

Managing Ghost Workers Fraud on Payroll in Tanzania: A Conceptual Framework

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Abstract

Tanzania has made several reforms to improve public service since independence in 1961. One of the major concerns has been to wipe out ghost workers on the payroll. The efforts would improve public service and avoid unnecessary wastages of resources. For decades the payroll still bears names of fictitious and ex-employees who either retired or deceased. Ghost workers have been oozing scarce funds that could support service to the neediest Tanzanians. The situation calls for immediate but comprehensive interventions for dealing with menace to avoid further negative impacts on public service management and the country. The core intervention is to comprehend the nature of fraud on the payroll in Tanzania. Therefore, the paper proposes a conceptual framework for identifying and managing ghost workers on the payroll. The study is based on secondary data. The study used Fraud Triangle Theory, Fraud Diamond Theory, and Fraud Lifecycle Management Theory to construct the conceptual framework for managing ghost workers on the payroll in Tanzania. The framework can facilitate organizations, researchers, and human resources practitioners to analyze initial motives and traits of employees towards unethical behaviors, the probability of fraud on the payroll, and the quality of fraud management systems. In addition, the framework portrays that the fraud management systems must be inherent features of efficient and effective human resources management of any organization that needs and wants to curb ghost worker frauds on the payroll.

Keywords: Ghost Worker Frauds, Fraud Management, Conceptual Framework, Human Capital Management Information System, Payroll

Introduction

Ghost workers scam is a type of crime committed by the bureaucrats who prepare and control remuneration processes (Okagu et al., 2020). The ghost workers are illegal employees on the payroll (Nangih & Davies, 2017). The intention is to obtain unlawful money from ghost workers on the payroll (Anele, 1996). Pay fraud involves false claims of wage or pay and other reimbursement compensations from the employers (Association of Certified Fraud Examiners - ACFE, 2016). It involves masquerading and tempering with the payroll systems that result in cost insinuation (Hawley, 2021).

There are several initiatives to eradicate ghost workers on the payroll in Tanzania (Kiwuwa, 2021; Sawe & Maimu, 2001; The United Republic of Tanzania - URT, 2014). For example, in 1991, public service reforms established payroll control systems for identification and discarding ghost workers on the payroll (Sawe & Maimu, 2001). In 1995, the government introduced Personnel Control and Information Systems to improve human resource databases and significantly reduce or stop wastage of resources (URT, 2014). Regardless of all these efforts, the payroll verification exercise in 1996 initially identified 6,000 ghost workers but later reinstated 500 as legitimate civil servants (Sawe & Maimu, 2001). In 1998, a comparison of civil servants the public service and ministry of finance lists disclosed 16,000 ghost workers on the payroll (Sawe & Maimu, 2001). All this was not just a loss of money; it undermined the country to improve the living standards of the citizens.

The determination of the government of Tanzania to improve public service on payroll resulted in the launching of the Merged Integrated Human Resource and Payroll system on 20th June 2000. The initiative enabled the government to identify and manage its employees and wage bill monthly (Sawe & Maimu,

2001). Another landmark in managing human resources in Tanzania was the Human Capital Management Information System (HCMIS). The system automates administrative activities and increases the efficiency and effectiveness of human capital information. It keeps employees' names, birth dates, professional qualifications, positions, and salaries (URT, 2016; Sawe & Maimu, 2001). In 2011/2012, the government streamlined HCMIS to Ministries Department and Agency (MDAs) and Local Government Authority (LGAs). In the three following financial years, the government reduced leakage to ineligible salaries at the tune of 1.8 billion Tanzanian Shillings (Tanzanian Currency) in 2009/ 2010; 142.7 million Tanzanian Shillings in 2010/11; and 55.7 million Tanzanian Shillings in 2012/13. Despite remarkable achievements in HCMIS, ghost workers received 392 million Tanzanian Shillings in 2014/2015. In 2015/2016, the same observable fact increased to 1,007 million Tanzanian Shillings (International Monetary Fund - IMF, 2016). The overall 2016-2018 pay verification exercises revealed the government was wasting 19.83 billion Tanzanian Shillings monthly on 19,708 ghost workers on payroll (Domasa & Kamagi, 2020). Frauds on the payroll are a recurrent peril in Tanzania (Giliard, 2021; National Audit Office, 2020; Therkildsen, 2001). For instance, Zanzibar in United Republic of Tanzania recently annulled top military officials who masqueraded 381 ghosts who worked as authentic civil servants and caused a loss of 2 billion Tanzanian Shillings monthly on payroll (Giliard, 2021). The net effects of the ghost workers on the payroll are massive wastages of resources and inadequate quality of public service in Tanzania (Domasa & Kimagi, 2020). The measures against ghost workers on the payroll need comprehensive understanding. For instance, the Tanzanian Prime Minister promised to continue fighting against ghost workers through pay verification exercises (Domasa & Kimagi, 2020). The approach depends on the will and commitment of the top management decisions. It is also unpredictable. For instance, the government has physical

verification exercises on civil servants in 1991, 1996, and 2016. The new trends of ghost workers on the payroll suggest that the government of Tanzania should analyze the problem in all dimensions before designing tools for managing ghost workers on the payroll. Ghost workers on the payroll do not only result in financial losses but also poor public services. Additionally, the situation reveals that authorities dealing with human resources management do not understand the nature of the problem.

Literature Review

This section provides the meaning of "fraud" applied in this study, and identifies research gaps from previous studies. To establish constructs for creating a conceptual framework, the section reviews related theories, including Fraud Triangle Theory, Fraud Diamond Theory, and Fraud Management Lifecycle Theory.

The Meaning of Fraud

Many authors have defined "fraud" with some variations of the definitions (Akers & Bellovary, 2006). In search of the meaning of the fraud, Akers & Bellovary's (2006) study collected several definitions. It was revealed that definitions overlap to include but not limited to "intent", "illegal act", "perpetrator" willingly cause some form of deception, "acts that result in a material misstatement of the financial statements", "manipulation of accounting records and supporting documents", "omission of important information" (pp.248-249). In addition, Merriam-Webster (2021) defines fraud as "the crime of using dishonest to take something valuable from other persons". Also, it adds that fraud refers to "a person who pretends to be what he/she is not to trick people". Drawing from the above, specifically, fraud in this paper refers to a thoughtful act (or failure to act) to personally earn unlawful benefits by using dishonesty or deceitful propositions or destruction of facts on the payroll, which make responsible pay authority believes and

relies upon to pay as ghost workers as genuine employees. Along the course of creating and receiving illegal or undeserved wages and reimbursements on the payroll, a dishonest bureaucrat (fraud) is likely but not limited to commit the following: fake or adjust documents; unapproved revise or alter records (files); and deceive on fiscal reporting (the University of Southern Indiana, (2021).

The Gap in Previous Studies

Empirical studies of Haruna et al. (2015); Ndaro, (2016); Njau, (2017); Oguzierem et al. (2017), and Bwaki (2018) have dwelt much on causes and the outcomes of ghost workers to the country economy, payroll, new employment opportunities, and employees' performance. They also proposed measures for the eradication of ghost workers on the payroll. Theoretical studies, mainly Cressey (1950); Kassem and Higson (2012, p.192), Albrecht al. (2010, p. 260), Wolfe and Hermanson (2004), Sorunke (2016), have exhausted explanations and descriptions on the causes of frauds in organizations. Wilhelm (2004) provides a conceptual framework for managing ghost workers. Nevertheless, empirical studies did not provide a unified framework for managing ghost workers on the payroll in Tanzania. Thus, this study bridges the gap by creating a conceptual framework for identifying and managing ghost workers in the payroll. Specifically, the articles respond to one question; why do ghost workers persist on the payroll in Tanzania despite several government efforts to improve public service? In search of the answer to the core question, the paper reviews the Fraud Triangle Theory.

Fraud Triangle Theory

Fraud committed in public organizations occurs within the context that crafts its occurrence. This situation makes organizations prone to their environment. According to Cressey's (1950) study, fraudulence in organizations can rarely

happen without three factors: pressure/incentives, opportunity, and rationalization. Fraud occurs whenever these factors occur concurrently. Cressey opines that trust violators commit fraud due to the following reasons:

“...they conceive of themselves as having a financial problem which is non-shareable, have knowledge or awareness that this problem can be secretly resolved by the violation of the position of financial trust, and can apply to their conduct in that situation verbalizations which enable them to adjust their conceptions of themselves as trusted persons with their conceptions of themselves as users of the entrusted funds or property” (Cressey, 1950, p. 742).

Those who commit fraud have the skills, knowledge, experience, and positive attitudes to use their positions towards material acquisitions. Drawing from the conception of Cressey (1950), ghost workers on the payroll occur just like in other instances of fraudulence. The following section uses Cressey’s submission to describe and explain the occurrence of ghost workers on the payroll in Tanzania.

Perceived Motive/Pressure

One of the possible causes is a monetary difficulty that is not distributable. It occurs when bureaucrat conceives of himself as “having incurred obligations which he/she considers as non-socially-satisfied and which, consequently, must be satisfied by a private or secret means” (Cressey, 1950, p. 741). Non-shareable financial issues can be expressed in six different forms. They include “difficulty in paying back debts, problems resulting from personal failure, business reversals (uncontrollable business failures such as inflation or recession), physical isolation (trust violator is isolated from people who can help him), status gaining (living beyond one’s means, and employer-employee relations (employer’s unfair treatment)” (Kassem & Higson, 2012, p. 192). However, Lister (2007, p. 63) rarely sees that pressure is the source of an

employee to be involved in fraudulence but as “the source of heat for the fire”. The perceived motive/pressure by the fraudster is not self-sufficient to induce him to commit fraud.

Kassem and Higson (2012, p. 192) argue that bureaucrats are motivated to commit fraud due to “personal pressure such as lavish lifestyle, employment pressure from constant reimbursement structures, or management’s financial interest, and external pressure” like market expectations, financier covenants, and risks to the business financial stability. Giving instances of this, Albrecht et al. (2010, p. 260) provide those financial motives that result in fraud include “personal financial losses, falling sales, inability to compete with other companies, greed, living beyond one's means, personal debt, poor credit, the need to meet short-term credit crises, inability to meet financial forecasts, and unexpected financial needs”.

Non-financial pressure occurs when employees want to beat the system and are frustrated with work (Albrecht et al., 2008, p. 3). Extending the motives/pressure for one to commit fraud, Murdock (2008) adds political and social pressure. The Author argues that non-financial motives emanate from a lack of discipline or personal habits like gambling and drug addiction. The desires of bureaucrats to maintain social status gradually drag them into dubious transactions. It is possible; bureaucrats' behaviors reflect what society cherishes. When dishonesty becomes the norm of a particular community, members applaud those who misuse public office to squander money funds. Some community members regard those as heroes due to their achievements in the shortest possible time after assuming the position of financial trust in the bureau. Therefore, unethical bureaucrats behind the payroll systems will always manipulate the process or personal gains. However, as Lister (2007) squabbles, ghost workers' fraudulence is not likely to occur without the bureaucrats identifying an opportunity.

Perceived Opportunity

Another condition that must be presented before the occurrence of fraud, according to Cressey (1950), is a perceived opportunity. In this regard, the swindler sees a way to use the position as the stepping-stone towards resolving their financial problems (Abdullahi & Mansor, 2015). This happens in an organization with weak internal control measures. In such organizations with pitiable supervisory systems, wretched bureaucrats use inherent weaknesses for personal gains based on their expertise. Additionally, fraudsters create, albeit in their conception, solidly ground justifiable reasons with wrong premises to shield their decadent demeanors. Contrary to Cressey (1950) concept of perceived opportunity, Lister (2007, p. 63) argues that all these “*acts as the firewood that keeps the fire burning*”. The metaphor denotes that albeit (pressure/motive) may drive an employee to commit fraud, the employee cannot fulfill it without first perceiving the loophole. However, Lister (2007) and Ruankaew (2016) correctly demonstrate that not everyone can realize such inherent fissures in the organizations, but a few bureaucrats whose expertise and positions enable them to abuse the trust bestowed on them. The motive is unfounded validations and pretext.

Ruankaew (2016) synthesizes the positions and functions of the bureaucrats in the office as the capacity of the bureaucrats. In human capital management, an instance shows that ghost workers fraud is the game of the bureaucrats with the capacity to manipulate payroll systems such as the Human Capital Management Information System (HCMIS). For instance, ADE (2013) provides that Tanzania had weak information systems that created an opportunity because of pathetic human capital management mechanisms. The government of Tanzania introduced HCMIS to manage almost all issues centrally at Dar es Salaam in Tanzania. However, the systems could take up to six months to capture accurate information of the employees like retirement, termination, and promotions. Information for labor turnover entails accuracy

in recording those who enter and exit organizations. Incongruence between the names of those who exit and enter creates an imbalance. The deficiencies are on some of those who leave public service but remain on the payroll. Dishonest bureaucrats with information readily available could misuse all this. Dishonest bureaucrats can perceive opportunities due to organizations' structure and complex transactions and merged duties they experience (Kassem & Higson, 2002, p. 192). Additionally, they can perceive opportunities to commit fraud due to inadequate or illegally avoid controls that deter, stop and spot fraudulent behaviors, fragile board of directors, inadequate access to information, and inadequate audit records and disciplining fraud perpetrators (Albrecht et al., 2008, p. 3). All this suggests that unethical bureaucrats recognize that the system is too weak to resist their ill-gotten ambitions (Rae & Subramaniam, 2008, p. 106).

The unambiguous organizational structure opens loopholes through which asset swindling occurs and reduces the possibility of catching fraudsters (Albrecht et al., 2009, p. 41). Similarly, duties one employee undertakes, create control of the tasks and eventually increase chances for embezzlement. Therefore, a single employee should not perform tasks that involve cash because it paves the way to perceived opportunity as the following case of J and D exemplifies:

“I was one of the tellers in a medium-sized bank. Because we all had access to money orders and bank checks, I stole 16 money orders. I did not use them for two weeks to see if anyone would notice them missing. Then, I used one for \$300. After saying nothing in the next two weeks, I used seven more” (Albrecht et al., 2009, p. 41).

This case, among other things, indicates that payroll fraudsters do not engage in fraud without first calculating the risks. They start and continue with payroll fraud once they conclude from the risk equation that "detection is extremely

low.... even the legal conviction is equally low...the punishment will be a mere slap on the wrist..." (Amoaku - Tuffour, 2002, p. 9).

Furthermore, fraudsters complicate the matter and decrease the chances of being caught. For instance, they draw more bureaucrats and even people outside the public bureaus in fraud. The motive behind this approach is two folds: first, it weakens the mechanisms for protection and detection of payroll fraudulence. Secondly, it elevates the costs for external scrutiny (Amoaku - Tuffour, 2002, p. 9). In the same fashion, payroll fraudsters obscure the entire fraudulence processor an external inquiry to identify corruption. As the syndicate, payroll fraudsters diffuse possibilities of being culprits. Due to this situation, the government vacillates to take prompt actions against perceived delayed, long, and costly frauds. It partly explains the persistence of ghost workers on the payroll in Tanzania.

Unfaithful bureaucrats turn the strategies to reduce and or completely remove ghost workers on the payroll into a perceived opportunity as well. In the early 1990s, the government of Tanzania started to take stern measures to reduce the size of public servants. The exercise required the public servants to attend in person with their identity cards. The government evicted 13,360 ghost workers from the payroll (Lukumai, 2006). However, ADE (2013, p. 80) accounts that some employees did not turn up on the verification day. There was no further scrutiny to establish absentees, whether they were actual workers or ghost workers on the payroll. Unethical bureaucrats could use this fissure deliberately to falsify the database. Intrinsic weaknesses could be misused due to the lack of comprehensive headcount exercise that could hold bureaucrats accountable. Unreliable approaches are loopholes for the recreation of ghost workers on the payroll.

The government does not have enough skills to create a reliable payroll database. Most of the bureaucrats using Information and Communication Technology (ICT) were yet to maintain enough skills. The headcount of 1990

created chances for generating more fictitious workers on the payroll and swindling money because the government continued to pay its employees in cash for the next ten years (Lukumai, 2006). This was another ambiguity in which unethical bureaucrats used swindled government funds for personal benefits. The Controller and Audit General (CAG)'s report on a few Ministries, Departments, and Agencies (MDAs) indicates that by 1996 the government had paid 295,849,657 Tanzanian Shillings as salaries without following rules and regulations (National Audit Office, 1999). This situation implies that fraudsters are aware of the inefficient and ineffective payroll system in respective MDAs and LGAs. Above all, fraudsters are conscious because the government does not enforce the rules and regulations of human and financial resources management. While there is no perfect organization with the most efficient and effective systems, bureaucrats are trusted to hold office with imperfect systems. They must demonstrate integrity while working with defective systems. However, not all bureaucrats who engage in fraudulence misuse skills, knowledge, and positions, and they rationalize their actions.

Rationalization

Rationalization signifies the justification for employees to commit fraud. Most of those involved in fraudulence are likely to be first-time offenders. They may not consider their acts illegal, but sincere deeds due to regrettable situations (Cressey, 1950). Reporting on occupational fraud and abuse in various nations, the ACFE (2010) establishes that of all cases, 85% of the perpetrators had neither been convicted nor criminally. This indicates that it was not their habit to steal or commit offenses. They see that they are normal people who become victims of inconvenient situations. Justification of fraud by the employees in the organization is individual feelings, personality, or set of principles that enable them deliberately to deceive. While ACFE (2010) argues that fraud is an individual character, Kassem and Higson, (2002) argue that

under significant pressure, even honest employees are subjected to committing fraud because of the motive, the more unethical bureaucrats will find ways to justify the tolerability of his actions towards fraudulence. Despite such confessions, Rae and Subramaniam (2008) refute all of them. Rae and Subramaniam (2008, p.106) argue that justification of the fraudulent behaviors in the public offices is the consequence of either inadequate or lack of integrity or moral reasoning amongst the employees. Besides, any excuse for a breach of rules and regulations that govern the bureaucrats is completely against the code of conduct.

Drawing from the above, it is deduced that the Fraud Triangle Theory (FTT) provides a framework within which bureaucrats create ghost workers on the payroll. Despite this contribution, FTT is yet to respond to one fundamental query; “why the majority of the civil servants do not commit fraud even though they may be under the influence of fulfilling financial obligations illegally?” To answer this question and expand our knowledge on the causes of fraud on the payroll in Tanzania, another element, “*capability*”, is added as presented in Fraud Diamond Theory.

Fraud Diamond Theory

Fraud Diamond Theory describes capability as an added element.

Capability of Employees

The fraud diamond theory is an extension of the FTT. According to Wolfe and Hermanson (2004), the perpetrators are not or less likely to achieve ill ambitions without having adequate knowledge, skills, and experience. Drawing from Wolfe and Hermanson (2004), it appears that organizations are aware of the incentives/pressure, opportunity, and rationalization. They have made several initiatives to enact laws, reinforce software like HCMIS in Tanzania. Even under tighter control and broader oversight, fraud acts have persisted as Wolfe and Hermanson (2004) assert, “...despite intense efforts to

stamp out corruption, misappropriation of assets, and fraudulent financial reporting, it appears that fraud in its various forms is a problem that is increasing in frequency and severity" (2004:38). In the quest to provide a comprehensive framework, Wolfe and Hermanson (2004) proposed a fourth element *capability*. The addition of the capability to inducement, opening, and good reason forms a "*four-sided fraud diamond*" as the fourth element to reinforce the FTT. The explanation expands our understandings of how ghost frauds may occur on the payroll and provide possibilities to prevent it.

Capability refers to the individual's ability and traits because they are a prerequisite of frauds whenever there are other three elements (i.e., perceived pressure/motive, opportunity, and rationalization). Lister (2007); Rae and Subramaniam (2008) demonstrate that incentives and rationalization can only bring the people toward the doorway created by the opportunity. Fraudulence depends on the person taking advantage of opportunities for personal gains several times unnoticed (Wolfe & Hermanson, 2004, p. 39). While the FTT would lead one to think of fraud as environmental or situational factors, the fraud diamond theory insists that potentials to deceive must be openly and independently given due consideration in evaluating the danger of fraud (Wolfe & Hermanson, 2004, p. 39). Persons who commit fraud for a long time or on a large amount of money possess various traits. Their positions and functions create their ability to seize opportunities not available to other employees. For example, dishonest bureaucrats whose positions allow them to verify the payroll can maliciously.

The capabilities of the fraudsters reveal themselves in six different ways. The more frequencies an individual performs a task increase their knowledge and gain control over time. Secondly, fraudsters are intelligent, innovative, and experienced who know all company's control measures and weaknesses. In turn, they access the system or assets against the rules and regulations. In line with this, Wolfe and Hermanson (2004) reaffirm that about 70% of the public

fraud involved corporate Chief Executive Offices. Besides, "...51% of the perpetrators of occupational fraud had at least a bachelor's degree, and 49% of the fraudsters were over 40 years old..." (Wolfe & Hermanson, 2004, p. 40). Thirdly, fraudsters are confident enough to take the trouble to solve problems if caught. Fraudsters are egotists determined to attain their objectives at all costs. Success in one fraud act justifies the next one. Those involved feel like proving how smart they are. Fourthly, they can coerce others to conceal or commit fraud by bullying their subordinates. This situation paves ways to bypass some procedures and consequently create loopholes for fraudulence. Fifthly, fraudsters are perennial liars. At all times, they remember all lies. They could do all it takes to hide documents or consistently present wrong information to various authorities. Lastly, fraudsters manage stress too well to be detected (p.40). Despite Wolfe and Hermanson's (2004) articulation and elaboration on the capability factor, critics are very doubtful. "Just as not all bureaucrats under pressure seize opportunities, rationalize the situation and commit frauds" (Wolfe & Hermanson, 2004), not all employees with skills and good positions commit fraudulence (Sorunke, 2016) who brings on the scene ethical issues in the equation of the cause and prevention of deception on the payroll.

Personal Ethics

Previous studies on fraud did not give due attention to personal behaviors as factors for fraud (Sorunke, 2016). An ethical person would perform duties according to well-established standards about right and wrong that stipulate what one ought to do in the light of rights and responsibilities to society (Sorunke et al., 2014). Ethics is the summation of norms that guide the individuals' behaviors in the public office (Sorunke et al., 2014). Norms are visible through the power of habit in the community, in which one behaves and conducts activities due to moral principles. Personal ethics greatly determine fraudulence in managing human capital and consequently affect the

quality of payroll. Ethical values, honesty, trustworthiness, justice, transparency, discretion, and self-control influence the bureaucrats' choices and actions are more likely to maintain or contest. Therefore, bureaucrats make some decisions according to their ethics in managing human capital. In this regard, the level of personal ethics determines fraudulence committed. It is not just capability, pressure/incentives, opportunities, and rationalizations that make the bureaucrats deceive for personal gains, but the level of personal ethics. Findings demonstrated that a high level of integrity matters because even under pressure, bureaucrats do not commit fraudulence (Sorunke, 2016). The situation is opposite to the bureaucrats with a low level of incentives. Committing fraud by unethical bureaucrats does not need any pressure, but one just wants to accumulate wealth. Some of the bureaucrats are already rich due to gluttony, but they continue amassing wealth through deception. Conversely, Wolfe and Hermanson (2004) strongly opine that the capability of the bureaucrats is the factor for committing fraud. However, Sorunke (2016) insists that individuals with the capability and low personal ethics with determination to advance the ill-gotten agenda collaborate with internal or external bureaucrats for grand or long-term deceptions.

Drawing from the above, motivation, integrity, opportunity, and capability of the employees explain the cause of ghost workers on the payroll in Tanzania. Rationalization is associated with personal integrity (Kassem & Higson 2012, p. 194; Rae & Subramaniam, 2008, p. 106). Employee veracity is about "the personal code of ethical behavior each person adopts" (Albrecht et al., 1984, p.18). Unlike pressure and rationalization, personal integrity is the fundamental element. It is apparent through both one's decisions and the decision-making process (Kassem & Higson, 2012, p. 193). It is imperative to acknowledge that the cause of ghost workers on the payroll is a multifaceted phenomenon. To curb it requires one to be aware of the possible reasons for ghost workers' fraud on the payroll in Tanzania. The proceeding section uses

a Management Lifecycle Theory to exhaust the framework that explains how to manage ghost workers on the payroll.

Fraud Management Lifecycle Theory

The *Fraud Management Lifecycle Theory* (FMLT) suggests the cycle to discontinue or significantly decrease deception as ghost workers on the payroll. The FMLT is a lifecycle of the network where every stage in the lifecycle is a collective entity (Wilhelm, 2004). The theory has eight interlinked stages: “deterrence, prevention, detection, mitigation, analysis, policy, investigation and prosecution” (Wilhelm, 2004, p. 9). *Deterrence* engages in finishing ghost workers’ fraud earlier than it is happening by making the path very hard for fraudsters. It intends to avert or dishearten fraud before it occurs. Effective deterrence of ghost workers is the product of each stage of FMLT to hold down and detract all forms of fraudulent elements. Its achievement depends on the efficient steps of FMLT. In the arena of payroll, the government should deter all fraudsters’ activities against all government resources. In this regard, horrible or career/ life-threatening becomes necessary (Ibor, 2016). In Tanzania, MDAs and LGAs should abide by the laws, rules, employment and labor relations regulations, and the security guide for human capital management information systems to the letter.

Prevention involves actions to stop fraud from happening (Wilhelm, 2004). Here, the government should conceal the fraudsters from doing or carrying out fraudulence. It is rational to end losses on the payroll to occur against the permanence of deception. The process of data collection along the course of reforms of the civil servant department should not allow the creation and forgery of employees’ particulars. Neither should the processes create loopholes for future fraud opportunities. *Detection* aims at unveiling the reality of fraud efforts. For instance, MDAs can use detective measures based on statistics to be acquainted with deception earlier than it transpires. HCMIS can detect frauds such as ghost workers if it makes it difficult for fraudsters to

adapt and exploit it. For instance, if governments disburse all salaries and fringe benefits through the employees' bank account, it is harder for the fraudsters to generate false bank accounts for ghost workers. *Mitigation* means to avoid harm from happening or achieving fraudulent actions (Wilhelm, 2004). For example, whenever suspicions arise on any financial transactions of salaries and other fringe benefits, the government must make bank account inactive. Mitigation could avoid deception payroll since it intends to take immediate actions to reduce the degree of attempts and losses incurred to recover or correct the impact (Wilhelm, 2004). Nevertheless, fraud reduction is the function of the business environment and management of installed detection tools.

The process provides a clear picture of the losses regardless of "deterrence, detection, prevention, and mitigation actions". The government should evaluate the outcomes of the deception on the payroll. It should determine the factors behind the losses and impacts. Additionally, the process should provide alternative and sustainable answers to perennial challenges on the payroll. The government can apply a technique like root-cause analysis (Wilhelm, 2004). The *policy* intends to make, weigh up, correspond, and support policymaking to diminish deceptions and irritations to legitimate customers. In this regard, the policy should address the quality of public services. For instance, the government created the "E-government act-2019" (URT, 2019) to provide a framework for all e-government transactions in Tanzania. With the particular focus and locus, the HCMIS security guiding principles provide a framework for HCMIS in Tanzania (URT, 2014). There are also rules and regulations in MDAs that emanate from the policy of the "Employment and labor relations act-2004" (URT, 2004). Implementations of policies curtail implicitly and explicitly decadent demeanors to advance ghost workers on the payroll. Besides, the government should assign sufficient resources for effectively

fighting against fraudulence on the payroll. However, policies must consider deterrent value, failure decline, operational scalability, and effectiveness. The investigation, attestation, and information help restrain actions that mislead to return assets and present proof for successful trial and certainty of the fraudsters (Wilhelm, 2004). Investigate three issues "internal and external investigations and coordination of enforcement of the laws. Internal investigations concentrate on employees, contractors, consultants, or vendors involved in managing human capital systems. External investigations focus on customers" (fraudulent claims), "fraudsters (individual crooks), and groups (an association of criminals)" (Wilhelm, 2004, p.14). The responsible authority must gather relevant information about ghost worker fraud on the payroll in this stage. Finally, the prosecution is the consequence of all the attainments and failures in the FMLT. It embraces retrieving assets, illegal payments, and sincerity with its attendant deterrent value. Prosecution aims at demanding fraudsters to restrain extra theft, start, preserve, and improve their reputation and acquire retrieval or compensation wherever possible. The achievements at the highest stage of the fraud management network depend on the eight interrelated steps. Ghost worker frauds flourish whenever the steps are imbalanced because of the weak network for managing fraud.

Methodology

The paper sought to propose a conceptual framework for managing frauds on the payroll in Tanzania. The article relied on external desk research. Therefore, the study used secondary data, and a preliminary literature review provided the keywords and themes, which the author used for searching reading materials in search engines. Some of the keywords were ghost workers on the payroll, causes of frauds, management of frauds, and human capital management. Reviewed reports on the civil services reform in Tanzania covered the period between 1961 and 2020. The review provided the trend and statistics of the ghost workers purged from the payroll in Tanzania. The pre-

review of literature brought on the scene two perspectives on frauds; how frauds occur and how to control them. These perspectives were captured well by the triangle fraud theory and fraud management life theory. Further review of the fraud triangle theory and fraud management theory provided the variables of the conceptual framework (figure 01). Subjected all-reviewed internet-based materials, books, journals, and government reports to content analysis by following the pre-established themes, as figure 01 demonstrates.

Analysis and Discussion

Analysis

The main goal of the paper was to construct a conceptual framework that can guide in dealing with ghost workers on the payroll in Tanzania. The analysis is based on the three theories, namely Fraud Triangle Theory, Fraud Diamond Theory, and Fraud Lifecycle Management Theory; using concepts and variables from each theory, this section creates a conceptual framework for comprehending how to manage ghost workers the payroll in Tanzania.

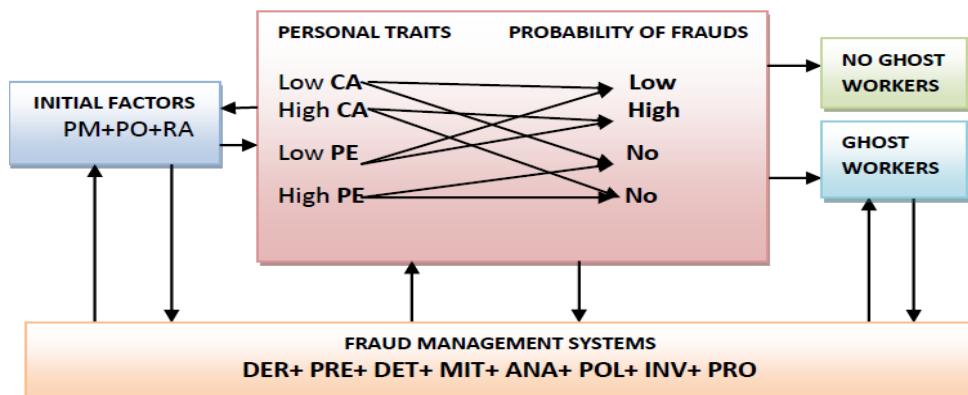
According to Fraud Triangle Theory, *ghost workers' fraud* (GWF) occurs due to *perceived motive* (PM) (Cressey, 1950). Such pressure socially and or politically induces bureaucrats to live beyond their means (Albrecht et al., 2010). Consequently, the situation hastens bureaucrats to perceive the chances of fulfilling their ill-gotten agenda (Albrecht et al., 2008). Bureaucrats may understand its weaknesses by their managerial positions in the office running HCMIS. This situation becomes a loophole/ *perceived opportunity* (PO) to advance fraudulence (Cressey, 1950). Due to a lack of conscience, some bureaucrats can *rationalize* (RA) their ill-gotten agenda. It is contrary to the rules and regulations of the MDAs that employed them. To this point, neither of the reasons makes a human resource officer behind the HCMIS further advance their agenda without having enough *capacity* (low to high CA) to furnish the act unnoticed by the employer (Wolfe & Hermanson, 2004).

However, not every user of HCMIS with PM, PO, RA, and CA is a fraudster (Lister, 2007; Ruankaew, 2016). It depends on the level of *personal ethics* (PE). Those who observe the code of conduct to the letter (high PE) do not suffer from PM, PO, RA, and CA (Rae & Subramaniam, 2008). Employees who lack or do not adhere to *personal ethics* (low PE) would advance their ambitions (Lister, 2007). If the HCMIS is weak or has no inherent ghost workers' management mechanism results in the occurrence and persistence of Ghost Workers Fraud (GWF). According to Cressey (1950); Wolfe and Hermanson (2004); Lister (2007), the causes of GWF on the payroll are PM; PO; RA; CA and PE. Therefore, Ghost worker's fraud on the payroll depends on the presence of combined factors as follows: **GWF=f(PM+PO+RA+CA+PE)**.

Knowing how ghost workers on the payroll occur without knowing how to curb the menace may not improve the management of frauds in the organizations. According to the Fraud Management Lifecycle Theory, managing ghost workers' fraud would entail departments and President's Office - Public Service Management Good Governance to run HCMIS by considering all variables that make it efficient and effective. According to Wilhelm (2004), there are eight factors to consider while managing frauds. They include all *deterrent interventions* (DER). The MDAs with deterrent mechanisms can avoid ghost fraud and other losses. *Preventive interventions* (PRE) stop ghost workers' occurrence (Wilhelm, 2004). Once fraud occurs, *detective intervention* (DET) should suppress it. The failure of DET brings in *mitigation measures* (MIT) for stopping or reducing ghost workers on the payroll significantly. The MIT gets support from the *analysis* (ANA) of the incidences that establish comprehension of the event (Wilhelm, 2004). Once the government understands the nature of fraud on the payroll, it should make a *policy* (POL) to curb the peril (Wilhelm, 2004). *Investigation* (INV) enables to examine all employees involved in the processes of managing human

capital in collecting evidence on the lost property and suing them before the court of law (Wilhelm, 2004). Once solid shreds of evidence are readily available, *prosecution* (PRO) begins (Wilhelm, 2004). It involves regaining the lost property and reputation or losing it all. According to Wilhelm (2004), effective *management of ghost workers' frauds* (MGWF) depends on comprehensive but cohesive control interventions, which are DER; PRE; DET; MIT; ANA; POL; INV and PRO. Therefore, effective management of ghost worker fraud on the payroll depends on the presence of combined factors as follows: **MGWF =f (PRE+DET+MIT+ANA+POL+INV+ PRO)**.

Figure 01: Conceptual Framework for Managing Ghost Workers



Abbreviations:

PM: perceived motive; PO: perceived opportunity; RA: rationalizations; PE: personal ethics; CA: capability; DER: deterrence; prevention; MIT: mitigation; ANA: analysis; POL: policy; INV: investigation; PRO: prosecution; PRE: Preventive interventions; DET: detective intervention

Source: Based on literature review

Discussion

The main of the study is to formulate a conceptual framework that can assist public organizations to identify and manage ghost workers on the payroll and eventually stop or reduce the peril. The conceptual framework (figure 01)

underlines key areas for efficient and effective identification and management of ghost workers on the payroll. According to the fraud triangle perspectives, organizations should be conversant with what drives employees to commit frauds (Cressey, 1953). Social and political pressure (Murdock, 2008), extravagance (Kassem & Higson, 2012), any personal financial issues like debts (Albrecht et al., 2010), identified loopholes in the systems (Lister, 2007) cannot result in frauds on the payroll. The bureaucrats must rationalize the act. In addition, not every employee, but only those directly or indirectly in access to human resources systems, can commit fraud on the payroll (Ruankaew, 2016). They can do it due to their positions and duties in processing payroll. Likewise, not all bureaucrats processing payroll commit fraud due to their capacities. Irrespective of personal capacity, bureaucrats with high personal ethics do not commit fraud on the payroll. Conversely, as the level of ethics amongst bureaucrats decreases, the probability of fraud on the payroll increases (Sawe & Maimu, 2001; Ruankaew, 2016; Rae & Subramaniam, 2008). Unethical bureaucrats use their expertise, positions, and any other influence unprofessionally to commit payroll fraud. In addition, Experian (2020) reveals that ICT supported operations such as human capital management information systems are more prone to deceptions because fraudsters quickly adapt and exploit digital channels. The remedy would be to fortify all management systems as the conceptual framework (figure 01). Efficient and effective deterrence, prevention, detection, mitigation, policy analysis, investigation, and prosecution systems can suppress or stop fraudsters from tampering with payroll (Wilhelm, 2004). In Tanzania, fraud management should go beyond policy analysis to investigation and prosecution to regain the reputation of the public service and squandered funds. For example, the government identified 19,708 ghost workers between 2016 and 2018 and lost 119.83 billion Tanzanian Shillings monthly (Domasa & Kamagi, 2020). There are rare prosecutions of people and institutions such

as banks involved in fraudulence and regain any squandered money on the payroll. The government can stop or significantly reduce frauds on the payroll by systematically studying the nature of fraud occurrences before fortifying fraud management systems.

Conclusion and Recommendations

The study proposed a conceptual framework to explain the complex occurrences and managing ghost workers on the payroll. It can assist managers in establishing the reasons and nature of unethical bureaucrats and the systems they use to commit frauds on the payroll. In addition, the framework suggests when and how to curb the menace concurrently. It helps managers identify traits of bureaucrats who are likely to advance ghost workers fraud on the payroll. It suggests who should be recruited and promoted to some sensitive positions in the office. Therefore, efficient and effective payroll systems should identify and manage ghost workers on the payroll.

Limitation and Future Studies

This study relied only on secondary data and proposed a conceptual framework mainly from the Fraud Triangle theory, Diamond Fraud Theory, and Fraud Lifecycle Management Theory. However, all these were not specific for this study, and they were used cautiously as a foundation of the study.

The conceptual framework provides and guides managers to improve efficiency and effectiveness in managing human resources. It provides checklists for evaluating the fraud management systems and the bureaucrats overseeing the systems. Due to efficiency and effectiveness in managing human resources, managers can control ghost workers on the payroll. The framework assists managers in answering the fundamental question. For instance, why does fraud reoccur on the payroll? Therefore, future studies can apply the conceptual framework to study any issue about frauds management

on the payroll in Tanzania and other similar countries. Additionally, future studies can test each of the provided variables quantitatively to confirm or refute the validity of the proposed conceptual framework.

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