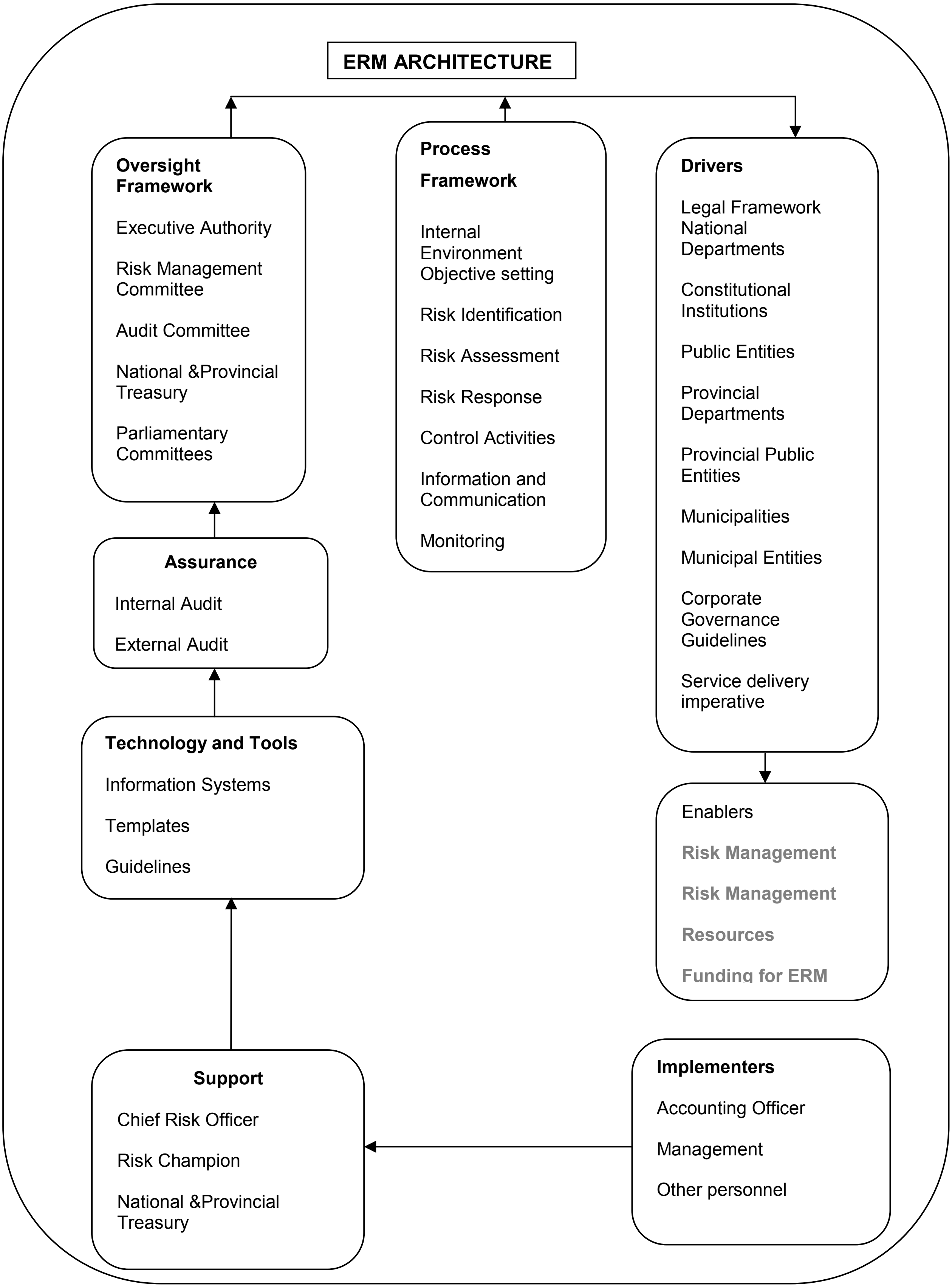
(Kotter, 1996). Top management must make it clear to all employees that control responsibilities must be strictly adhered to. This aims to ensure that employees are aware of their control responsibilities and are aware of proper procedures for reporting suspected improper conduct (Ramaswamy, 2005).

(3) Public Sector Risk Management Framework

Risk management is relatively new in the public sector. The PFMA obliges accounting officers to maintain efficient, effective and transparent systems of financial and risk management and internal control. Risk management seeks to identify, assess and measure risk and then develop measures to handle the risks (National Treasury, 2010:4). Fraud prevention plans should be informed by risk assessment (Kroukamp, 2006).

The National Treasury (2010:51) defines risk management as a continuous, proactive and systematic process, effected by a department's executive authority, accounting officer, management and other personnel, applied in strategic planning. The National Treasury (2010) recognises fraud risk management as the integral part for strategic management. This is clear from the risk framework for the public sector departments illustrated in figure 3.1 below. This framework, based on the COSO framework, strives for the application of risk management throughout the organisation rather than only in selected business areas. The framework embraces the risk management principles as championed in the King Report (2002). This model attaches importance to all the disciplines of the organisation. The framework indicates a paradigm shift from the financial focus to a service delivery risk orientation which is important for the government and the citizens.

Figure: 3.3: Public sector risk management framework



Source: National Treasury (2010)

While Siswana (2007:40) points out that the public service is faced with the challenge of managing risk in an integrated approach rather than a fragmented approach, the framework outlined in figure 3.3 responds to the challenge by providing a framework for managing risk in a comprehensive and integrated manner (National Treasury, 2010:15).

(4) Fraud prevention plan

In the public service, the Treasury Regulations (2005) requires departments to develop a risk management strategy, which should be accompanied by a fraud prevention plan. The National Treasury (2010: 51) recognises fraud risk management as an integral part for strategic management. Fraud and corruption plans should be underpinned by risk assessment. Fraud prevention plan is a key element in of an effective and efficient internal control system (Gloeck and de Jager, 2005). The development of a fraud prevention plan requires an inclusive process that needs to be communicated to all employees (Gloeck and de Jager, 2005). It is also critical that employees are trained on the implementation of the fraud prevention plan. According to Gloeck and de Jager(2005) increasing visible deterrents such as warning signs, reference checks on employees, training can minimise occurrence of corrupt incidents

3.4.3 Audit committee

The audit committee is one of the cornerstones of good corporate governance. Therefore efforts need to be made to improve the effectiveness and independence of the audit committee. The King Report (2002) recommends a system of internal audit that is under the control and direction of the audit committee for effective corporate governance. In the public service, the PFMA (1999) also enjoins the accounting officer to ensure that a department has and maintains a system of internal audit under the control and direction of the audit committee. The audit committee should provide independent external comment to management on the standards, quality and coverage of internal audit (Van der Nest *et al*., 2008). The separation of the internal and external audit functions is essential because to proper corporate governance since the one acts as a system of checks and balances in respect of the other.

Academic literature demonstrates a clear benefit of having an independent, diligent and expert audit committee in an organisation. The main purpose of the audit committee is to:

(a) Determine the designed and implemented management systems;

(b) Determine compliance in a public institution with the required reference standards;

(c) Evaluate the corrective actions required;

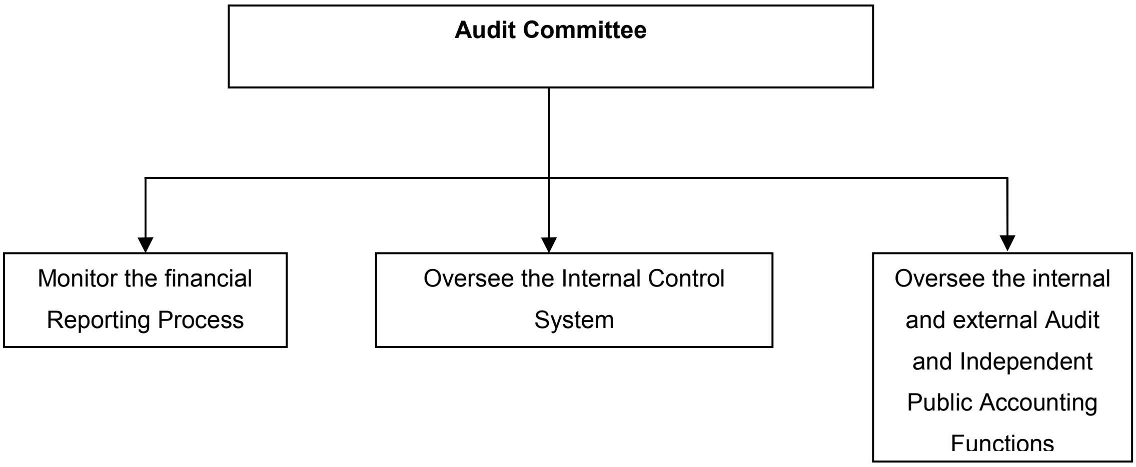
(d) Eliminate the deficiencies to prevent non-conformities; and to

(e) Highlight the improvement opportunities of these systems functionality (Van der Nest, *et al.,* 2008).

Audit committee can be a critical component in ensuring quality reporting, control and proper identification of and management of risk (Hermanson and Rittenburg, 2003:50; Van Der Nest, *et al*., 2008:545). Auditors verify essential information on organisation performance and risk management. The audit committee is appointed to assist the board in discharging its duties relating to safeguarding of assets, operation of adequate systems, control processes and preparation of accurate financial reporting and statements in compliance with all legal requirements and accounting standards (Wixley and Everingham, 2002:61).

The King Report (2002) recommends that the majority of the members of the committee must be coming from outside of the organisation. Van Der Nest, *et al*., 2008 points that this will support the promotion of the independence of the audit committee. The independence of the audit committee is regarded as key to achieving a balance in the relationship between the auditor and management. According to Tlakula (2005), there must not be relations between the accounting officer and the auditors in order to ensure independence. This will also ensure that the audit committee that adds value to the organisation. Independence of auditors is critical for good corporate governance. Tlakula (2005) submits that long service and conflict of interest can dilute the independence of the auditor. Therefore, it is necessary to ensure that there are no links between the organisation and the members of the audit committee. According to Krishnan and Lee (2009), stronger boards are likely to appoint high quality audit committees. According to Lubbe (2008) one of the qualities is the financial expertise of the audit committee members. In the public service this function is performed by the accounting officer. The audit committee plays a vital role in financial and operational controls in the whole system of corporate governance. Figure 3.4 below summarises the main functions of the audit committee.

Figure 3.4: Functions of the Audit Committee



Source: Hermanson and Rittenburg, (2003:50)

The main role of the audit committee is to give a report on the view presented by the financial statements prepared by the managers and the weaknesses observed during the audit (Jeffrey, 2008). According to Van der Nest (2005) an effective audit committee can significantly increase the integrity and efficiency of internal control, financial reporting and the audit process. The detection of fraud and errors are incidental to the functions of the audit committee. The audit function may also prevent the commission of fraud and errors by the deterrent and moral check that it imposes on employees (Krishnan and Lee, 2009). Limited role of auditors in an organisation is among the reasons advanced for poor corporate governance (Tlakula, 2005). According to Agrawal and Chadba (2005) it may be hard for an audit committee to detect any fraud or accounting irregularities in a short time. Van der Nest (2005) highlights the fact that public sector audit committee members face special challenges because of the uniqueness of the public sector entities.

In the public sector, the PFMA incorporates the principles of King II Report in particular with regard to internal controls, risk management, the audit committee and internal audit. The office of the Auditor General is tasked with the responsibility to indentify weaknesses in internal controls as well as the strategy for awareness about the fraud and corruption strategy and acceptable standards of conduct.

3.4.4 Code of ethics

However, Whitton (2001) is of the view that a code that is only concerned with prohibiting conflict of interest, encouraging forms of impartiality and service to the public is not sufficient.

Corporate governance is shaped by ethics, morals and values of employees in an organisation (Webster, 2002; Barac; 2003; Dassah 2008). Ethical business practices are important aspects of corporate governance (Hough *et al*., 2008; Webster, 2002). Ethics is the foundation on which managers should base their decisions (Smit, *et al*., 2007).

Ethical standards in any organisation are the cornerstone of corporate governance. Ethics refer to a set principles, norms and standards of conduct governing an individual or group (Raga and Taylor, 2006). This definition suggests that ethics deal with character, conduct and morals of human beings. Sullivan (2009:43) defines ethics as a set of principles and values by which a company defines the very nature of its mission and operations guiding the behaviour of its board members, management and employees of all levels.

Ethics is a distinct managerial concern that must be addressed by management at all levels of the organisation (Kell, 2006). Every organisation should identify and address ethical problems it faces. Creating a culture of ethics in an organisation can best be accomplished by the adoption of a values-based code of ethics (Rossouw, *et al*, 2002; Sullivan, 2009). The code of conduct, if implemented effectively can reduce risks and promote positive attitudes, employee morale and productivity (Kell, 2006). Although codes of ethics cannot guarantee good corporate governance, they are necessary at least to create an environment that is intolerant of corruption.

Therefore, code should be sufficiently detailed in order to provide clear guidance to all managers, employees and agents of the organisation.

The areas which have a bearing on ethics are discussed below.

(a) Entrenching a culture of ethics

Organisational culture is created by the attitudes and prejudices of the people that work in and with the organisation. Culture of corporate integrity is critical to preventing corruption (Gold and Dienhart, 2007). Sullivan (2009) rightly points out that a pursuit of a culture of ethics cannot be a one-time event. A code of ethics is a blue-print for developing a culture of values in an organisation. The ideal time to entrench the culture of ethics in an organisation is when the individuals and the organisation are unanimous in their commitment in the attainment of this goal. An organisation has to nurture its own internal culture of ethics in order to rise above the challenges of operating in weak governance zones. Hence Rossouw, *et al*., (2002) emphasise that all stakeholders of an organisation must act ethically in order for the ethics of business to succeed. Bhat (2007) submits that organisations need to reform themselves from within by creating strict standards governing behaviour of all officials in their various dealings. Sullivan (2009) believes that a culture of business is realised when it becomes a living part of everyday work of employees at all levels of the organisation.

A code of ethics plays an important role in shaping the culture of the organisation (Raga and Taylor, 2006; Nayager; 2008; McCann, 2009). A code that has been well anchored in the organisation will also assist in cultivating a culture of honesty in organisation. Organisations have to demonstrate commitment to ethics by developing and implementing a code of ethical practice that will guide decision-making by employees and other stakeholders of the organisation (King II Report, 2002). A code should be underpinned by ethical principles such as, transparency, fairness, honesty, accountability and responsibility. The code of ethics should cover probity, and propriety, selflessness, objectivity and honesty (Hough, *et al*., 2008). Hence, McCann (2009) warns that the ethics code cannot serve as a "flu shot" to prevent a problem, nor can the code be used as an "antibiotic" to cure an ethics problem. To this end, Labuschagne and Els (2006) caution that it is not enough for an organisation to have a code of ethics and that it needs to create a holistic workplace culture that enables the employees to operate according to the code of conduct. The code of good conduct provides a suitable climate for an ethical culture to thrive and promote a professional ethos among public officials (Raga and Taylor, 2006). According to Ramaswamy (2005), it is necessary to have well defined recruitment policies that result in honest, well qualified employees.

Webster (2002) writes that ethical practices are regarded as more and more as important aspects of corporate governance. Business activity should be premised upon integrity which is one of the cornerstones of business operations (Rossouw, *et al*., 2002). According to Gold and Dienhart (2007), the fight against corruption is only possible through serious commitment by all parties to an ethical culture. According to Webster (2002) addressing the issue of ethics becomes easy after an appropriate organisational culture has been cultivated.

The entrenchment of ethics requires leadership and organisation wide commitment to adapt and embody a company's ethical values in all decisions and operations. Perceived and observed behaviour by senior managers sets the tone throughout organisation and shapes the identity of the organisation (Shacklock and Lewis, 2006; Sullivan, 2009). The standards of behaviour should be accepted by all employees to ensure openness, integrity and accountability of everyone within the organisation (Dassah, 2008). However, ethics should not be prescribed in a top down rigid approach as this will not bear fruits. They should be an integral part of the organisation's overall culture. Shacklock and Lewis (2006), indicate that ethical leadership requires a range of skills in order to be accepted as fully operational. These requirements would include concentration on value based leadership, leading from the top, ability to engender the culture the ethical culture and ethical decision making.

According to Sullivan (2009), ethics is not an issue of compliance but it is about doing business right. Integrity is dependent on the personal standards and professionalism of the individuals within the organisation. Attributes of an ethical corporate culture are a sense of employee responsibility, freedom to raise concerns, ethical behaviour and expressing the importance of integrity. An organisation that is strong on integrity will benefit from an ethical workforce as is illustrated in figure 3.5 below.

Figure 3:5: Corporate governance-Ethics Matrix

		CORPORATE GOVERNANCE FRAMEWORK	
		WEAK	**STRONG**
ETHICAL	**WEAK**	Focus on overcoming system corruption	Focus on building an ethical organisation
	STRONG	Focus on improving Corporate Governance Framework	Focus on compliance, Disseminating Best Practice Experience

Source: Sullivan: 2009:4

Figure 3.5 demonstrates organisation that aims to have high levels of ethical culture. An organisation that strives for high ethical standards does not have to commit extensive resources for fighting corruption. Gold and Dienhart (2007) submits that being ethical has become profitable for organisations. If an organisation has high integrity, conduct on the part of the executive, management and employees will be characterised by adherence to ethical standards, compliance with regulations and promotion of responsible core values of honesty, fairness and trustworthiness (TI, 2009).

(b) South African public service ethics

Barrett (2004) submits that the public service has the citizen centric, organisational and performance perspective. It is therefore necessary that public officials perform their work with these perspectives in mind at all times. Ethics, professionalism and leadership are fundamental in preventing corruption in the public service (Dassah, 2008:37). Taylor and Raga (2006) advocates for South Africa an organisational culture that not only supports ethical behaviour. These authors point out that it is necessary that the culture of ethics defines and underpins right and wrong conduct at an individual level. It is argued that if this is achieved good ethical conduct will be easily simulated at the institutional level. According to Johnston (2004:37) an organization may have high standards of governance and accountability, but it needs an incorruptible public service that can enforce them.

Section 195 of the Constitution, (1996) also lays down the values and principles that govern public administration. Public servants must be professional, capable and be of high integrity (CIPE, 2008b). The values and principles highlighted by the Constitution (1996) include high standards of professional ethics, transparency, accountability and fair, equitable and impartial provision of services. The quality of public servants is critical in governance. According to Johnston (2004) in order to prevent corruption, the public service needs strong public service ethics in an effective public service. Therefore, the public service needs to attract the brightest, armed with integrity and give then responsibilities in their areas of competence.

A strong public service is the best guarantee against corruption that undermines effectiveness and integrity of democracy (Johnston, 2004).

Webb (2008) advocates that departments should promote a culture of ethics in government agencies. The code of conduct for the public service prohibits any employee from using his or her public position to obtain private gifts or benefits for himself or herself during the performance of his or her official duties or from accepting any gifts or benefits when offered as these may be regarded as bribes (Public Service Commission, 2002). Senior managers should also declare gifts received from anyone excluding family members when the value of gifts from a single source which cumulatively exceeds the value of R350 in the relevant 12 month period (DPSA, 2001).

Better governance quality cannot be achieved by prescription of good laws and proper enforcement only. Codes are unlikely to be effective unless they are advertised and easily accessible to employees (Raga and Taylor, 2006; McCann, 2009). Raga and Taylor (2006) submit that ethics can contribute to a promotion of positive image of the public service. A code of ethics should set the right tone at the top by promoting ethical and professional conduct. Furthermore, ethics should establish the moral structure for the entire organisation. McCann (2009:24) suggests that it is important to create an integrity system that has a genuine meaning for and influence upon the public sector in all its diversity. On the one hand, CIPE (2008b) submits that it is not enough to have a code of conduct and that it is still necessary to create a holistic ethical workplace culture that enables employees to operate according to the code.

High ethical standards are especially important in the public sector because they are key to credibility and can lead to increased credibility for government agencies and political leaders (Gold and Dienhart, 2007). Labuschagne and Els(2006) submit that if the code gives guidance on what constitutes unethical behaviour, it will assist employees in making a decision regarding whether a particular conduct is permissible or not.

3.4.4.1 Ethics Training

Raga and Taylor (2006) submit that the code of ethics, adherence to principles and appropriate training can make a difference in the ethical dilemmas of public officials. It is necessary to transform the South African public service from compliant-based to results-oriented service organisation (Dassah, 2008). Government departments have a code of conduct, which has been developed by the Department of Public Service and Administration, South Africa. A code of conduct usually set out standards of conduct expected in realistic circumstances, representing the organisation's required interpretation of the core values, A code of ethics is a general statement of core values which define professional role of the public service such as integrity, accountability, responsibility and trustworthiness(Whitton, 2001). However, it is always a challenge that people adhere to the code (McCann, 2009). Training is very useful to increase awareness, desire and knowledge of the need to institute a corruption prevention programme (Reiger, 2005).

Raga and Taylor (2006) attribute the failure of ethical codes to achieve the desired results to failing to inculcate in the public and public officials particular dispositions, attributes and virtues to guide human conduct. This suggests that ethics need to be taught and practiced. Therefore, merely having the code will not make the organisation ethical without enabling employees to operate according to the code of ethics. There has to be continuous education in the appropriate ethical behaviour based on accepted values, norms and morals. The education would ensure that the public officials' first duty is towards the communities of which they are members and would be a great help to combat unethical and corruptible behaviour (Dassah, 2008). A code of ethics cannot work on its own (Dassah, (2008); Balia, (2005). This means that a code should be actively promoted in the entire organisation in order for it to be effective. Tighter controls, better supervision and on-going skills training for public servants and officials will reduce corruption (Grobler and Joubert, 2004).

All employees must be specifically trained to recognise and solve the unique ethical problems of their work and prepare them to anticipate the problems and how to deal with them (McCann, 2009). Tlakula (2005) cautions that it is possible to adhere to the letter of the code of good business conduct and still violate some ethical principles. As such, special training can prepare the employees to anticipate the ethical problems and deal with them appropriately. Appropriate training can also contribute to the creation of a positive work environment where unethical conduct can be easily reported (Ramaswamy, 2005; Reiger, 2005). Training should address matters such as why the code exists and what its contents are (McCann, 2009). Training should be complemented by other improvements such as improved quality of recruitment, selection and training.

Ethical training can help on developing an atmosphere of transparency and stewardship among a firm's and bureaucracy's employees (Dassah, 2008). It can help on communicating more clearly the conflicts of interest unique to specific sectors and countries (Lambsdorff and Nell, 2006).

3.4.5 Whistleblowing

Whistleblowing involves the act of reporting wrongdoing within an organisation to internal or external parties (Eaton and Akers, 2007). Internal whistleblowing entails reporting the information to a source within the organisation, while external whistleblowing takes place when the whistleblower takes the information outside the organisation (Eaton and Akers, 2007; Krishnan, 2004). Whistleblowing refers to the disclosure of information that one reasonably believes to be evidence of contravention of any laws or regulation or information that involves mismanagement, corruption or abuse of authority ((Bhat, 2007; Seng, 2007; Krishnan, 2004:5). This mechanism is argued to be an effective mechanism in the timely detection of fraud, and to lower the incidence of corruption (Yin, 2003; Van Vuuren, 2004). This is particularly important where fraud, corruption and malpractice undermine the internal controls and employees possess a wealth of information about the operations of the organisation. This tool is recognised internationally as an effective tool to fight unethical conduct in organisations (Krishnan, 2004).

Whistleblowers play a key role in reporting incidents of unethical or illegal behaviour (EBRD, 2006). According to Krishnan (2004:5), the guts and high moral responsibility of whistleblowers demonstrate that whistleblowers can play a critical role in fighting loose ethics and slack corporate governance. Effective whistleblowing system should act as deterrent to malpractice, encourage openness, promote transparency underpin risk management systems of the organisation and help protect the reputation of the organisation and senior management (Yin, 2003). This will include defining whistleblowing to include reporting of lapses in integrity and honesty. A good internal whistleblowing system serves in the timely detection of fraud, permitting the organisation to correct the wrongdoing and minimise the costs of fraud, and increases the likelihood of internally reporting wrongdoings allowing management to avoid the negative costs of external whistleblowing which may be highly damaging to the organisation's reputation (Eaton and Akers, 2007).

An effective whistleblowing system should have a policy and make it known to all employees. The policy should encourage whistleblowing, include examples of misconduct to which the policy applies, a statement promoting anonymity, consequence of false reports, reporting channels and investigation procedures (Bhat, 2007). A whistleblowing policy must disclose the laws protecting whistleblowers. Organisations prefer whistleblowers to exhaust all internal procedures and possibilities before going public. Therefore the whistleblowing policy should encourage internal reporting of corrupt activities. Whistleblowers should be able to report to someone well above the normal reporting lines in the organisation.

The following areas of whistleblowing need exploration:

(a) Whistleblowing Culture

Setting the right culture and a supportive whistleblowing culture promotes whistleblowing (Fels, 2003). However, accepting the culture of whistleblowing requires strong leadership from the top and senior management. Whistleblowing must be accepted as a cultural landscape of the organisation (Krishnan, 2004). If the culture of the organisation is not conducive for individuals to raise concerns about corruption, employees will assume that they risk retaliation or victimisation (Yin, 2003; Bhat, 2007).

The prevention of corruption requires improved access to reporting wrongdoing, protection of whistleblowers and effective hotlines (Kroukamp, 2006). However, Yin (2003) warns that a hotline should not be viewed as a substitute for effective whistleblowing policy. A good whistle-blowing policy should state reportable wrongdoings in order to promote understandability and reduce unfounded complaints.

(b) Protecting whistleblowers

Protecting whistleblowers is considered as a big step in raising the standards of corporate governance (Yin, 2003; Harper, 2006). Therefore, in supporting the culture of whistleblowing, employees should be assured of protection. Whistleblowers also have the responsibly to make the disclosure in good faith (McCann, 2009).

Seng (2009) recommends incentives for employees who make disclosures on corrupt behaviour rather than it be left to the employees to be seen whether they will in any case choose to make disclosures out of moral obligation or to do as their conscience dictates. According to Eaton and Akers (2007), without incentives, there seems to be little willingness or motivation for people to come forward and blow the whistle. Unless the whistleblower is protected, it is difficult for people to speak up. According to the Kell (2006) the importance of safe and effective whistleblowing procedures cannot be under-estimated.

(c) Effective implementation of whistleblowing

An effective whistleblower process for safely reporting unethical conduct is essential to preventing fraud and corruption in an organisation. Weak implementation of whistle-blowing policies could decrease the communication of reported wrongdoings and discount the credibility of information (Yin, 2003). Therefore, organisations need to put in place effective hotline channels for the use of such employees. Effective whistleblowing policies alone are not sufficient to promote whistleblowing. It is important to have to have good communication and training on the aims and benefits of whistleblowing. The policy will not be effective unless it is communicated to employees, customers, and the public (Eaton and Akers, 2007).

(d) Whistleblowing in South Africa

In South Africa whistleblowing is encouraged through the Protected Disclosures Act 26 of 2000. This legislative framework provides for disclosing, protection and remedies for employees from occupational detriment occasioned by making a protected disclosure. However, there appears to be an assumption that a person's identity will have to be revealed when making a disclosure. This may weigh heavily on those wishing to make disclosures. This is a very general protection, which has no guarantees of returning to work in the event the case being decided in the favour of the employee. Currently the whistleblower may have to risk dismissal and have to bring a claim in court which may take many years to be heard. Ethics awareness campaign must encourage confidential reporting along line management. They should also be given an option to remain anonymous when they contribute.

3.5 Conclusion

This chapter outlined the enablers of effective corporate governance. Corporate governance setting in the South African context is discussed. The chapter discusses the king Report (2002) on Corporate Governance, and places emphasis on the stakeholder model which distinguishes the South African corporate governance model from models of other countries. Mechanisms that support corporate governance such as risk management, internal audit function, the audit committee, whistleblowing and the code of ethics were highlighted. This is in line with the approach recommended by Kaufmann (2002) that it is necessary to have a comprehensive system of prevention of corruption.

The literature also demonstrated that although corporate governance is not a cure for all corporate ills, it can be effective in exposing, reducing or even preventing corruption. It can be concluded that corruption happens across countries, and that while it knows no culture, no culture condones it (Lambsdorff and Nell, 2006). A new mindset and culture of zero tolerance to corruption needs to be created among all employees and all stakeholders. Leadership by example is required in order to achieve the level of an organisation that complies with the elements of good corporate governance. Raising the standards of corporate governance leads to improved public services.

The next chapter explains the research methodology that was adopted in determining the effectiveness of the governance in the DOJ&CD.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

In the previous chapter the researcher gave a detailed literature review on investigating the effectiveness of governance systems to manage corruption in organisations. This chapter provides details on the research methodology that was applied in this research study. Sub-topics that are covered include quantitative method, design, population and sampling, data collection methods, data analysis techniques, reliability and validity and ethical considerations.

The researcher adopted a predominantly quantitative approach to solicit information from respondents in the DOJ&CD at the administrative head office in Pretoria. Quantitative approach was chosen since the main objective of the study was to understand or learn how many people in a population share particular characteristics or prefer a particular idea, using direct and easily quantifiable questions. Further information on choosing this approach is given below.

4.2 Quantitative Method

The functional or positivist paradigm that guides the quantitative mode of inquiry is based on the assumption that social reality has an objective ontological structure and that individuals are responding agents to this objective environment (Morgan & Smircich, 1997). Quantitative research involves counting and measuring of events and performing the statistical analysis of a body of numerical data (Smith, 1988). The assumption behind the positivist paradigm is that there is an objective truth existing in the world that can be measured and explained scientifically. The main concerns of the quantitative paradigm are that measurement is reliable, valid, and generalisable in its clear prediction of cause and effect (Cassell and Symon, 1994).

Being deductive and particularistic, quantitative research is based upon formulating the research hypotheses and verifying them empirically on a specific set of data (Frankfort-Nachmias and Nachmias, 1992). Scientific hypotheses are value-free in which the researcher's own values, biases, and subjective preferences have no place in the quantitative approach.

The strengths of the quantitative method are that the researcher is able to do the following:

(a) State the research problem in very specific and set terms (Frankfort-Nachmias and Nachmias, 1992);

(b) Clearly and precisely specify both the independent and the dependent variables under investigation;

(c) Follow firmly the original set of research goals, arriving at more objective conclusions, testing hypothesis, determining the issues of causality;

(d) Achieve high levels of reliability of gathered data due to controlled observations, laboratory experiments, mass surveys, or other form of research manipulations (Balsley, 1988);

(e) Eliminate or minimise subjectivity of judgment (Kealey and Protheroe, 1996); and

(f) Allow for longitudinal measures of subsequent performance of research subjects.

The weaknesses of the quantitative method include:

(a) Failure to provide the researcher with information on the context of the situation where the studied phenomenon occurs;

(b) Inability to control the environment where the respondents provide the answers to the questions in the survey;

(c) Limited outcomes to only those outlined in the original research proposal due to closed type questions and the structured format; and

(d) Failure to encourage the evolving and continuous investigation of a research phenomenon.

4.3 Research design

This research study is based on a survey design in addressing the defined research objectives. The research design provides an overall structure for the procedures the researcher follows, the data to be collected and the analysis the researcher conducts (Leedy and Ormrod, 2005). Survey research involves obtaining information from one or more groups of people using their opinions, attitudes or previous experiences (Leedy and Ormrod, 2005). This design method has the advantage of being able to generalise the findings from a large number of respondents, is generally less expensive and can be administered from remote sites using e-mail, standard mailing system or telephone. Details of survey applied in the study follows below.

4.3.1 Survey

The study was specifically conducted by means of a questionnaire that made use of open and closed questions which were completed by knowledgeable individuals and subject matter experts within the DOJ&CD based at the Administrative Head Office in Pretoria. The merits of choosing to use questionnaire survey for the current study are as follows:

(a) Many questions can be asked about a given topic giving considerable flexibility to the analysis;

(b) There is flexibility at the beginning phase in deciding how the questions will be administered that is whether by written, oral or by electronic means;

(c) Usually, high reliability is easy to obtain by presenting all subjects with a standardised stimulus and thereby eliminating observer subjectivity; and

(d) Very large sample sizes are feasible, making the results statistically significant even when analysing multiple variables.

However, the researcher was cognisant of the threats posed by this method. These threats include the following:

(a) It may be hard for participants to recall information or tell the truth about a controversial issue;

(b) Surveys are not very flexible in that they require the initial study design to remain unchanged throughout the data collection; and

(c) A methodology relying on standardisation forces the researcher to develop questions general enough to be minimally appropriate for all respondents, possibly missing what is most appropriate to many respondents.

4.4 Population and Sampling

In this research study, the population was made up of all DOJ&CD employees with the relevant knowledge to participate in the study. These include operational staff, managers, specialists and executive staff. These employees are located in all the regional offices of the DOJ&CD in South Africa and at the administrative Head Office in Pretoria. However, due to time and financial constraints, the researcher made use of a sample consisting of only employees from the administrative head office in Pretoria. The administrative head office in Pretoria was chosen because the researcher had the advantage of easy access to the respondents. Most employees in the administrative head office in Pretoria are furthermore assumed to be knowledgeable on issues pertaining to this research study. In order to have credible results, a minimum sample size of at least 100 respondents was targeted.

The first batch of semi-structured questionnaires was distributed randomly to operational staff and specialists. However, the second batch of questionnaires was distributed to senior managers and executives using the convenience sampling technique. Senior managers and executives were deliberately targeted in order to strike a balance between the views of the operational staff and those of the managers and executives which are presumably strategic in nature.

4.5 Data collection

A survey questionnaire was used as a data gathering instrument in this research study. This method was preferred in this study for the following reasons:

(a) Questionnaires are easy to analyse and most statistical analysis software such as SPSS, SAS and many more, can easily process them;

(b) Questionnaires are familiar to most people. Nearly everyone has some experience completing them and they generally do not make people apprehensive;

(c) They are less intrusive than other survey methods, like face-to-face and telephonic interviews; and

(d) Written questionnaires reduce interviewer bias because there is uniform question presentation.

However, questionnaires also pose negativity as described below:

(a) Structured questionnaires often lose the flavour of the response, because respondents often want to qualify their answers; and

(b) Questionnaires have a general low response rate which is a curse to statistical analysis.

4.6 Reliability and Validity

Questionnaires tend to be weak on validity and strong on reliability. The artificiality of the survey format puts a strain on validity. Since people's real feelings are hard to grasp in terms dichotomies such as "agree or disagree", which are only approximate indicators of what we have in mind when creating questions for the study. Reliability on the other hand, is a clearer matter. Survey research presents all subjects with a standardised stimulus, and therefore goes a long way in eliminating unreliability in the researcher's observations (Medina, 1998).

In order to ensure that the questionnaire was consistent, clear and free of any mistakes, an initial draft was tested to selected respondents in the administrative head office of the DOJ&CD in Pretoria. To further improve the effectiveness of the questionnaire and hence improve its reliability as a collection tool, the questionnaire was carefully worded using simple language with no ambiguities.

4.7 Data analysis

Since the nature of the data captured in this study was predominantly quantitative, the data analysis process adopted to analyse the corresponding data was as follows:

(a) The first part of analysis involved ensuring that all responses were received in good content quality;

(b) The second part involved data cleansing exercise to ensure the correctness of the data;

(c) Data was coded so that it could assume numeric form to facilitate statistical analysis;

(d) Data was captured on a spreadsheet in readiness for analysis;

(e) The data was therefore analysed using SPSS version 18 to assist in answering research objectives defined in Chapter 1. The hypotheses described in chapter 1 were tested using appropriate test statistics.

4.8 Ethical considerations

Ethics in research refers to the social code that conveys moral integrity and adherence to widely acceptable values in the research fraternity. Ethical considerations for the empirical section of this research included individual and professional codes of conduct observed during the development and conduct of the research. General ethical standards for research that were taken into account were commitment to honesty, an avoidance of plagiarism and respect for the dignity and confidentiality of the respondents. Steps to ensure adherence to research ethical standards included *inter alia* the following:

(a) **Permission**

Permission was sought from the Director General of the DOJ&CD, who is the accounting officer of the Department to use employees based in the administrative head office in Pretoria for this research study. The requisite approval to conduct the research study was subsequently granted.

(b) **Recruitment procedures or voluntarily participation**

All efforts were made in advance to communicate to the potential respondents that taking part in this exercise was voluntary and there were no potential consequences for those who choose not to participate. All e-mails related to the survey contained a clear narrative description of the purpose of the study, as well as a guarantee that the information provided would not be used for any purpose other than what had been stated.

(c) **Risk of harm in this study**

The researcher also ensured that respondents were not vulnerable to any form of harm such as physical and or psychological harm. The researcher made it a point that the research does not touch on personal issues that could compromise respondents' values, morals, and beliefs.

(d) **Confidentiality and anonymity**

Steps were taken to safeguard the confidentiality of records and any possibility of identifying the respondents' identities. The questionnaire was designed such that no names or any form of identity of the respondents were revealed. All communication with respondents was treated in the strictest confidence and participation or non-participation of respondents was not revealed to anyone.

4.9 Conclusion

In this chapter, the research design, quantitative method, population and sampling techniques, data collection method, reliability and validity and data analysis procedures were discussed. The chapter concludes with some ethical considerations. The detailed description of the research design and methodology provides a clear framework and parameters for the researcher to effectively conduct the empirical part of the research. The next chapter presents details the research results.

CHAPTER 5: RESEARCH RESULTS AND DISCUSSION

5.1 Introduction

In this chapter, the data on the governance system in the DOJ&CD to identify shortcomings and prevent corruption is analysed, and interpreted in detail. In order to have an easy understanding of the dataset, data is summarised using appropriate figures and tables. The analysis process undertaken is aimed at presenting the data in an understandable and interpretable way. This assists in discovering trends and relations according to the research aims defined in chapter 1.

The results obtained from the detailed analysis of the data are presented in this section. This forms the basis for the next section that deals with conclusion and recommendations.

5.2 Data analysis

The opinions of the respondents from the structured questionnaire pertaining to the analysis of governance system in the DOJ&CD to identify short comings and prevent corruption followed the procedure below before the final detailed statistical analysis was performed:

a) Data was initial captured on excel spreadsheet;

b) Data was thoroughly checked for accuracy; and

c) The data was then coded in SPSS version 18 in readiness for analysis.

The final stage involved a detailed statistical analysis. The details of such analyses follow below.

5.2.1 Statistical distributions

In order to have a clear understanding of the data, simple statistical distributions are presented below.

A total of 150 questionnaires were distributed to officials in the administrative head office of the DOJ&CD in Pretoria. Out of these 107 responses were received, providing a response rate of 71.3%. The analysis indicates that a large number of the respondents were females who contributed 60% to the total (Figure 5.1).

Figure 5.8: Distribution of respondents by gender

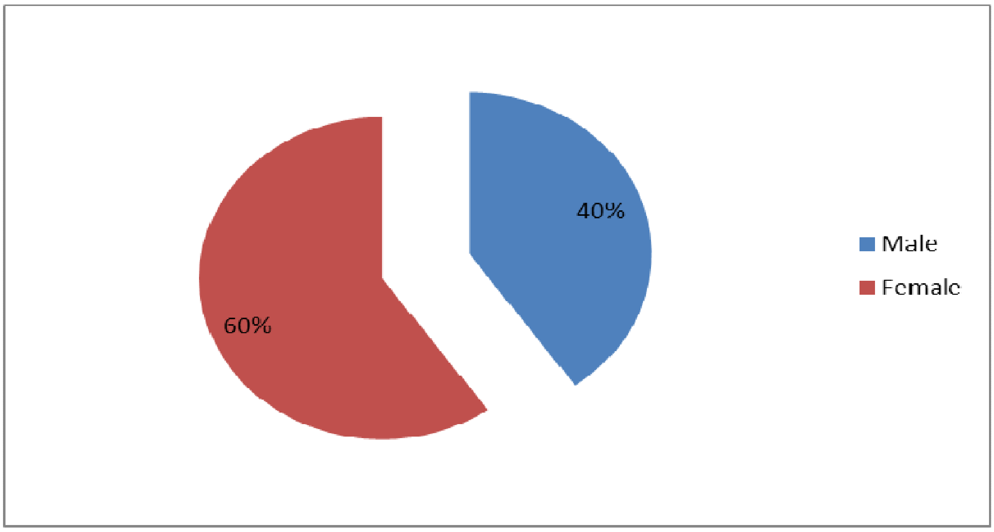


Table 5.1 below illustrates the distribution of respondents by race. The figure illustrates that most of the respondents were Africans who contributed about 68% to the total. Whites did not disappoint as well contributing about 23% to the total.

Table 5.22: Distribution of respondents by race

Race	Number	% Contribution
African	73	68.2
Coloured	4	3.7
Indian	5	4.7
White	25	23.4
Total	**107**	**100**

Figure 5.2 below illustrates the distribution of participants by age. The figure shows that most of the participants were between the ages of 30 to 49 years, contributing about 76.6% of the total number of people who took part in this exercise. About 9.3%

of the participants were below 30 years while only 14.1% of those who participated were 50 years and above.

Figure 5.9: Distribution of respondents by age

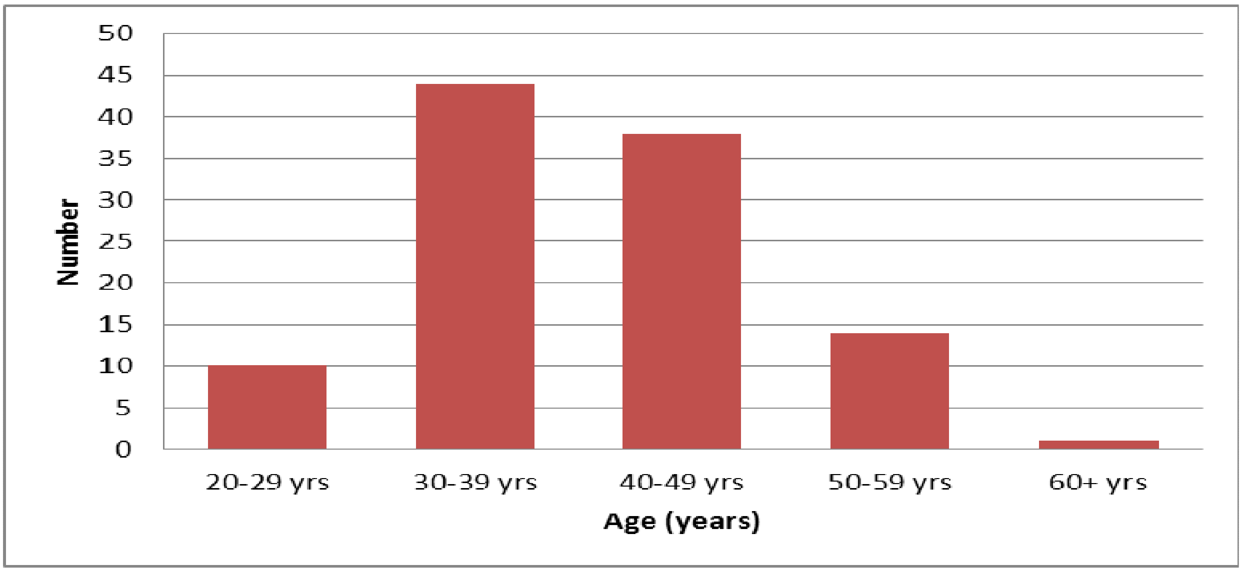


Table 5.2 exhibits the distribution of respondents by work experience in years. The table illustrates that most respondents (44.9%) had accumulated between 6 to 15 years of work experience. A significant 28% of respondents indicate that they have acquired more than 21 years of work experience.

Table 5.23: Distribution of respondents by work experience (years)

Experience (years)	Number	% Contribution
1-5 yrs	16	15.0
6-10 yrs	26	24.3
11-15 yrs	22	20.6
16-20 yrs	13	12.1
21+ yrs	30	28.0
Total	**107**	**100**

A distribution of participants by academic level is illustrated in Table 5.3. A remarkable 42.1% of the respondents were holders of a postgraduate degree while degree holders accounted for 37.4% of the total. Respondents who only went as far as matriculation level accounted for only 8.4% of the total.

Table 5.24: Distribution of respondents by academic level

Academic level	Number	% Contribution
Matric	9	8.4
Certificate	13	12.1
Degree	40	37.4
Postgraduate	45	42.1
Total	**107**	**100**

Distribution of participants by position at work is illustrated in Table 5.4. The table demonstrates that 27.1% of the total number of employees who participated in this study were either managers or executives in the DOJ&CD. Specialist weighed in with 32.7% to the total number of respondents.

Table 5.25: Distribution of respondents by position at work

Position	Number	% Contribution
Administration	33	30.8
Manager	26	24.4
Executive	3	2.8
Supervisor	10	9.3
Specialist	35	32.7
Total	**107**	**100**

5.2.2 Statistical analysis

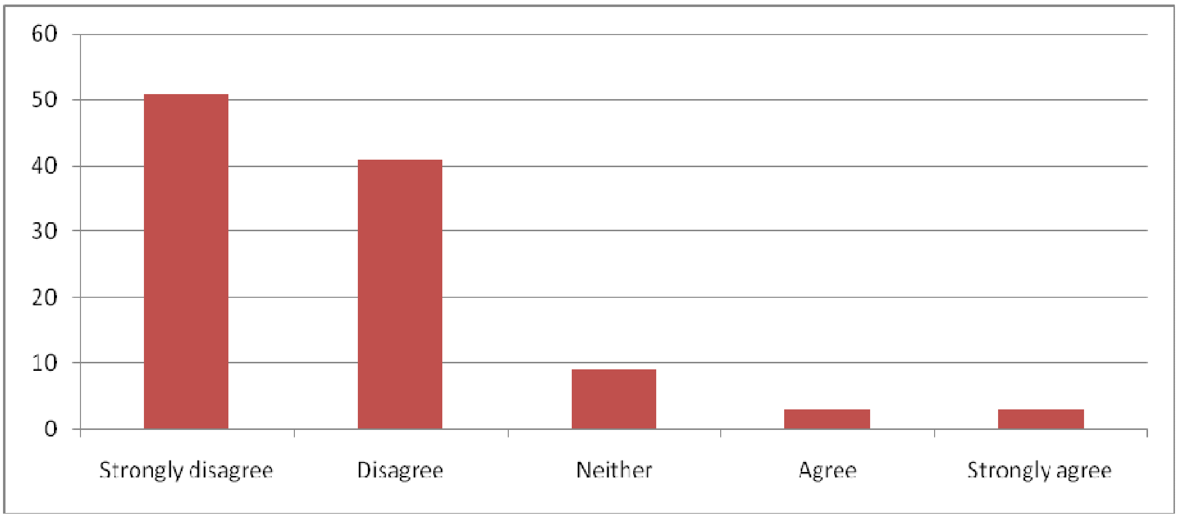
In accordance with the set objectives of this research study, detailed statistical analysis was performed in order to make informed scientific assessment of the situation on the ground. The analysis of the objectives follows below:

(a) Determine whether there are any corruption incidents in the DOJ&CD

Figure 5.3 illustrates the opinions of respondents on corruption incidents in the DOJ&CD. A remarkable 86% of the respondents were of the opinion that the DOJ&CD is riddled with corruption. An insignificant 6% suggested that there is little or no corruption in the DOJ&CD. Assuming that the respondents were objective in answering the questionnaire, the picture that emerges in this analysis is that DOJ&CD has high levels of corruption. Several reasons may be attributed to this phenomenon. These reasons may include flouting of rules, lack of integrity, poor remuneration and greed. The responses associated to fraud also indicate that the fraud and corruption prevention framework in the DOJ&CD is not as effective as it could be, and only provides a false sense of security.

The result obtained above on the corruption incidents in the DOJ&CD is in line with the theory which suggests that corruption is a universal problem. This scourge of corruption is more prevalent in developing countries (TI, 2009:6) such as South Africa. The widespread forms of corruption in the developing world include the misuse of public power, office or authority for private benefit, through bribery, extortion, influence peddling, nepotism, fraud, speed money or embezzlement (UNDP, 2004:6).

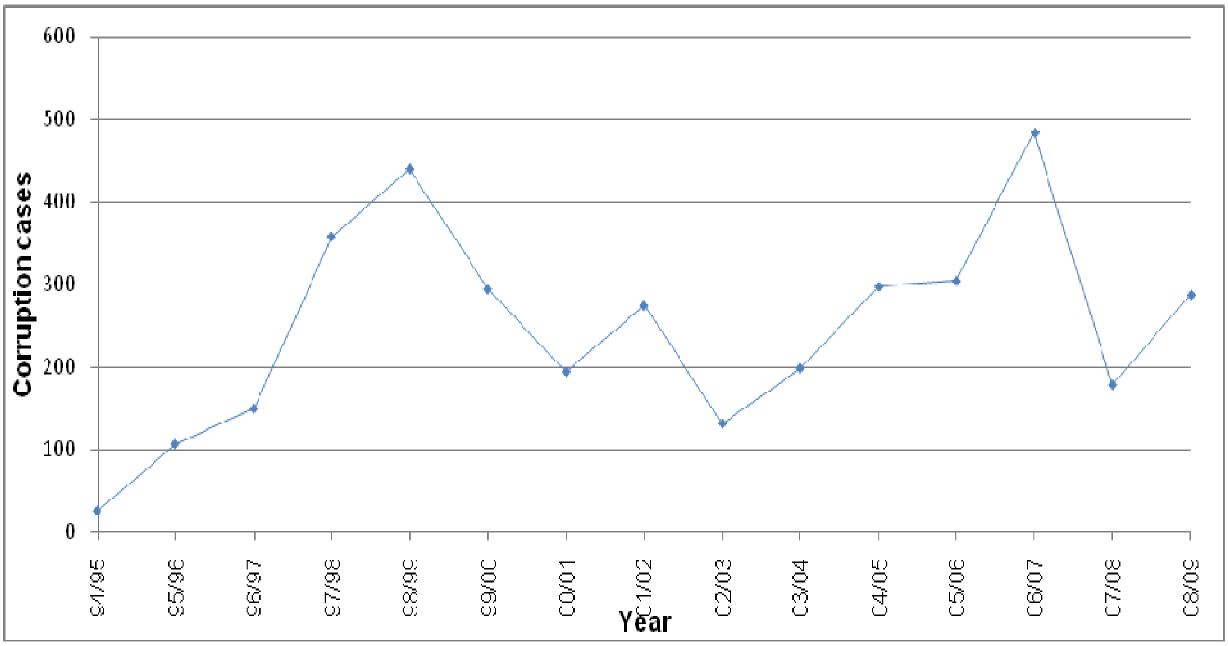
Figure 5.10: Views of respondents on whether there are NO corruption incidents in DOJ&CD



(b) To determine the trends of corruption incidents in the Department of Justice and Constitutional Development.

Figure 5.4 shows the total number of reported corruption cases in the DOJ&CD from 19994/95 to 2008/09 periods. Reported corruption cases in the DOJ&CD showed an increasing trend from 1994 peaking up in 1998/99 with 440 reported cases. Declining trends of reported cases subsequently followed from the period 1998/99 and recorded its least value of 131 cases in the year 2002/2003. The alternating increasing and decreasing trend in the number of corruption cases continued for the remainder of the period up to the year 2008/2009. It must be noted that for the entire period under review (1994 to 2009) corruption incidents in the DOJ&CD are on the increase. In the year 2006/2007 DOJ&CD recorded the highest number of corruption cases (484).

Figure 5.11: Number of corruption cases recorded in DOJ&CD



The perception of respondents on whether corruption incidents in the DOJ&CD have been on the decline in the past 5 years is demonstrated in Figure 5.5. The figure illustrates that a significant 61.8% of the respondents suggested that the corruption incidents in the DOJ&CD have not been on a decline for the past 5 years. Only 10.3% of the respondents suggested otherwise.

Corruption incidents in the DOJ&CD have been on an increase since 1994(Figure 5.3 and Figure 5.4.) despite introducing new governance systems such as the PFMA. The increasing corruption trend in the DOJ&CD can be attributed to poor governance which includes weak or ineffective internal controls, lack of transparency, ineffective accountability.

The result that was obtained in this study is in line with the findings of the research done by the Department of Public Service and Administration (2003) which gave an indication that corruption levels in South Africa have been on the increase post the apartheid era. The Department of Public Service and Administration (2003) study further more revealed that corruption is perceived as a critical problem which needs urgent attention.

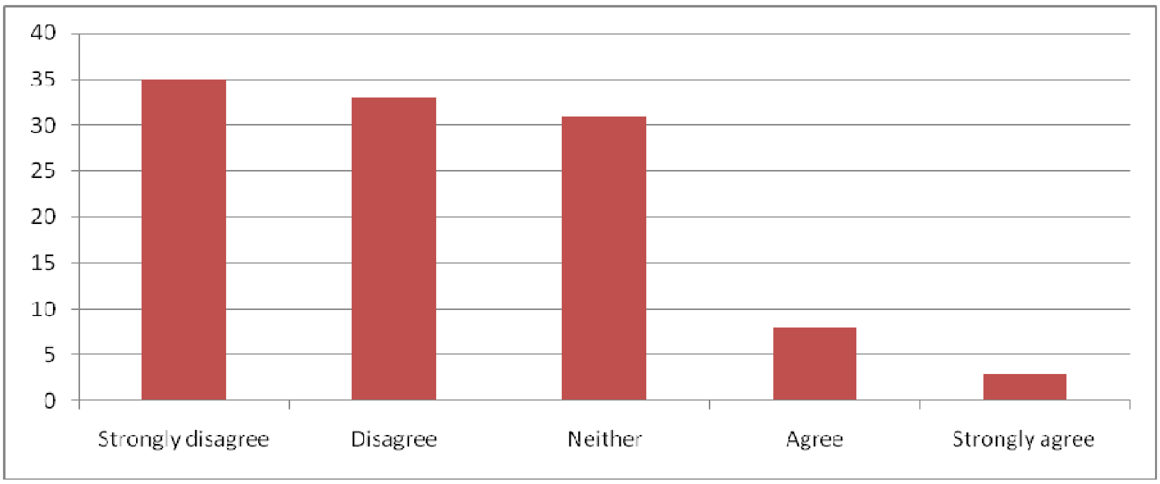
In a related study, Transparency International's Corruption Perception Index gave

South Africa a ranking of 55 out of 180 countries and a rating of 4.7 out of a score of 10. This is a decline of one position from 2008 when South Africa ranked 54 with a rating of 4.9. This is an indication that South Africa's corruption levels are on the increase.

The results of this study are also supported by Acquaah-Gaisie (2003), who states that corporate crimes are on the increase in South Africa. It is also believed that corruption is perceived to be prevalent in Africa than elsewhere (Punt, 2007:8). According to Priks (2007) corruption is a widespread phenomenon in both developed and developing countries which needs urgent intervention mechanisms to contain it. Punt (2007) shares the view that corruption is still widespread in Africa despite the efforts to fight it.

During hearings of the Parliamentary Standing Committee on Public Accounts on the 2008/2009 annual report of the DOJ&CD, concerns were raised that fraud and theft levels in the DOJ&CD were on the increase and that the DOJ&CD failed to comply with legislation and regulations under the Public Finance Management Act, 1999, the Treasury Regulations and the Public Service Act, 1994 and the Public Service Regulations. The DOJ&CD was described as a "sinking ship" because of incidents of irregular and wasteful expenditure, flouting of regulations and bonus payments without justification (Mkhwanazi, 2010).

Figure 5.12: Perception of respondents on whether corruption cases have been on a decline in the past 5 years within the DOJ&CD



c) Establish reasons for the occurrence of corruption in the DOJ&CD

The views of respondents on whether corruption incidents at the DOJ&CD are associated to poor remuneration are shown in Table 5.5. A considerable 57.0% of the respondents rejected the assertion that corruption incidents are influenced by poor salaries offered by the DOJ&CD. However, 20.5% of the respondents suggested that poor salaries are amongst some factors that influence occurrence of corruption. Most respondents who suggested that poor salaries are not the major cause of high incidents of corruption could have been managers who receive relatively high salaries in comparison to officials in low levels. On the other hand, lack of objectivity in answering the question on poor salaries as a contributory factor to incidents of corruption could have played a part in this.

Table 5.26: Views of respondents on whether corruption incidents at the DOJ&CD are associated to poor remuneration

Response	Number	% Contribution
Strongly disagree	20	18.7
Disagree	41	38.3
Neither	24	22.4
Agree	15	14.0
Strongly agree	7	6.6
Total	**107**	**100**

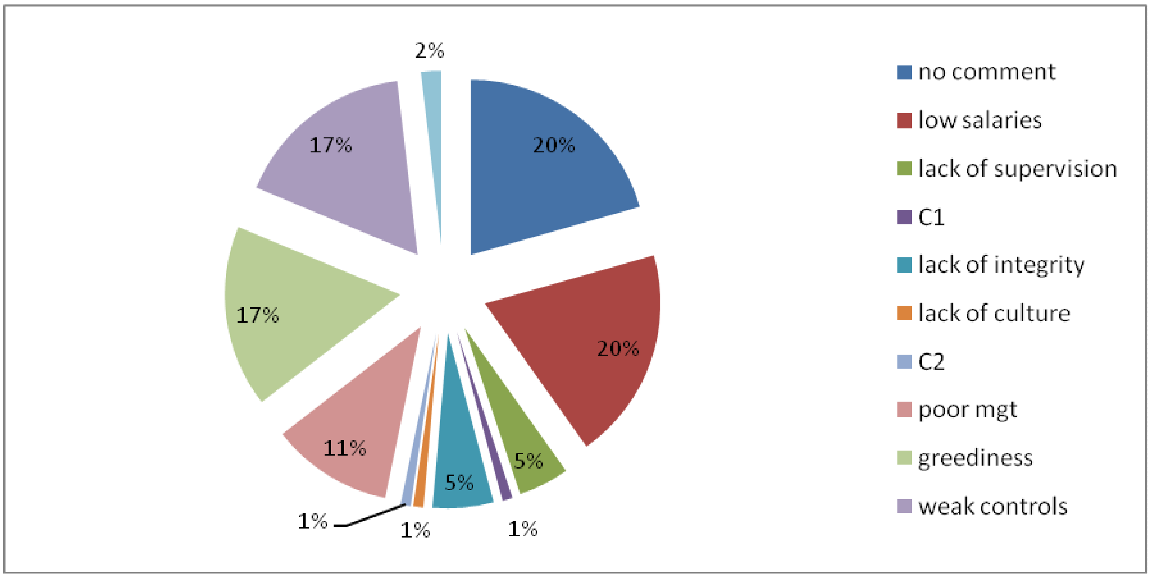
Perceptions of respondents on the vulnerability of the DOJ&CD accounting system and controls are illustrated in Table 5.6. A significant 61.7% of the respondents suggested that the vulnerable accounting system and weak controls are to blame for the occurrence of corruption in the DOJ&CD. A paltry 12.1% of the respondents had a different view point to the above perception. This is presumably based on past experience of the officials within DOJ&CD where the system has been manipulated to the benefit of corrupt employees.

Table 5.27: Perception of respondents on whether accounting systems and controls in the DOJ&CD are vulnerable to theft

Response	Number	% Contribution
Strongly disagree	3	2.8
Disagree	10	9.3
Neither	28	26.2
Agree	56	52.3
Strongly agree	10	9.4
Total	**107**	**100**

Respondents' suggested reasons for the occurrence of corruption in the DOJ&CD are illustrated in Figure 5.6. A lot of reasons were suggested by respondents. However, top of the suggested reasons included low salaries (20%), vulnerable accounting systems and weak controls (17%), greediness on the part of the officials (17%) and general poor management (11%). The suggested reasons for the occurrence of corruption in the DOJ&CD can be based on the internal information at the disposal of the officials. It can only be assumed that the officials were objective in answering this question.

Figure 5.13: Suggested reasons for the occurrence of corruption in the DOJ&CD



Based on the results on the reasons for the occurrence of corruption in the DOJ&CD above, it can be noted that the reasons for corruption incidents are related to weak accounting systems and controls, low salaries, greed, poor management and lack of integrity. These reasons are in tandem with the views of a number of authors reviewed in chapter 3 of this report. Mensah, *et al*., 2003 suggested that flourishing corruption, particularly in the public sector in the developing nations is attributable to institutional weaknesses with unethical behaviour as the cause. This can also includes weak internal controls and weak auditing standards. This is further supported by Wu (2005) who submits that poor governance breeds corruption. On the same note, Karras (1999) believes that increased autonomy of managers increase corruption and other unethical behaviour.

(d) Establish strengths and weaknesses of governance system in the DOJ&CD

The strengths and weaknesses of the governance system in the DOJ&CD are discussed in detail below:

(1) Risk management processes

Perception of respondents on whether risk management processes are well designed to prevent corruption in the DOJ&CD is illustrated in Table 5.7. A notable 38.3% of the respondents believed that the DOJ&CD's risk management processes are not well designed to deter corruption incidents. Nonetheless, 29.9% showed a lot of faith in the risk management processes. Respondents believed that these processes are well designed to prevent corrupt tendencies within the DOJ&CD. Based on the results above, and assuming that the respondents were objective, it is observed that the risk management processes in the DOJ&CD are not effective, particularly in preventing corruption incidents. Risk management processes in the DOJ&CD are not favourably viewed by the respondents probably due to lack of visibility and effective involvement of officials in their deployment. In order for a process to be effective in its objective, employees need to understand and own them. This may not be the case in the DOJ&CD.

Table 5.28: Perception of respondents on whether risk management processes are well designed to prevent corruption

Response	Number	% Contribution
Strongly disagree	9	8.4
Disagree	32	29.9
Neither	34	31.8
Agree	31	29.0
Strongly agree	1	0.9
Total	**107**	**100**

In this study it was discovered that risk management processes in the DOJ&CD are not well designed to achieve their objectives. This is not in line with the theory (Barrett, 2001), which suggests that an effective corporate governance framework must incorporate sound values and risk management processes that can provide a solid form on which a cost effective, transparent and accountable organisation can be built. In order to improve the management of risk in the DOJ&CD, time and effort need to be invested in mapping out risk processes that work properly and involve all the key functionaries in the DOJ&CD.

(2) Fraud control plan

The views of the respondents on the existence of a formal fraud control plan that discourages officials from engaging in corrupt practices in the DOJ&CD is demonstrated in Table 5.8. A notable 37.4% of the respondents concurred that a formal fraud control plan does exist in the DOJ&CD. However, 29.0% of the respondents suggested that the fraud control plan does not exist. Based on the result above, it may be deduced that DOJ&CD officials were involved in the development of fraud control plan and therefore would want to be associated with it.

Table 5.29: Perception of respondents on whether fraud control plan exist

Response	Number	% Contribution
Strongly disagree	5	4.7
Disagree	26	24.3
Neither	36	33.6
Agree	38	35.5
Strongly agree	2	1.9
Total	**107**	**100**

The National Treasury (2010) requires the accounting officer to have in place a risk management strategy which must include a fraud prevention plan. The accounting officer has an obligation under the Treasury Regulations to provide a certificate that risk assessment has been completed and that the fraud control plan is fully operational. The development of a fraud prevention plan requires an inclusive process that needs to be communicated to all employees (Gloeck and de Jager, 2005). It is also critical that employees are trained on the implementation of the fraud prevention plan. According to Gloeck and de Jager(2005) increasing visible deterrents such as warning signs, reference checks on employees, training can minimise occurrence of corrupt incidents.

(3) Effectiveness of fraud control plan to uncover corruption

Table 5.9 indicates the views that were expressed by the respondents on the effectiveness of the fraud control plan to uncover corruption. A considerable 39.3% of the respondents expressed dissatisfaction with the effectiveness of the fraud control plan to uncover corruption. On the contrary, 18.7% of the respondents were happy with the fraud plan's effectiveness to uncover corruption within the DOJ&CD. The effectiveness of the fraud control plan is detected by a decline in corruption occurrences. However, in the DOJ&CD corruption incidents have not been declining even with the fraud control plan in place. This deems the fraud control plan ineffective hence the unfavourable responses from the officials.

Table 5.30: Perception of respondents on whether fraud control plan is effective in uncovering corruption

Response	Number	% Contribution
Strongly disagree	4	3.7
Disagree	38	35.5
Neither	45	42.1
Agree	19	17.8
Strongly agree	1	0.9
Total	**107**	**100**

Theory suggests that fraud prevention plan is a key element of an effective and efficient internal control system (Gloeck and de Jager, 2005). It further states that employees need to be trained on the implementation of the contents of the fraud prevention plan. If managers and staff are trained, they should be able to use the fraud control plan for the purpose for which it is intended, that is the prevention of fraud and corrupt activities. According to Gloeck and de Jager(2005) increasing visible deterrents such as warning signs, reference checks on employees, training can minimise occurrence of corrupt incidents.

However, the results obtained in this study deviate from the suggested theory on fraud control. The gap between the theory and the results of the study could be attributed to the failure of the DOJ&CD to obtain inputs from all critical stakeholders during the development phase of the fraud control plan.

(4) Independence of internal audit team

Table 5.10 illustrates the opinions of respondents on whether the internal audit team in the DOJ&CD executes its tasks independently. About 29% of the respondents were content with the independence of the internal audit team. Conversely, 19.6% expressed displeasure with the independence of the internal audit team when executing its tasks. The majority of the respondents expressed satisfaction with the independence of the internal audit function. This could be attributed to the stringent audit reporting structure that facilitates independence of this function. In addition, the way the audit team has been conducting its business could have given officials confidence of their independence.

Table 5.31: Perception of respondents on whether internal audit team executes its tasks independently

Response	Number	% Contribution
Strongly disagree	4	3.7
Disagree	17	15.9
Neither	55	51.4
Agree	26	24.3
Strongly agree	5	4.7
Total	**107**	**100**

The result obtained above indicates that internal audit team in the DOJ&CD complies with corporate governance guidelines and does not violate the theory (Hepworth, 2004b) which suggests that in order to perform their functions effectively internal auditors require organisational independence from the leadership. Balkaran (2008) also states that reporting directly to the audit committee helps strengthen auditor independence and objectivity. This enables unrestricted and objective evaluation of management activities. In order to ensure the independence of the audit team in the DOJ&CD, the internal audit function should continue to report to the appropriate level and structure. This current arrangement does not compromise accountability and independence of the team.

(5) Capability of internal audit in detecting fraudulent activities

Table 5.11 compares perception of respondents on whether internal audit is capable in detecting fraudulent activities. A significant 43.9% of the respondents were satisfied with the capability of the internal audit to detect fraud. On the other hand, 25.2% expressed disappointment with the capability of the internal audit in detecting fraudulent activities in the DOJ&CD. This can be attributed to the fact that the internal audit team in the DOJ&CD is quite visible, conducting audits from time to time in the various components of the Department. Furthermore, the team could be regarded as performing its duties diligently.

Table 5.32: Perception of respondents on whether internal audit team is capable to detect fraudulent activities

Response	Number	% Contribution
Strongly disagree	2	1.9
Disagree	25	23.4
Neither	33	30.8
Agree	44	41.1
Strongly agree	3	2.8
Total	**107**	**100**

The result obtained in this research study confirms that the internal audit team in the DOJ&CD is able to detect fraudulent activities. This conforms well to the theory (Hermanson and Rittenburg, 2003) that supports a widely accepted view that auditing and financial discipline can create a framework which reduces the scope for corrupt activities. The internal audit function should assist the executive management and the board in the discharge of their obligations relating to safeguarding assets, risk management, operation of adequate controls and reliability of financial statements and stewardship reporting (Hepworth, 2004a). This internal system has, as its main objective, the facilitation of early detection of errors or fraud.

(6) Majority of the audit team members are from outside the organisation

Table 5.12 below compares the perception of respondents on whether the majority of the audit team members are from outside the organisation. 29.0% of the respondents were of the view that the majority of the audit team members were coming from outside organisations. On the contrary only 9.3% thought that the majority of the audit team members were not from outside the organisation. A significant 61.7% of the respondents were neutral. Although a considerable number of respondents confirmed that the majority of audit committee members are from outside the DOJ&CD, it is disturbing to note that a remarkable 61.7% of the respondents are not aware of the composition of the audit committee.

Table 5.33: Perception of respondents on whether the majority of the audit team members are from outside the organisation

Response	Number	% Contribution
Strongly disagree	2	1.9
Disagree	8	7.5
Neither	66	61.7
Agree	24	22.4
Strongly agree	7	6.5
Total	**107**	**100**

The results of this study suggest that the majority of the audit committee members are from outside the DOJ&CD. This is a positive development which fosters effective governance. In line with this result, the King Report (2002) recommends that the majority of the members of the audit committee must be from outside the organisation. Van der Nest *et al*., (2008) believe that this will promote the independence of the audit function. This is good for achieving a balance in the relationship between the auditor and management. Independence of auditors is critical for good corporate governance. Tlakula (2005) submits that long service and conflict of interest can dilute the independence of the auditor. Therefore, it is necessary to ensure that there are no links between the organisation and the members of the audit committee. This will promote the audit function that adds value to the organisation. In order to ensure independence, there must not be relations between the accounting officer and the auditors.

(7) External auditing in the DOJ&CD is always done according to organisation's policy

Table 5.13 compares the perception of respondents on whether external auditing in the DOJ&CD is always done according to organisation's policy. A notable 45.8% of the respondents expressed satisfaction that external auditing in the DOJ&CD is always done according to organisation's policy compared to 8.4% who thought that at times external audits flout organisation's policies. A remarkable 45.8% of the respondents expressed neutral feelings. The majority of the respondents who are satisfied with the manner in which the audit is conducted are probably from the office of the chief financial officer as well as the internal audit components, who are directly involved with the audit processes. It is unfortunate and undesirable that the officials who are not directly involved with the auditing process seem not to understand what is happening in this critical environment.

Table 5.34: Perception of respondents on whether external auditing in the DOJ&CD is always done according to organisation's policy

Response	Number	% Contribution
Strongly disagree	4	3.7
Disagree	5	4.7
Neither	49	45.8
Agree	46	43.0
Strongly agree	3	2.8
Total	**107**	**100**

(8) Audit reports in the DOJ&CD are always open to public scrutiny

Table 5.14 compares the perception of respondents on whether audit reports in the DOJ&CD are always open to public scrutiny or not. About 27% of the respondents confirmed that audit reports in the DOJ&CD are always open to public scrutiny. Nonetheless, 29.9% of respondents suggested that audit reports in the DOJ&CD are not always open to public scrutiny. The majority of the respondents expressed dissatisfaction with the accessibility of the audit reports of the DOJ&CD, considering that audit reports are released only once in a year in the annual report. The annual report is not very accessible to the general public.

Table 5.35: Perception of respondents on whether audit reports in the DOJ&CD are always open to public scrutiny

Response	Number	% Contribution
Strongly disagree	5	4.7
Disagree	27	25.2
Neither	46	43.0
Agree	27	25.2
Strongly agree	2	1.9
Total	**107**	**100**

The respondents in this study suggest that audit reports in the DOJ&CD are not always open to public scrutiny, which could be a contributory factor in making the DOJ&CD the haven for corruption. This is contrary to the theory on transparency. The theory provides that there must be openness in the provision of accounting information that can help reduce the level of corruption by increasing the probability of detection (Wu, 2005). The theory further emphasises that there needs to be transparent decision making in all governance processes in the public sector in order to eliminate opportunities for corrupt activities.

(9) DOJ&CD has leadership that can enforce good governance practices

Table 5.15 illustrates the opinions of respondents on whether DOJ&CD has leadership that can enforce good governance practices. About 34% of the respondents expressed confidence in the DOJ&CD leadership. On the contrary, about 38 % of the respondents suggested that the DOJ&CD leadership performs poorly in enforcing good governance practices. This result could be based on lack of objectivity. Respondents could have used the survey as a platform to express their displeasure about various issues affecting them in the organisation. In addition, regular failure by leadership to address key issues affecting the organisation could also be a significant contributory factor to the above.

Table 5.36: Perception of respondents on whether DOJ&CD has leadership that can enforce good governance practices

Response	Number	% Contribution
Strongly disagree	10	9.3
Disagree	31	29.0
Neither	30	28.0
Agree	33	30.8
Strongly agree	3	2.8
Total	**107**	**100**

From the result obtained in table 5.15, it is evident that the respondents are not satisfied that the current leadership can enforce good governance practices within the DOJ&CD. This result is not supported by the theory which provides that effective corporate governance requires good leadership to lead from the top by example (King, 2002; Hough, *et al*., 2008). The way leadership is exercised and the culture of the organisation are critical for the standards of behaviour required for corporate governance. In government, as in business, standards and expectations for good organisational behaviour start with leadership (Webster, 2002; Nayager, 2008; Webster, 2002). It takes a very strong and committed managerial leadership to effectively implement the mission and vision of an organisation without exposing such an organisation to all forms of risks (Rossouw, *et al*., 2002).

National Treasury (2010) requires that the accounting officer sets the right tone for the prevention and management of corruption in the department. The leadership should inculcate this commitment throughout the organisation. According to (2008) credible, exemplary, incorruptible and committed leadership is vital for the prevention of corruption. Employees must be made aware of the need to prevent loss and to safeguard stakeholders' interest. The fight against corruption starts with leadership which requires a great deal of personal commitment, courage and perseverance guided by strong ethical values to confront those corrupt practices that permit individuals to abuse positions of power for personal gain (Webster, 2002;Sullivan, 2009).

(10) DOJ&CD regularly reviews risk strategy to improve internal processes

Opinions of respondents on whether DOJ&CD regularly reviews risk strategy to improve internal processes is shown in Table 5.16. A notable 34.6% of the respondents concurred that the DOJ&CD regularly reviews risk strategy to improve internal processes. However, 22.4% suggested that DOJ&CD does not regularly review risk strategy to improve internal processes. A significant number of respondents were positive about the review of the risk management strategy. This result may be attributable to the visibility of the risk management and the audit teams. A remarkable 43% of the respondents were not knowledgeable on risk management process reviews. Risk management should be the business of everyone in the organisation in line with their level of responsibility.

Table 5.37: Perception of respondents on whether DOJ&CD regularly reviews risk strategy to improve internal processes

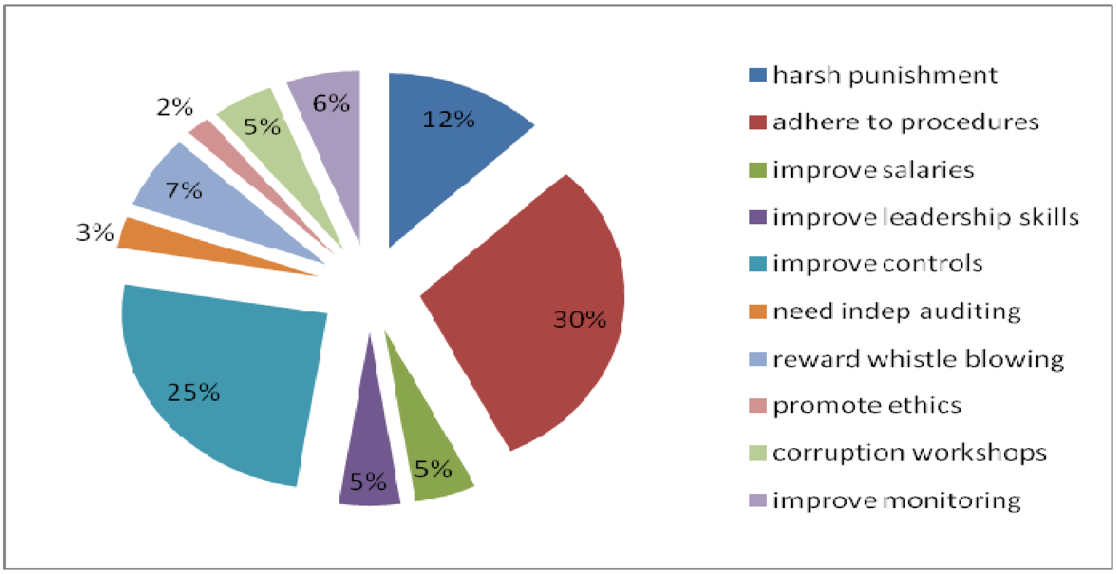
Response	Number	% Contribution
Strongly disagree	6	5.6
Disagree	18	16.8
Neither	46	43.0
Agree	36	33.6
Strongly agree	1	0.9
Total	**107**	**100**

Table 5.16 indicates that the majority of the respondents were of the view that DOJ&CD regularly reviews the risk strategy in order to improve internal processes. This is in line with the theory which states that regular reviews are mandatory in an

organisation in order to identify any weaknesses and hence develop strategies to improve the processes. This is further supported by the National Treasury (2010) which requires accounting officers to regularly conduct risk assessments in order to identify emerging risks of the institution. These risk assessments should be performed comprehensively.

Respondents' suggested strategies to prevent corruption in the DOJ&CD are illustrated in Figure 5.7. Combinations of strategies were suggested by respondents. However, top of the suggested strategies included adherence to policies and procedures (30%), improving accounting systems and controls (25%), harsh punishment to perpetrators(12%), protecting and rewarding whistleblowers (7%) and improving evaluation and monitoring(6%).

Figure 5.14: Respondents' suggested strategies to prevent corruption in the DOJ&CD



5.2.3 Hypotheses

The following hypotheses as defined in chapter 1 are tested and explained in depth in relation to this study.

Hypothesis1

H_0:The new governance system that came into operation in 1999 has not caused any significant decline in the number of corruption incidents in the DOJ&CD.

H_1: The new governance system that came into operation in 1999 has caused significant decline in the number of corruption incidents in the DOJ&CD.

Table 5.17 tests whether or not the new governance system that came into operation in 1999 has caused any significant decline in the number of corruption incidents in the DOJ&CD using a two way *t-test* with unequal variance. Since the P(67.6%) value is greater than the 5% threshold, H_0 is not rejected and hence conclude that the new governance system that came into operation after 1999 has had no effect on the corruption incidents in the DOJ&CD. This result is disappointing for the DOJ&CD and is attributable to the human factor where employees always try to be ahead in terms of manipulating the system to their advantage. In order to resolve the human factor problem, DOJ&CD needs to get to the bottom of the root cause of such behaviour and then provide a solution from an informed point of view. Some of the solutions that may be applicable in this case include salary improvements, effective and continuous training on ethics, visionary leadership, and effective controls, effective supervision and incentivised whistleblowing policies.

Table 5. 38: Testing the effect of the new system on governance before and after 1999

	Before 1999	*After 1999*
Mean	228.67	260.78
Variance	25706.27	10745.69
Observations	6	9
Hypothesised Mean Difference	0	
df	8	
t Stat	-0.434	
P(T<=t) two-tail	0.676	
t Critical two-tail	2.306	

Hypothesis 2

Hypothesis 2 is constructed as below:

$H_{0:}$ Corruption incidents in the Department of Justice and Constitutional Development are not influenced by the salary.

$H_{2:}$ Corruption incidents in the Department of Justice and Constitutional Development are influenced by salary.

Table 5.18 tests whether corruption incidents at the DOJ&CD are influenced by salary using regression analysis. In this regression model, the number of corruption incidents, C in the DOJ&CD is a dependent variable, while the salary earned by employees, S is the independent variable. Therefore, the model assumes the form of:

$C = kS + A$ *equation 5.1*

Where:

C is the number of corruption incidents in the DOJ&CD

S is the salary earned by employees;

K is the coefficient for the variable S; and

A is the arbitrary constant.

The regression analysis showing all the coefficients as defined in the model (equation 5.1) is illustrated in table 5.18.

Since the calculated P (17.5%) value for the salary coefficient is greater than the 5% threshold, H_0 is not rejected and we conclude that corruption incidents in the DOJ&CD is not influenced by salary. Thus a significant increase in the salary that employees receive does not necessarily imply that corruption incidents will decline. This means that there are more underlying factors other than salary that have an effect on corruption incidents. Some of the factors that might influence corrupt behavior include greed, employee background, organisational culture and vulnerable systems.

Table 5.18: Testing whether corruption incidents in the DOJ&CD are influenced by salary earned, using regression.

	Coefficients	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	72.565	0.575	0.575	-199.892	345.022
Basic salary	0.002	1.435	0.175	-0.001	0.004

The measure of adequacy for the regression model in Table 5.18 is tested in Table 5.19 below. From Table 5.19 it is observed that the model is only adequate to represent the dependence between corruption incidents and salary earned at 17.5% significance level.

Table 5.19: Test for model adequacy showing dependency of corruption incidents on salary earned in the DOJ&CD

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	29830.581	29830.581	2.059	0.175
Residual	13	188378.353	14490.643		
Total	14	218208.933			

Table 5.20 indicates the perception of respondents on whether they will be protected under the Protected Disclosure Act if they report corruption. The table demonstrates that the majority (40.1%) of the respondents believed that they will be protected if they report incidents of corruption in the DOJ&CD. This result could be attributed to the fact that respondents have confidence that the justice system will protect them. However, about 30% of the respondents were of the view that they may not be protected if they expose corrupt activities in the DOJ&CD. This can be attributed to the unpleasant experiences that some of the respondents have suffered or observed over time in the DOJ&CD.

Table 5. 20: Perception of respondents on whether they will be protected under the Protected Disclosure Act if they report corruption

Response	Number	% Contribution
Strongly disagree	11	10.3
Disagree	21	19.6
Neither	32	29.9
Agree	35	33.6
Strongly agree	7	6.5
Total	**107**	**100**

Protecting whistleblowers can be considered as a big step in raising the standards of corporate governance (Yin, 2003; Harper, 2006). A good internal whistle-blowing system serves in the timely detection of fraud, permitting the organisation to correct the wrongdoing and minimise the costs of fraud, and increases the likelihood of internally reporting wrongdoings allowing management to avoid the negative costs of external whistleblowing which may be highly damaging to the organisation's reputation.

Unless the whistleblower is protected, it is difficult for people to speak up. According to the Johnson (2003) the importance of safe and effective whistleblowing procedures cannot be under-estimated. A whistle-blowing policy must disclose the laws protecting whistleblowers. Employees who perceive retaliation costs from whistleblowing such as facing sanctions from management may prefer to use anonymous channels. Therefore, employees should be given an option to remain anonymous when reporting incidents of corruption.

The result obtained on the protection of whistleblowers supports the theory which states that the protection of whistleblowers is critical in the management of corruption as detailed by Yin (2003) and Harper (2006). Therefore the DOJ&CD must promote the culture of whistleblowing and ensure that whistleblowers are adequately protected against occupational detriment.

Table 5.21 indicates the perception of respondents on whether DOJ&CD has a code of ethics which highlights employee obligation to act legally, honestly and fairly when carrying their duties. An overwhelming 81% of the respondents confirmed that the DOJ&CD has a code of ethics which highlights employee obligation to act legally, honestly and fairly when carrying their duties. This could be attributed to the availability of the code of conduct in different sources such as the intranet and readily available hard copies. A negligible 7.5% of the respondents were not aware of the existence of a code of conduct in the DOJ&CD.

Table 5.21: Perception of respondents on whether DOJ&CD has a code of ethics which highlights employee obligation to act legally, honestly and fairly when carrying their duties

Response	Number	% Contribution
Strongly disagree	3	2.8
Disagree	5	4.7
Neither	10	9.3
Agree	74	69.2
Strongly agree	13	12.1
Total	**107**	**100**

This result on the code of ethics in the DOJ&CD is in line with the theory by Raga and Taylor, (2006; Nayager, 2008; McCann, 2009) which support the view that a code of ethics plays an important role in shaping the culture of the organisation. Webster (2002) further supports the view that corporate governance is shaped by ethics, morals and values of employees in an organisation. Also, according to Barac (2003) the standards of behaviour should be accepted by all employees to ensure openness, integrity and accountability of everyone within the organisation. This result corresponds to the theory despite of varying environment factors.

Table 5.22 indicates the perception of respondents on whether DOJ&CD always reports honestly to its stakeholders. About 37% indicated that the DOJ&CD does not always report honestly to the stakeholders. This could be attributed to a mismatch between what is reported and what prevails on the ground. Only about 17% of the respondents were of the view that DOJ&CD always reports honestly to its stakeholders. This result could be from the management who have an interest in protecting the image of the organisation.

Table 5.22: Perception of respondents on whether DOJ&CD always reports honestly to its stakeholders

Response	Number	% Contribution
Strongly disagree	6	5.6
Disagree	35	32.7
Neither	47	43.9
Agree	18	16.8
Strongly agree	0	0
Total	**107**	**100**

Theory detects that integrity and honesty reporting are aimed at ensuring objectivity, high standards of propriety and probity in stewardship of public funds and resources and in the management of the affairs of the organisation (Hermanson and Rittenburg, 2003). Integrity refers to the quality of acting in accordance with the moral values, norms and rules accepted by the members of the organisation and its stakeholders (OECD, 2009). Therefore, it is a characteristic of individual or organisational behaviour. However, in this study most of the respondents were of the view that the DOJ&CD does not report objectively and honestly. This result deviates from the theory above. Failure by the DOJ&CD to report honestly could be attributed to high affinity to protect the image of the organisation at the expense of objectivity.

Table 5.23 shows the perception of respondents on whether DOJ&CD management demonstrates strong commitment to preventing and detecting corruption. The table indicates that the majority (38%) of the respondents suggested that DOJ&CD management does not demonstrate strong commitment to preventing and detecting corruption. Only 17% of the respondents were of the view that the management of the DOJ&CD does display commitment to preventing and detecting corruption.

Table 5.23: Perception of respondents on whether DOJ&CD management demonstrates strong commitment to preventing and detecting corruption

Response	Number	% Contribution
Strongly disagree	6	5.6
Disagree	35	32.7
Neither	47	43.9
Agree	18	16.8
Strongly agree	0	0
Total	**107**	**100**

The theory suggests that management is the way in which the system is operated (Thornhill, 2005). All corporate governance models recognise management as one of the major drivers of governance (Hermann and Rittenberg, 2003: 32). Management has a control role in the organisation. Corporate governance is a management issue. Through setting tone at the top and handling the day to day operations of the organisation, the management's influence on the quality of governance is critical (Hermann and Rittenburg, 2003:33). However, in this study a significant number of respondents were of the opinion that DOJ&CD management is not committed to preventing and detecting corruption in the organisation. This result could be as a result of a perception of lack of visionary and objective leadership in the organisation. Furthermore, lack of effective communication related to corruption could be the driver of the loss of confidence in the management.

CHAPTER 6: RECOMMENDATIONS AND CONCLUSION

6.1 Introduction

This chapter outlines the recommendations proposed for weaknesses that were identified on the governance system of the DOJ&CD. In additions, the chapter concludes the study based on the results obtained in chapter 5 and proposes areas for further studies.

6.2 Recommendations

Following the weaknesses identified in chapter 5 on the effectiveness of the governance system of the DOJ&CD in preventing corruption, the following recommendations are proposed:

(a) Determination of corruption incidents in the DOJ&CD

Based on the results in chapter 5, it was observed that the DOJ &CD has high levels of corruption. To improve this situation, the DOJ &CD needs to develop proper policies, processes and practices that foster effective control and management. These mechanisms should include proper controls and effective processes. Regular review of risk strategy to improve internal processes must be undertaken there has to efficient monitoring and evaluation of all business activities. There should be visionary and ethical leadership that is committed to preventing corruption.

(b) Effectiveness of accounting systems and controls in the DOJ&CD

The results indicated that the accounting systems and controls in the DOJ &CD are weak and vulnerable to manipulation. In order to improve the internal controls, the internal audit function of the DOJ&CD needs to perform periodic evaluation and testing of controls. This will assist in alerting the department of any weaknesses in control. Furthermore, the DOJ &CD needs to consider building programmes into information systems that can alert supervisors in the event of any attempt at defrauding the organisation. In addition, the DOJ &CD should carry out an analysis of, appropriate follow-ups on operating reports that can identify any anomalies of control failure. DOJ&CD should ensure that their systems are audited on regular basis by the internal and the external auditor. Recommendations from these audits should be followed up by the DOJ &CD and be used to update risk assessment and strengthen internal controls.

(c) Risk management processes

According to the findings of the study, risk management processes in the DOJ&CD were observed to be weak. In this case, there is a need for the DOJ&CD to regularly audit its processes with the view to improving them. The assessments need to be regularly updated to reflect any change that might have occurred. The DOJ&CD should evaluate the controls identified in the fraud control plan to ensure that they are implemented and achieving the intended outcomes. Over and above this, there should be effective communication of the processes across the department since risk management is everyone's business. Further to this, the management of the DOJ&CD needs to adopt a systems thinking approach where risk management is engendered in the whole department. This will ensure that risk management is applied in an integrated approach in the department. As such, risk management can be regarded as having become the business of every employee. In this way, all the employees would be alive to the risks the department is facing and would be able to manage the risks appropriately. The DOJ&CD needs to study and understand its risk profile and hence design risk management processes that match the risk profile.

There is a need for the DOJ&CD to develop mechanisms to monitor and evaluate the effectiveness of the fraud control plan in order to minimize the vulnerability of the department to fraud and corruption. Effort must be made to include critical employees in the development of the fraud control plan and then ensure that the plan is effectively communicated to all employees. The department needs to adopt measures to ensure that risk management assessments are undertaken appropriately, and not as a tick the box exercise.

(d) Detection of fraudulent activities by internal audit

Although the findings revealed that the internal audit function is effective in detecting fraudulent activities, the function can be further strengthened by regular testing of controls to rule out any risk of manipulation of the system. The audit team needs regular training in order to keep abreast with the trends in audit processes and standards. It is necessary that any audit deficiencies detected are timeously followed up and addressed. In this way the DOJ&CD would probably be able to prevent corruption

(e) Quality of leadership and management

The research indicated that DOJ&CD is poor on leadership and management. In order to achieve its strategic objectives, the DOJ&CD needs to improve leadership and management skills of its management through appropriate training. With the right skills, the management would likely be in a position to enforce good governance practices and reinvigorate the department's vision. Skills in supervisory and financial management should be prioritised and thereafter training should be cascaded to other areas in order to improve all business areas. The leadership should also be visible to set the right tone from the top.

(f) Ethics

According to the results of the research, an overwhelming number of employees indicated that the department has a code of ethics. Notwithstanding the existence of a code of ethics, corruption incidents in the department were observed to be high. This could mean that the code of ethics may not be producing desired results. There is an urgent need for the DOJ&CD to implement change management programs which are aimed at cultivating a culture of zero tolerance to corruption. Therefore, the department should ensure the effective implementation of the code of ethics.

It is necessary for the department to promote an ethical culture throughout the organisation. In line with this, more emphasis should be placed on integrity at recruitment and induction stages. The DOJ&CD must be determined in recruiting and selecting the appropriately qualified people who are more likely to have integrity and can abstain from corrupt activities. This means that the DOJ&CD should adopt recruitment policies to interview for integrity, and any candidates who have a propensity for fraud and corruption must not be brought into the department. DOJ&CD leadership should demonstrate commitment to integrity and professionalism at all times. This would likely persuade the employees to follow in their managers footsteps. DOJ&CD should promote a culture of open communication concerning integrity. Furthermore, regular guidance and training to promote understanding and evolution of rules and practices, and their application in the department should become the norm.

The DOJ&CD should also consider appointing ethics officers who can provide guidance where employees are faced with any ethical dilemmas.

The DOJ&CD needs to improve on transparency by making the organisation open to public scrutiny. In this way, the public opinion will provide the needed checks and balances that assist in improving governance.

(g) Use of whistleblowing

Although the findings indicated that a sizeable number of employees were confident of protection for whistleblowing, more still needs to be done to make every employee aware of the benefits this tool in preventing corruption. Awareness on whistleblowing can be improved by regular information sessions to make employees aware of their rights and responsibilities in the event of reporting corruption incidents. The department should consider introducing incentives for successful outcomes on whistleblowing. Furthermore, it is imperative for the department to improve protection of whistleblowers, as this can encourage employees to blow the whistle on corruption, and help in preventing it. Anonymous reporting of incidents of corruption needs to be promoted in the department in order to encourage those employees who may not want to report corrupt incident for fear of workplace victimisation.

6.3 Conclusion

Based on the information provided in this study, a number of pertinent issues on governance in the DOJ&CD that needs urgent attention were identified. These included the following:

- Poorly designed risk management processes that do not match the risk profile of the organisation;

- Ineffective fraud control plan which fails to minimise the vulnerability of the organisation to fraud and corruption;
- Lack of transparency in ensuring that audit reports are made accessible to the public; and
- Lack of visionary leadership that can enforce good governance practices.

However, there were also a number of positive governance issues that were identified in the DOJ&CD. These are outlined below:

- The internal audit function in the DOJ&CD was observed to be operating independently without any undue influence from top management;
- The majority of the audit committee members were identified to be coming from outside the DOJ&CD, thus ensuring their independence as mandated by law;
- The DOJ&CD regularly reviews risk strategies to continuously improve internal processes;
- The DOJ&CD has a fraud control plan in place to minimise and prevent incidents of corruption in the organisation; and
- The internal audit function was observed to be having the capability to detect fraudulent activities within the DOJ&CD.

To this end it is worthwhile for the DOJ&CD to invest time in addressing the identified shortcomings with urgency. In similar vein, the DOJ&CD should continuously strive to improve on its strengths in order to keep up with changing environmental conditions in the organisation.

6.4 Suggestions for further research

The areas for further studies identified are suggested below:

- This study only covered the administrative head office in Pretoria. It would be worthwhile to replicate the same study but this time covering the all the provinces in South Africa. This would improve the credibility of the results and would capture the diverse views;

- An analysis of the different types of corruption incidents that are prevalent in the DOJ&CD, and the development of appropriate mechanisms to prevent them
- The evaluation of the extent of corruption on service delivery;
- Determination of factors that drive corruption in the South African Public service; and
- A comparative study on the drivers of corruption between the private and public sector.

CHAPTER 7: LIST OF REFERENCES

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Appendix A

SBL
GRADUATE SCHOOL OF BUSINESS LEADERSHIP
UNISA

Ref: Ms Talana Lebelo

Tel: + 27 11 6520352

E-mail: TLebelo@sbleds.ac.za

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2011-06-02

TO WHOM IT MAY CONCERN

This letter serves to confirm that Ms T.M Ross, student number 71003339, is a registered final year student at the Graduate School of Business Leadership for 2011.

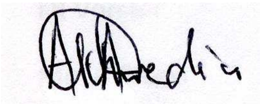
The student will be doing a Research Report **(MBLREP-P)** as part of the requirements to obtain the MBL postgraduate degree.

The MBL provides highly professional management development at postgraduate level - with particular emphasis on the theory as well as the practice of management in the education process. It also strives to offer a practical learning experience and an opportunity for the development of leadership qualities.

The Business School will observe any confidentiality requirements regarding information availed to the student in assisting with this study. The content of research reports may not be used by the author, the SBL, or any other person without the permission of the Research Report Provider, further the disclosure of the Company Names being researched, will be kept anonymous (upon request), in order to protect the confidentiality clause of your organisation.

On behalf of the Business School and Ms T.M Ross we thank you for your cooperation.

Yours sincerely



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MS. T M ROSS

STUDENT

Appendix B

OFFICE OF THE DIRECTOR-GENERAL
PRETORIA
2011 -06- 15
PRETORIA

the doj & cd

Department:
Justice and Constitutional Development
REPUBLIC OF SOUTH AFRICA

BRANCH LEGISLATIVE DEVELOPMENT

Tel: 012 315 495/0829619203 Fax: 0866481150

INTERNAL MEMO

DATE	6 JUNE 2011	FILE NO	8/6/Nie/1
TO	MRS N SINDANE DIRECTOR-GENERAL DEPARTMENT OF JUSTICE AND CONSTITUTIONAL DEVELOPMENT	FROM	THERESA ROSS PRINCIPAL STATE LAW ADVISER
SUBJECT	REQUEST TO CONDUCT A CASE STUDY IN THE DEPARTMENT FOR MBL DEGREE		

1. PURPOSE

To obtain the Director General's permission to conduct a case study in the Department of Justice and Constitutional Development for research report.

2. DISCUSSION

2.1 I am a Principal State Law Adviser attached to the Branch: Legislative Development, and studying towards an MBL degree with UNISA.

2.2 My studies were financed by the Department.

2.3 As part of the requirements to obtain my MBL degree, I am required to do a research report.

2.4 The letter to this effect from the university is attached as annexure "A".

2.5 I have decided to conduct a case study on the Department.

2.6 The topic of my study is "**an analysis of governance system in the DOJ&CD to identify shortcomings and prevent fraud and corruption**".

2.7 The phrasing of the topic could change as the work progresses but the objective will remain the same.

2.8 During 2009 I obtained the permission of the erstwhile Director-General, Mr Menzi Simelane, to conduct a case study on the Department.

2.9 The e-mail in which he gave me permission is attached as annexure "B".

2.10 Unfortunately, due to personal circumstances, I could not complete the

1

study. I have since resumed working on my report.

2.11 I would appreciate if the Director-General could allow me to continue with my research on the Department.

2.12 Among others, the research will entail collecting data by means of a questionnaire from officials in the national office and analysing the data to determine the findings. The information obtained will only be used for academic purposes, and all the confidentiality requirements will be observed.

2.13 Should the Director-General grant me approval to conduct research in the Department, I undertake to provide her with a report of the findings of the research.

2.14 I am willing to meet with the Director-General to explain further what the research will entail, should the Director-General so require.

3. **NOTE TO THE DIRECTOR GENERAL**

It is therefore recommended that the Director General approves that I conduct research in the Department of Justice and Constitutional Development for my MBL Report.

THERESA ROSS
PRINCIPAL STATE LAW ADVISER
CHIEF DIRECTORATE: LEGISLATIVE DEVELOPMENT

Approved Yes/No

Sorry that it took such a long time to get to your request. Good luck with your study. DOJ&CD encourages learning & development and I personally hold it very dear. I cannot wait to get a report

MRS N SINDANE
DIRECTOR-GENERAL
DEPARTMENT OF JUSTICE AND CONSTITUTIONAL DEVELOPMENT
23/07/2011

Appendix C

RESEARCH QUESTIONNAIRE

Master of Business Leadership

(MBL)

This questionnaire constitute part of the survey for a paper to be written in Partial fulfillment of the Program of MBL in corporate governance

TOPIC OF STUDY:

The ANALYSIS OF GOVERNANCE SYSTEM IN DOJ&CD WITH A VIEW TO IDENTIFYING SHORTCOMINGS AND PREVENTING CORRUPTION

Please indicate your preferred answer with an X in the appropriate box.

SECTION A: BACKGROUND INFORMATION

1. **Gender**

Male	
Female	

2. **Race**

African	
Coloured	
Indian	
White	

3. **Your age:**

20-29	
30-39	
40-49	
50-59	
60+	

4. **Your work experience in years:**

1-5	
6-10	
11-15	

16-20	
21+	

5. **Highest academic level you achieved:**

Matric	
Certificate	
Degree	
Postgraduate	

6. **Your Branch:**

Chief State Law Advisor	
Legislative Development	
Master of High Court	
Chief Litigation Office	
Court Services	
Corporate Services	
Office of the Chief Financial Officer	

7. **Your position at work:**

Administration	
Manager	
Executive	

Supervisor	
Specialist	

SECTION B: CORRUPTION INCIDENTS IN DEPARTMENT OF JUSTICE AND CONSITUTIONAL DEVELOPMENT

8. Currently there are no corruption incidents in the Department of Justice and Constitutional Development:

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

9. Over the past 5 years corruption incidents in the Department of Justice and Constitutional Development have been on the decline:

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

10. A lot of corruption incidents in the Department of Justice and Constitutional Development are unreported:

I strongly disagree	
I disagree	

Neither agree nor disagree	
I agree	
I strongly agree	

11. Generally, the Department of Justice and Constitutional Development does not have high profile corruption incidents compared to corporate companies:

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

12. Corruption incidents in the Department of Justice and Constitutional Development are highly associated with poor remuneration:

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

SECTION C: GOVERNANCE IN DEPARTMENT OF JUSTICE AND CONSITUTIONAL DEVELOPMENT

13. How do you rate the overall governance processes in the Department of Justice and Constitutional Development?

Very good	
Good	
Satisfactory	
Poor	
Very poor	

14. Employees of the Department of Justice and Constitutional Development always adhere to defined procedures and policies:

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

15. Senior management and executives of the Department of Justice and Constitutional Development seem to be accountable:

I strongly disagree	

I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

16. Sometimes the Department of Justice and Constitutional Development withholds some information to avoid public scrutiny:

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

17. The Department of Justice and Constitutional Development always provides honest reports to all its stakeholders:

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

18. The accounting system (including controls) that are used in the Department of Justice and Constitutional Development is vulnerable to thefts:

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

19. As an employee of the DOJCD I have an obligation to report fraud and corrupt conduct within the Department:

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	

I strongly agree	

20. In the DOJ&CD I will be adequately protected under the Protected Disclosures Act if I report fraud and corruption:

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

21. The Department of Justice and Constitutional Development has a Code of Ethics which highlights the employees' obligation to act legally, honestly and fairly when carrying their duties:

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

22. **In the DOJ&CD management demonstrates a strong commitment to preventing and detecting fraud and corruption:**

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

SECTION D: IMPLEMENTATION OF A GOVERNANCE SYSYTEM

23. Risk management processes in the DOJ&CD are well designed to prevent corruption:

I strongly disagree	

I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

24. **The DOJ&CD has a formal fraud control plan that discourages personnel from engaging in fraud and corrupt practices:**

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

25. **The fraud control plan of the DOJ&CD is effective in uncovering fraud and corruption:**

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

26. The internal audit team in the DOJ&CD executes its tasks independently:

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

27**. The internal audit function in the DOJ&CD is capable of detecting fraudulent activities:**

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

28. The majority of the audit committee members of the DOJ&CD are from outside of the organisation:

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	

I strongly agree	

29. External auditing of the public funds in the DOJ&CD is always done according to the organisation's policy:

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

30. Audit reports of the DOJ&CD are always open for public scrutiny:

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

31. The DOJ&CD has leadership that can enforce good governance practices:

I strongly disagree	
I disagree	

Neither agree nor disagree	
I agree	
I strongly agree	

32. The DOJ&CD regularly review risk strategy to improve internal processes:

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

SECTION E: Your views and recommendations

NB: **You may not disclose identifying information.**

33. **What do you think are the reasons for the occurrence of corruption in the DOJ&CD?**

....
....
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....

34. In your view, what are strategies that the DOJ&CD can apply to effectively deal with corruption?

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....
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35. Any other comment that you think may help in improving governance in the DOJ&CD?

....
....
....
....

Thank you for your cooperation

Appendix D

Statistical Analysis Output

```
GET DATA

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  /ASSUMEDSTRWIDTH=32767.
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  /COMPRESSED.

FREQUENCIES VARIABLES=Qn7 Qn8 Qn9 Qn10 Qn11 Qn12 Qn13 Qn14 Qn15 Qn16 Qn17 Qn18 Qn19
Qn20 Qn21 Qn22 Qn23 Qn24 Qn25
  /FORMAT=AFREQ
  /ORDER=ANALYSIS.
```

Frequencies

Qn8		*Qn9*		*Qn10*	
Mean	1.747663551	Mean	2.1121495	Mean	3.71028037
Standard Error	0.090155001	Standard Error	0.0923136	Standard Error	0.09296289
Median	2	Median	2	Median	4
Mode	1	Mode	1	Mode	4
Standard Deviation	0.932570579	Standard Deviation	0.954899	Standard Deviation	0.96161564
Sample Variance	0.869687886	Sample Variance	0.9118321	Sample Variance	0.92470464
Kurtosis	2.867534239	Kurtosis	-0.992374	Kurtosis	0.93968413
Skewness	1.594350033	Skewness	0.3017549	Skewness	-1.007672
Range	4	Range	3	Range	4
Minimum	1	Minimum	1	Minimum	1
Maximum	5	Maximum	4	Maximum	5
Sum	187	Sum	226	Sum	397
Count	107	Count	107	Count	107
Largest(1)	5	Largest(1)	4	Largest(1)	5
Smallest(1)	1	Smallest(1)	1	Smallest(1)	1

Qn11		*Qn12*		*Qn13*	
Mean	2.261682243	Mean	2.514018692	Mean	3.242991

Standard Error	0.095144368	Standard Error	0.110595833	Standard Error	0.082759
Median	2	Median	2	Median	3
Mode	2	Mode	2	Mode	3
Standard Deviation	0.984180998	Standard Deviation	1.144012188	Standard Deviation	0.856067
Sample Variance	0.968612238	Sample Variance	1.308763886	Sample Variance	0.732851
Kurtosis	-0.789485719	Kurtosis	-0.465253284	Kurtosis	-0.43083
Skewness	0.418310051	Skewness	0.542825813	Skewness	0.334619
Range	3	Range	4	Range	3
Minimum	1	Minimum	1	Minimum	2
Maximum	4	Maximum	5	Maximum	5
Sum	242	Sum	269	Sum	347
Count	107	Count	107	Count	107
Largest(1)	4	Largest(1)	5	Largest(1)	5
Smallest(1)	1	Smallest(1)	1	Smallest(1)	2

Qn14		*Qn15*		*Qn16*	
Mean	2.214953271	Mean	2.588785047	Mean	3.504761905
Standard Error	0.08295805	Standard Error	0.101958663	Standard Error	0.086786135
Median	2	Median	2	Median	4
Mode	2	Mode	2	Mode	4
Standard Deviation	0.858124737	Standard Deviation	1.054668606	Standard Deviation	0.889293254
Sample Variance	0.736378064	Sample Variance	1.112325868	Sample Variance	0.790842491
Kurtosis	0.819372253	Kurtosis	-1.259005485	Kurtosis	0.484407162
Skewness	0.937200678	Skewness	0.1056733	Skewness	-0.600007486
Range	4	Range	3	Range	4
Minimum	1	Minimum	1	Minimum	1
Maximum	5	Maximum	4	Maximum	5
Sum	237	Sum	277	Sum	368
Count	107	Count	107	Count	105
Largest(1)	5	Largest(1)	4	Largest(1)	5
Smallest(1)	1	Smallest(1)	1	Smallest(1)	1

t-Test: Two-Sample Assuming Unequal Variances

	B99	*A99*
Mean	228.6666667	260.7778
Variance	25706.26667	10745.69
Observations	6	9
Hypothesized Mean Difference	0	
df	8	

	-
t Stat	0.433841098
P(T<=t) one-tail	0.337932934
t Critical one-tail	1.859548033
P(T<=t) two-tail	0.675865869
t Critical two-tail	2.306004133

Notes

Output Created		17-SEPT-2011 13:26:58
Comments		
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	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	70
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data.
Syntax		FREQUENCIES VARIABLES=Qn7 Qn8 Qn9 Qn10 Qn11 Qn12 Qn13 Qn14 Qn15 Qn16 Qn17 Qn18 Qn19 Qn20 Qn21 Qn22 Qn23 Qn24 Qn25 /FORMAT=AFREQ /ORDER=ANALYSIS.
Resources	Processor Time	00:00:00.016
	Elapsed Time	00:00:00.016

```
[DataSet1] C:\Documents and Settings\ncubeo\My Documents\Mdu\Therry.sav
```

Statistics

		Qn 7	Qn 8	Qn 9	Qn 10	Qn 11	Qn 12	Qn 13	Qn 14	Qn 15	Qn 16	Qn 17	Qn 18	Qn 19	Qn 20	Qn 21	Qn 22	Qn 23	Qn 24	Qn 25
N	Valid	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70
	Missing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*

Intercept	72.565	126.116	0.575	0.575	-199.892	345.022
Basic salary	0.002	0.001	1.435	0.175	-0.001	0.004

Frequency Table

Qn7					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	1.4	1.4	1.4
	2	1	1.4	1.4	2.9
	4	28	40.0	40.0	42.9
	3	40	57.1	57.1	100.0
	Total	70	100.0	100.0	

Qn8					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	3	4.3	4.3	4.3
	2	4	5.7	5.7	10.0
	4	30	42.9	42.9	52.9
	3	33	47.1	47.1	100.0
	Total	70	100.0	100.0	

Qn9					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	8	11.4	11.4	11.4
	4	25	35.7	35.7	47.1
	3	37	52.9	52.9	100.0
	Total	70	100.0	100.0	

Qn10					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	1.4	1.4	1.4

	4	10	14.3	14.3	15.7
	2	18	25.7	25.7	41.4
	3	41	58.6	58.6	100.0
	Total	70	100.0	100.0	

Qn11

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	1.4	1.4	1.4
	2	9	12.9	12.9	14.3
	4	15	21.4	21.4	35.7
	3	45	64.3	64.3	100.0
	Total	70	100.0	100.0	

Qn12

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	4	1	1.4	1.4	1.4
	3	4	5.7	5.7	7.1
	1	17	24.3	24.3	31.4
	2	48	68.6	68.6	100.0
	Total	70	100.0	100.0	

Qn13

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	5	7.1	7.1	7.1
	4	9	12.9	12.9	20.0
	3	27	38.6	38.6	58.6
	2	29	41.4	41.4	100.0
	Total	70	100.0	100.0	

Qn14

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	10	14.3	14.3	14.3
	4	11	15.7	15.7	30.0

	3	49	70.0	70.0	100.0
	Total	70	100.0	100.0	

Qn15

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	4	5.7	5.7	5.7
	4	11	15.7	15.7	21.4
	3	55	78.6	78.6	100.0
	Total	70	100.0	100.0	

Qn16

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	1.4	1.4	1.4
	4	6	8.6	8.6	10.0
	2	23	32.9	32.9	42.9
	3	40	57.1	57.1	100.0
	Total	70	100.0	100.0	

Qn17

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	5	7.1	7.1	7.1
	4	5	7.1	7.1	14.3
	2	27	38.6	38.6	52.9
	3	33	47.1	47.1	100.0
	Total	70	100.0	100.0	

Qn18

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	5	7.1	7.1	7.1
	4	14	20.0	20.0	27.1
	3	51	72.9	72.9	100.0
	Total	70	100.0	100.0	

Qn19					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	2	2.9	2.9	2.9
	4	16	22.9	22.9	25.7
	3	52	74.3	74.3	100.0
	Total	70	100.0	100.0	

Qn20					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	3	4.3	4.3	4.3
	4	21	30.0	30.0	34.3
	3	46	65.7	65.7	100.0
	Total	70	100.0	100.0	

Qn21					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	1	1.4	1.4	1.4
	4	18	25.7	25.7	27.1
	3	51	72.9	72.9	100.0
	Total	70	100.0	100.0	

Qn22					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	4	9	12.9	12.9	12.9
	2	15	21.4	21.4	34.3
	3	46	65.7	65.7	100.0
	Total	70	100.0	100.0	

Qn23					
		Frequency	Percent	Valid Percent	Cumulative Percent

Valid	4	1	1.4	1.4	1.4
	3	11	15.7	15.7	17.1
	1	13	18.6	18.6	35.7
	2	45	64.3	64.3	100.0
	Total	70	100.0	100.0	

Qn24

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	2	2.9	2.9	2.9
	4	3	4.3	4.3	7.1
	1	25	35.7	35.7	42.9
	2	40	57.1	57.1	100.0
	Total	70	100.0	100.0	

Qn25

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	4	3	4.3	4.3	4.3
	1	5	7.1	7.1	11.4
	2	28	40.0	40.0	51.4
	3	34	48.6	48.6	100.0
	Total	70	100.0	100.0	

```
FREQUENCIES VARIABLES=Qn26 Qn27 Qn28

  /FORMAT=AFREQ
  /ORDER=ANALYSIS.
```

```
Frequencies
```

Notes

Output Created		
Comments		
Input	Data	C:\Documents and Settings cubeo\My Documents\Mdu\Therry.sav
	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>

	Split File	<none>
	N of Rows in Working Data File	70
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data.
Syntax		FREQUENCIES VARIABLES=Qn26 Qn27 Qn28 /FORMAT=AFREQ /ORDER=ANALYSIS.
Resources	Processor Time	00:00:00.000
	Elapsed Time	00:00:00.000

Statistics

		Qn26	Qn27	Qn28
N	Valid	70	70	70
	Missing	0	0	0

Frequency Table

Qn26

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	8	1	1.4	1.4	1.4
	12	1	1.4	1.4	2.9
	13	1	1.4	1.4	4.3
	17	1	1.4	1.4	5.7
	5	2	2.9	2.9	8.6
	7	2	2.9	2.9	11.4
	15	2	2.9	2.9	14.3
	16	2	2.9	2.9	17.1
	2	3	4.3	4.3	21.4
	11	3	4.3	4.3	25.7
	14	3	4.3	4.3	30.0
	9	4	5.7	5.7	35.7
	3	5	7.1	7.1	42.9
	10	6	8.6	8.6	51.4
	6	7	10.0	10.0	61.4
	18	7	10.0	10.0	71.4

	4	9	12.9	12.9	84.3
	1	11	15.7	15.7	100.0
	Total	70	100.0	100.0	

Qn27					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	6	1	1.4	1.4	1.4
	8	1	1.4	1.4	2.9
	11	1	1.4	1.4	4.3
	14	1	1.4	1.4	5.7
	7	2	2.9	2.9	8.6
	12	2	2.9	2.9	11.4
	4	4	5.7	5.7	17.1
	13	4	5.7	5.7	22.9
	2	5	7.1	7.1	30.0
	9	5	7.1	7.1	37.1
	10	5	7.1	7.1	44.3
	15	5	7.1	7.1	51.4
	3	7	10.0	10.0	61.4
	1	12	17.1	17.1	78.6
	5	15	21.4	21.4	100.0
	Total	70	100.0	100.0	

Qn28					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	1	1.4	1.4	1.4
	7	1	1.4	1.4	2.9
	11	1	1.4	1.4	4.3
	14	1	1.4	1.4	5.7
	3	2	2.9	2.9	8.6
	4	2	2.9	2.9	11.4
	12	2	2.9	2.9	14.3
	13	2	2.9	2.9	17.1
	6	3	4.3	4.3	21.4
	8	3	4.3	4.3	25.7
	10	3	4.3	4.3	30.0
	5	6	8.6	8.6	38.6
	9	12	17.1	17.1	55.7
	1	31	44.3	44.3	100.0

Qn28					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	1	1.4	1.4	1.4
	7	1	1.4	1.4	2.9
	11	1	1.4	1.4	4.3
	14	1	1.4	1.4	5.7
	3	2	2.9	2.9	8.6
	4	2	2.9	2.9	11.4
	12	2	2.9	2.9	14.3
	13	2	2.9	2.9	17.1
	6	3	4.3	4.3	21.4
	8	3	4.3	4.3	25.7
	10	3	4.3	4.3	30.0
	5	6	8.6	8.6	38.6
	9	12	17.1	17.1	55.7
	1	31	44.3	44.3	100.0
	Total	70	100.0	100.0	

Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each pair of variables are based on all the cases with valid data for that pair.
Syntax		NONPAR CORR /VARIABLES=Qn12 Qn13 /PRINT=SPEARMAN TWOTAIL NOSIG /MISSING=PAIRWISE.
Resources	Processor Time	00:00:00.000
	Elapsed Time	00:00:00.000
	Number of Cases Allowed	174762 cases[a]
a. Based on availability of workspace memory		

	Split File	<none>
	N of Rows in Working Data File	70
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any variable used.

Syntax		REGRESSION /MISSING LISTWISE /STATISTICS COEFF OUTS CI(95) R ANOVA CHANGE /CRITERIA=PIN(.05) POUT(.10) /NOORIGIN /DEPENDENT Qn13 /METHOD=ENTER Qn8 Qn9 Qn10 Qn11 Qn22 Qn25.
Resources	Processor Time	00:00:00.015
	Elapsed Time	00:00:00.046
	Memory Required	3516 bytes
	Additional Memory Required for Residual Plots	0 bytes

```
[DataSet1] C:\Documents and Settings\\My Documents\Mdu\Therry.sav


REGRESSION

  /MISSING LISTWISE
  /STATISTICS COEFF OUTS CI(95) R ANOVA CHANGE

  /CRITERIA=PIN(.05) POUT(.10)
  /NOORIGIN
  /DEPENDENT Qn13
  /METHOD=ENTER Qn8 Qn9 Qn10 Qn11 Qn22 Qn25 Qn23 Qn24.


Regression
```

Notes		
Output Created		
Comments		
Input	Data	C:\Documents and Settings cubeo\My Documents\Mdu\Therry.sav
	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	70

Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any variable used.
Syntax		REGRESSION /MISSING LISTWISE /STATISTICS COEFF OUTS CI(95) R ANOVA CHANGE /CRITERIA=PIN(.05) POUT(.10) /NOORIGIN /DEPENDENT Qn13 /METHOD=ENTER Qn8 Qn9 Qn10 Qn11 Qn22 Qn25 Qn23 Qn24.
Resources	Processor Time	00:00:00.047
	Elapsed Time	00:00:00.048
	Memory Required	4388 bytes
	Additional Memory Required for Residual Plots	0 bytes

Variables Entered/Removed[b]

Model		Variables Entered	Variables Removed	Method
dimension0	1	Qn24, Qn9, Qn25, Qn23, Qn11, Qn22, Qn8, Qn10[a]		Enter

a. All requested variables entered.

b. Dependent Variable: Qn13

Model Summary

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
						R Square Change	F Change	df1	df2	Sig. F Change
dimension0	1	.339[a]	.115	-.001	.809	.115	.989	8	61	.453

a. Predictors: (Constant), Qn24, Qn9, Qn25, Qn23, Qn11, Qn22, Qn8, Qn10

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.185	8	.648	.989	.453[a]
	Residual	39.958	61	.655		
	Total	45.143	69			

a. Predictors: (Constant), Qn24, Qn9, Qn25, Qn23, Qn11, Qn22, Qn8, Qn10

b. Dependent Variable: Qn13

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1	(Constant)	4.330	.945		4.580	.000	2.439	6.220
	Qn8	-.032	.147	-.031	-.220	.827	-.327	.262
	Qn9	.107	.187	.086	.575	.567	-.266	.481
	Qn10	.055	.195	.045	.281	.779	-.334	.444
	Qn11	-.276	.179	-.217	-1.547	.127	-.633	.081
	Qn22	-.131	.192	-.095	-.683	.497	-.515	.253
	Qn25	-.299	.154	-.257	-1.934	.058	-.608	.010
	Qn23	-.119	.171	-.093	-.694	.490	-.461	.223
	Qn24	.031	.149	.027	.205	.838	-.268	.329

a. Dependent Variable: Qn13

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Qn8	Between Groups	6.817	5	1.363	2.607	.033
	Within Groups	33.469	64	.523		
	Total	40.286	69			
Qn9	Between Groups	3.724	5	.745	1.895	.107
	Within Groups	25.148	64	.393		
	Total	28.871	69			
Qn10	Between Groups	5.680	5	1.136	2.921	.019
	Within Groups	24.891	64	.389		
	Total	30.571	69			
Qn14	Between Groups	3.012	5	.602	2.145	.071
	Within Groups	17.974	64	.281		
	Total	20.986	69			

Qn15	Between Groups	1.206	5	.241	1.179	.330
	Within Groups	13.094	64	.205		
	Total	14.300	69			
Qn16	Between Groups	3.063	5	.613	1.582	.178
	Within Groups	24.779	64	.387		
	Total	27.843	69			

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Qn8	Equal variances assumed	.092	.769	-.155	9	.880	-.067	.430	-1.039	.906
	Equal variances not assumed			-.161	8.690	.876	-.067	.414	-1.008	.874
Qn9	Equal variances assumed	.136	.721	.576	9	.579	.233	.405	-.684	1.150
	Equal variances not assumed			.594	8.887	.567	.233	.393	-.657	1.124
Qn10	Equal variances assumed	.382	.552	1.108	9	.297	.400	.361	-.417	1.217
	Equal variances not assumed			1.124	8.969	.290	.400	.356	-.406	1.206
Qn14	Equal variances assumed	.066	.802	1.421	9	.189	.367	.258	-.217	.950
	Equal variances not assumed			1.408	8.287	.195	.367	.260	-.230	.963
Qn15	Equal variances assumed	2.399	.156	1.969	9	.080	.567	.288	-.084	1.218
	Equal variances not assumed			1.913	7.308	.096	.567	.296	-.128	1.261
Qn16	Equal variances assumed	.036	.854	1.809	9	.104	.667	.369	-.167	1.500
	Equal variances not assumed			1.754	7.207	.122	.667	.380	-.227	1.560

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower	Upper
Qn8	Equal variances assumed	.060	.817	.205	5	.846	.100	.488	-1.154	1.354
	Equal variances not assumed			.180	1.516	.878	.100	.557	-3.202	3.402
Qn9	Equal variances assumed	.060	.817	-.205	5	.846	-.100	.488	-1.354	1.154
	Equal variances not assumed			-.180	1.516	.878	-.100	.557	-3.402	3.202
Qn10	Equal variances assumed	34.286	.002	-1.464	5	.203	-.600	.410	-1.654	.454
	Equal variances not assumed			-2.449	4.000	.070	-.600	.245	-1.280	.080
Qn14	Equal variances assumed	.804	.411	-.703	5	.513	-.300	.427	-1.397	.797
	Equal variances not assumed			-.557	1.337	.656	-.300	.539	-4.155	3.555
Qn15	Equal variances assumed	.060	.817	-.205	5	.846	-.100	.488	-1.354	1.154
	Equal variances not assumed			-.180	1.516	.878	-.100	.557	-3.402	3.202
Qn16	Equal variances assumed	.060	.817	.845	5	.437	.500	.592	-1.021	2.021
	Equal variances not assumed			.845	1.885	.492	.500	.592	-2.201	3.201

Independent Samples Test		
	Levene's Test for Equality of Variances	t-test for Equality of Means

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower	Upper
Qn8	Equal variances assumed	2.255	.155	-.899	14	.384	-.218	.243	-.739	.303
	Equal variances not assumed			-.797	6.080	.455	-.218	.274	-.886	.449
Qn9	Equal variances assumed	.172	.685	-.191	14	.851	-.055	.286	-.667	.558
	Equal variances not assumed			-.187	7.478	.856	-.055	.291	-.734	.625
Qn10	Equal variances assumed	2.540	.133	1.551	14	.143	.400	.258	-.153	.953
	Equal variances not assumed			1.431	6.551	.198	.400	.280	-.270	1.070
Qn14	Equal variances assumed	.003	.959	.393	14	.700	.109	.278	-.486	.705
	Equal variances not assumed			.423	9.395	.682	.109	.258	-.470	.688
Qn15	Equal variances assumed	7.260	.017	1.476	14	.162	.309	.209	-.140	.758
	Equal variances not assumed			1.183	5.139	.289	.309	.261	-.357	.975
Qn16	Equal variances assumed	.017	.898	.000	14	1.000	.000	.353	-.757	.757
	Equal variances not assumed			.000	7.064	1.000	.000	.369	-.872	.872

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower	Upper
Qn8	Equal variances assumed	.156	.695	1.770	37	.085	.541	.306	-.078	1.161

	Equal variances not assumed			2.012	5.790	.093	.541	.269	-.123	1.205
Qn9	Equal variances assumed	.011	.917	1.170	37	.249	.371	.317	-.271	1.012
	Equal variances not assumed			1.368	5.941	.221	.371	.271	-.294	1.035
Qn10	Equal variances assumed	.094	.761	2.584	37	.014	.724	.280	.156	1.291
	Equal variances not assumed			2.731	5.456	.038	.724	.265	.059	1.388
Qn14	Equal variances assumed	.036	.850	1.464	37	.152	.347	.237	-.133	.827
	Equal variances not assumed			1.595	5.586	.166	.347	.218	-.195	.889
Qn15	Equal variances assumed	.767	.387	1.256	37	.217	.312	.248	-.191	.815
	Equal variances not assumed			1.197	5.095	.284	.312	.260	-.354	.977
Qn16	Equal variances assumed	1.386	.247	1.144	37	.260	.382	.334	-.295	1.060
	Equal variances not assumed			1.131	5.212	.307	.382	.338	-.476	1.241

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Qn8	Equal variances assumed	.019	.896	.255	6	.807	.167	.653	-1.430	1.764
	Equal variances not assumed			.277	2.007	.807	.167	.601	-2.410	2.743
Qn9	Equal variances assumed	.028	.872	-.548	6	.604	-.333	.609	-1.822	1.156
	Equal variances not assumed			-.568	1.846	.631	-.333	.587	-3.072	2.406

Qn10	Equal variances assumed	.750	.420	-2.121	6	.078	-1.000	.471	-2.153	.153
	Equal variances not assumed			-3.873	5.000	.012	-1.000	.258	-1.664	-.336
Qn14	Equal variances assumed	1.200	.315	-1.732	6	.134	-.667	.385	-1.608	.275
	Equal variances not assumed			-1.265	1.232	.394	-.667	.527	-5.012	3.679
Qn15	Equal variances assumed	1.200	.315	-1.732	6	.134	-.667	.385	-1.608	.275
	Equal variances not assumed			-1.265	1.232	.394	-.667	.527	-5.012	3.679
Qn16	Equal variances assumed	.188	.680	-.369	6	.725	-.167	.451	-1.271	.938
	Equal variances not assumed			-.307	1.378	.799	-.167	.543	-3.867	3.533

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Qn8	Equal variances assumed	1.808	.199	-.519	15	.612	-.152	.292	-.774	.471
	Equal variances not assumed			-.427	6.371	.684	-.152	.355	-1.008	.705
Qn9	Equal variances assumed	.207	.656	-.932	15	.366	-.288	.309	-.947	.371
	Equal variances not assumed			-.834	7.704	.430	-.288	.345	-1.090	.514
Qn10	Equal variances assumed	.450	.512	.000	15	1.000	.000	.262	-.559	.559
	Equal variances not assumed			.000	7.809	1.000	.000	.291	-.675	.675
Qn14	Equal variances assumed	.078	.784	-1.016	15	.326	-.258	.254	-.798	.283

	Equal variances not assumed			-1.106	13.111	.289	-.258	.233	-.760	.245
Qn15	Equal variances assumed	.753	.399	-1.489	15	.157	-.258	.173	-.626	.111
	Equal variances not assumed			-1.357	8.061	.212	-.258	.190	-.695	.180
Qn16	Equal variances assumed	.141	.712	-2.203	15	.044	-.667	.303	-1.312	-.022
	Equal variances not assumed			-2.345	12.384	.036	-.667	.284	-1.284	-.049

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Qn8	Equal variances assumed	.533	.470	2.039	38	.048	.608	.298	.004	1.211
	Equal variances not assumed			1.730	6.164	.133	.608	.351	-.246	1.462
Qn9	Equal variances assumed	.214	.647	.453	38	.653	.137	.303	-.476	.751
	Equal variances not assumed			.418	6.493	.689	.137	.328	-.652	.926
Qn10	Equal variances assumed	1.784	.190	1.228	38	.227	.324	.263	-.210	.857
	Equal variances not assumed			1.167	6.623	.284	.324	.277	-.340	.987
Qn14	Equal variances assumed	.235	.630	-.090	38	.928	-.020	.217	-.458	.419
	Equal variances not assumed			-.105	7.919	.919	-.020	.187	-.453	.413
Qn15	Equal variances assumed	.067	.797	-1.147	38	.258	-.255	.222	-.705	.195
	Equal variances not assumed			-1.352	8.099	.213	-.255	.189	-.689	.179

Qn16	Equal variances assumed	1.301	.261	-.950	38	.348	-.284	.299	-.890	.322
	Equal variances not assumed			-1.173	8.597	.272	-.284	.242	-.836	.268