

# Relationships between National Code of Ethics and Conduct for Public Service and Financial Ethical Values in Tanzanian Local Government Authorities

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**Abstract:** *The government of the United Republic of Tanzania has issued the national code of ethics and conduct for public service to help public servants, among other things to use well public resources. Contrarily, some employees in Tanzanian Local Government Authorities are misusing public resources. This paper analyses views on position of financial ethical values in Tanzania local government authorities as well as determine correlation between adherence to the national code of ethics and conduct for public service and financial ethical values. A sample of 400 respondents was selected randomly using a table of random numbers. The study applied descriptive statistical data analysis to determine position of financial ethical values in Tanzania local government authorities. Besides, inferential analysis was done using Pearson's correlation to measure the strength of relationship between the dependent variable (code of ethics and conduct for public service) and independent variables (financial ethical values). The indicators of the independent and dependent variables were measured at the ratio level in terms of points scored on statements, which were used to measure them. Based on research findings it is concluded that although there is positive and significant relationships between code of ethics and conduct for public service and financial ethical values, the national code of ethics and conduct for public service alone is ineffective in nurturing financial ethical values of employees working at Tanzania local government authorities. Therefore, council administrators should put in place their own additional mechanisms of enforcing adherence to financial ethical values in their respective councils.*

**Key words:** Code of ethics and conduct, public service, financial ethical values

## 1.0 INTRODUCTION

### 1.1 Background and Statement to the Problem

The image of government depends upon the conduct of its public officeholders (Vyas-Doorgaperad and Ababio, 2010). The code of ethics and conduct for public service specifies prohibitions and articulates an acceptable behaviour of public officeholders (Staurt, 2005). A well-written code clarifies the values and standards of official behaviour (Salminen and Moilanen, 2006). The government of the United Republic of Tanzania, for the first time in 1961, issued a code of ethics and conduct for public service (URT, 2005). The code articulates expected ethical behaviour, conduct and standards of performance of the public servants (URT, 2005). Later on, President's Office Public Service Management (PO-PSM) issued Circular letter No. 4 of 2005 directing all public service employers to ensure that new employees attended induction training within six months of their engagement. Among others, the training intends to familiarize public servants with the national code of ethics and conduct for public service.

The Government of Tanzania perhaps expected to have public servants with higher ethical standards (Eghosa, 2012). In turn, the government expected the public servants to apply ethical standards gained to improve their financial ethical values that are integrity, accountability, transparency, conflict of interest and trust. Integrity means that individual behaviours are consistent with their stated values and that they are honest, ethical,

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responsible and trustworthy (Hoy and Miskel, 2005, cited by Mabagala, 2013). Accountability is concerned with decision-makers providing answers to those who have entrusted them with financial resources (Chalu and Kessy, 2011). Transparency means access and right to information on LGAs' budgets and accounts (Chalu and Kessy (2011). Conflict of interest is a disclosure of personal financial interest in the public service (Liem, 2007). Trust is a belief built upon financial perceptions or images of the characteristics of others, based on previous experience (Liem, 2007).

Abiding by financial ethical values, public servants were expected to adjust their malpractices as well as behaving ethically especially in relation to financial practices (Staurt, 2005, Brammer and Millington, 2005). Different from the aforementioned expectations, some Tanzanian LGAs have been facing unethical allegations (Mbaya *et al.*, 2014). For example, a recent study has revealed lack of financial transparency and accountability in most Tanzanian LGAs (Poncian and Chakupewa, 2015). Additionally, some Tanzanian LGAs had foreseeable presence of billions of money spent on unintended expenditures (Poncian and Chakupewa, 2015). The worst of the matter was the fact that the 2012/13 CAG report indicated that loans amounting to TZS 1, 389,192 866 were not recovered though contract dates had already expired in the 58 audited LGAs (NAO, 2014 in Poncian and Chakupewa, 2015).

Besides the above drawbacks, many studies reviewed in relation to code of ethics and conduct for public service were carried out in other countries (Victoria, 2012; Sakyi and Bawole, 2009; Staurt, 2005). Again, there was no recent study carried out in Tanzania, which analysed position of financial ethical values in Tanzania local government authorities. Moreover, it was not known why unethical financial practices were still recurring in Tanzanian local government authorities' in spite of numerous efforts taken to offset them. Therefore, there was a need to carry out a study to fill the gaps in information available that the current study had identified. Therefore, in this paper, positions of financial ethical values (integrity, accountability, transparency, conflict of interest and trust) in terms of points scored on them in an index-summated scale were analysed as well as correlation with adherence to the national code of ethics and conduct for public service and financial ethic values. In addition, the theory of consequentialism that is reviewed below guided this study.

## **1.2 Theory of Consequentialism/utilitarianism**

The theory holds that an agent performs a morally right action if such an action will maximize good and minimize evil in terms of the number of people who benefit from that particular action (Ochulor, 2011). In other words, if an action gives happiness to the greatest number of people affected by it, it becomes morally right (Uduigwomen 2006 cited by Ochulor, 2011; Alder *et al.*, 2008). From this theory, it is easy to see how unethical financial conduct goes against the principle of morality. Misuse of public fund has bad effect on the society, jeopardizes the common good and ultimately inflicts pain on a very large number of people, if not the whole nation. The theory emphasizes to take into account the final consequence of our action. For the sake of this study, the final consequence is the application of financial ethical values while using LGAs' funds so the funds could benefit the entire council (Rainbow, 2002). In order to use LGAs financial resources efficiently and effectively to benefit entire LGAs as an ultimate consequence, it is inevitable to adhere to the financial ethical values that are integrity, accountability, transparency, conflict of interests and trust.

However, the theory contains the following flaws. Uncertainty can lead to unexpected results, making the user seen as unethical as time passes because the action taken did not benefit the people as predicted it would be (Victoria, 2012). The process of identifying and weighing all the consequences, or even a number of consequences deemed sufficient to make the decision, is often too time consuming for decisions that need to be made quickly. Moreover, it is problematic to evaluate the morality of decision based on actual consequences as well as probable consequences.

Nevertheless, the consequence approach has the hoped-for consequences as a starting point, which leads to a certain type of action, which has justifiable aspirations. It is worth noting that this study addressed the

contribution of national code of ethics and conduct in public service towards nurturing employees' level of ethical values. As such, among other things, the final consequence of the national code of ethics and conduct for public service was to have employees with high financial ethical values. Thus, the theory guided this study to show whether the national code of ethics and conduct for public service has at all enhanced LGAs employees' level of financial ethical values.

### **1.3 Conceptual Framework**

The national code of ethics and conduct for public service nurtures employees' financial ethical values that are integrity, accountability, transparency, conflict of interest and trust. Alternatively, the national code of ethics and conduct for public service enhances employees' level of financial discipline, including use of public resources with care, be answerable to the public resources and be open while using public resources. In addition, it acts as a regulator towards self-interests and organization interests in relation to public resources. The code shapes employees behaviour, which in turn curbs the possibility of arriving at financial decisions not guided by financial ethical values.

## **2.0 METHODOLOGY**

### **2.1 Selection of the Research Areas**

Four LGAs in Tanzania that are Shinyanga Municipal Council, Korogwe Town Council, Monduli District Council and Siha District Council were selected for the study. There were two major reasons to support this selection. The first reason was based on arguments by Ary *et al.* (2000) that the most important characteristic of a sample is its representativeness and not its size. Secondly, since characteristics of urban and rural councils vary from one council to another, the selection of four councils enhanced chances for inclusion rural and urban councils. Simple random sampling was used to select the already mentioned councils. The approach employed a table of random numbers. The table of random numbers typically consists of an extensive series of numbers randomly generated using a computer. MS Excel was used to generate such numbers whereby the “=RAND()” command was used. The first step was to assign each LGA a serial number, and then four LGAs where serial numbers corresponded with some of the numbers that were generated randomly were selected i.e. the LGAs listed above were selected for the research (Ary *et al.*, 2000).

### **2.2 Research Design**

The study adopted a cross-sectional design. The design enabled this study to collect data from four LGAs at a single point of time. Through this design, a body of quantitative and qualitative data were collected in four randomly selected LGAs. Use of triangulation enabled this study to gather data from different sources through different methods. The study examined data collected to detect patterns of relationships between the national code of ethics and conduct for public service and financial ethical values (Bryman, 2004). The design also was useful for descriptive purposes such as determining relationships between national code of ethic and conduct for public service code and financial ethical values.

The respondents were selected using simple random sampling method. The method used a table of random numbers. The procedure was as follows. Each council provided a complete and update list of council employees. The researcher gave names of council employees in each council serial number. Based on a table of random numbers, the researcher selected respondents randomly by taking those whose serial number corresponded with some of the random numbers in the table of random number that was used. In each of the four (4) councils, the researcher selected 100 respondents making 400 respondents. Based on the criteria that conditions for establishment of Tanzanian LGAs were more or less the same (URT, 2013), the researcher selected 100 respondents from each council.

The researcher selected randomly council employees under the assumption that they were the key players in performing, supporting and evaluating services within their councils. Secondly, the researcher had an assumption that all council employees had reasonable knowledge regarding council's ethical and unethical conducts as employees' from low to high ranks interacted with each other. A pilot study was carried out and revealed those assumptions. In addition, the pilot study revealed that understanding of employees' ethical behaviours especially in relation to the use of council resources, were not determined by employees' working ranks but rather by personal interactions. The decision on the sample size was based on the argument that "too large a sample implies a waste of resources, and too small a sample diminishes the utility of the results" (Cochran, 1977, cited by Bartlett *et al.* (2001). Therefore, the study used Cochran's (1977) formula, cited by Bartlett *et al.* (2001) to determine the sub-sample sizes as follows:

n = sample size;

$$n = \frac{Z^2 * p (1 - p)}{d^2}$$
 (Cochran, 1977, cited by Bartlett *et al.* (2001), where:

Z = a value on the abscissa of a standard normal distribution (from an assumption that the sample elements are normally distributed), which is 1.96 or approximately 2.0 and corresponds to 95% confidence interval;

p = estimated variance in the population from which the sample is drawn, which is normally 0.5 for a population whose size is not known;

d = acceptable margin of error (or precision), whereby the general rule is that in social research d should be 5% for categorical data and 3% for continuous data (Krejcie & Morgan, 1970, cited by Bartlett *et al.* (2001). The research used 5% since the study collected substantial categorical data.

Using a Z-value of 2.0, a p-value of 0.5, a q-value of 0.5, and a d value of 5% (which is equivalent to 0.05), the sample size (n) was determined to be 400.

$$n = \frac{2^2 * 0.5 (1 - 0.5)}{0.05^2} = (4 * 0.25) / 0.0025 = 1 / 0.0025 = 400.$$

The study employed purposive sampling to select respondents for both key informant interviews and focus group discussions. As such, in each council, there were three focus group discussions (male, female and both male and female). The pilot study revealed that some women were not free to participate actively when mixed by men. Moreover, the same pilot study revealed that some points were not discussed well when men and women were separated. These were the reasons for having three groups for focus group discussions. Most of the participants were council customers (taxpayers/service beneficiaries or council citizens). Sakyi and Bawole (2009) argue that the focus group method is appropriate since it can provide basic information from those who witnessed, experienced or were direct beneficiaries or victims of both ethical and unethical behaviour. Furthermore, the researcher selected purposefully Heads of Department as key informant interviews. In each council Heads of Department selected were from human resources, procurement, finance and planning departments. These were the department with reliable information regarding use of councils' resources' and ethical behaviour of council employees. These departments were identified by pilot study carried out in Tabora municipal council prior this study.

### 2.3 Data Collection Instruments

The study used a self-administered questionnaire to collect employees' quantitative opinions regarding adherence to the national code of ethics and conduct for public service and financial ethical values in Tanzanian local government authorities. The questionnaire included a 29-statement index summated scale to measure the dependent variable (national code of ethics and conduct for public service) in Tanzanian LGAs, and a 24-statement index summated scale to measure the independent variable (financial ethical values). A checklist and FGD guide enabled this study to carry out key informant interviews and FGDs discussions. In addition, the study reviewed relevant documents such as budgetary reports, finance and administration committee reports, council by-laws and CAG findings.

## 2.4 Measurement of Variables

This study had one dependent variable (the national code of ethics and conduct for public service with eight constructs that are pursuit of excellence, loyalty to government, diligence, impartiality, integrity, accountability to the public, respect for the law and proper use of official information). Each of the eight items had a number of statements to which the respondents were required to respond Not at all adhered to (0), fairly adhered to (1 point), adhered to (2 points) or strongly adhered to (3 points). Likewise, the study had independent variables (financial ethical values with five constructs that are integrity, accountability, transparency, conflict of interest and trust). Each of the five constructs had a number of indicators to which the respondents were required to respond Not true at all (0), fairly true (1 point), true (2 points) very true (3 points). This study measured all dependent and independent variables individually as in Table 1.

**Table 1: Measurement of dependent variables**

The national code of ethics and conduct for public service	Not at all adhered to (0), fairly adhered to (1 point), adhered to (2 points) or strongly adhered to (3 points)
<b>(1) Pursuit of excellence in service</b> (doing the best)	Maintains personal hygiene (Hygiene) Dresses in acceptable attire in accordance with office norms (appearance) Uses language (politeness)
<b>(2) Loyalty to government</b> (valuing and showing commitment)	Loyalty to government (faithfulness) Implement policies and lawful instructions given by leaders (commitment)
<b>(3) Diligence</b> (working well, hard, everywhere and time management)	Uses skills, knowledge and expertise while discharging duties (competence) Executes duties and responsibilities with maximum time (time management) Works at any duty station (obedience) Punctualities at work place and official appointments (time management)
<b>(4) Impartiality</b> (being fair to others)	Engages in politics in official hours and at work premises (presence on duty) Provides unbiased services to clients (customer care) Passes information to allowed people or institutions (confidentiality) Engages in religion at official hours and off work premise (presence on duty)
<b>(5) Integrity</b> (delivering on the promises and consistently exercising duties as a public servant)	Exercises authorized powers within specified boundaries (legitimacy) Uses powers as directed in favour of LGA and client (legitimacy) Safeguards public resources (trustfulness) Uses public resource for public use only (trustfulness) Uses official time to perform duties entrusted (time management) Behaviours well within and outside the office (character) Discharges improper favours or bribe for person serving (handling bribes)
<b>(6) Accountability to the public</b> (answerability for actions and inactions taken)	Treats clients politely (customer care) Pays extra attention when dealing with vulnerable clients (customer care) Clarifies or provides direction on issues when requested (customer care)
<b>(7) Respect for the law</b> (right to dignity of others)	Familiar and abides with rules, regulations and procedures (competency) Applies laws, regulations and procedures at work (commitment) Treats fairly all members of the public (customer care) Sexual relationships at work place and during working hours (faithfulness)
<b>(8) Proper use of official</b>	Protects unauthorised official information (confidentiality)

<b>information</b> (caring confidential documents)	Uses official documents or information in course of discharging duties (confidentiality)
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**Table 2: Measurement of independent variables**

Financial ethical values	Not true at all (0), fairly true (1 point), true (2 points) or very true (3 points)
(1) <b>Integrity</b> (behaving financially according to stated financial ethical values)	Use council resources as instructed (authenticity) Use council funds as instructed (authenticity) Use council funds as budgeted (authenticity) Higher level of financial discipline (financial behaviour) Refuse of bribes (financial behaviour)
(2) <b>Accountability</b> (answering decisions made on financial to responsible authority)	Answerability for public funds (responsibility) Report the was public funds used (answerability) Observe internal financial rules and norms (commitment) Acceptance of complaints from citizens on use of public funds (customer care) Accountability for all resources (answerability)
(3) <b>Transparency</b> (making financial budgets accounts accessible to all responsible stakeholders)	Accessibility to financial information by all stakeholders and other users (openness) Publications of financial details in the press to all a balanced judgement (openness) Openness in decisions and actions taken regarding public funds (openness) Ready to give reasons for the decisions taken regarding public funds (answerability)
(4) <b>Conflict of interest</b> (disclosure of personal interest in the public service)	Avoidance of conflict of interest on use of public funds (fairness) Avoidance of influence of financial decisions for personal benefit (fairness) Use of public funds properly (faithfulness) Minimization of financial conflict of interest (fairness)
(5) <b>Trust</b> (building financial trust to all stakeholders)	Holding public fund in public trust (faithfulness) Responsibility for fund disbursed (answerability) Accountability to the public fund at all times (answerability) Trusted financial ethical behaviour (financial behaviour) Trusted social behaviour (character) Observation of standards of financial accountability (commitment)

As seen in Table 1 and 2, for national code of ethics and conduct for public service, an index-summated scale comprising 29 statements about national code of ethics and conduct for public service was used, while financial ethical values, an index summated scale comprising 24 statements was used to determine the levels of the variables. Automatic boundaries for classification of the scores obtained on the index scales were used to rank respondents' views on the national code of ethics and conduct for public service and financial ethical values into low level, moderate level and high level. The scores obtained were expressed in terms of points actually scored as percentages of maximum possible scores on the scales. The expression of points actually scored in percentages was done by multiplying the number of statements for each variable (29 and 24 as seen above) by automatic boundaries (0, 1, 2 and 3).

For example, by considering the national code of ethics and conduct for public service that had 29 statements, the percentage of low level was converted by multiplying 29 statements by the first upper automatic boundary 1 (29 x 1 = 29) divide by the highest possible score 29 ÷ (29 X 3 = 87) x 100 = 33.3%. The percentage of moderate level was converted by multiplying 29 statements by the second upper automatic boundary 2 (29 x 2 = 58) divide by the highest possible score 58 ÷ (29 X 3 = 87) x 100 = 66.7%. The percentage of high level was converted by multiplying 29 statements by third upper automatic boundary 3 (29 x 3 = 87) divide by the highest possible score 87 ÷ (29 x 3 = 87) x 100 = 100.0%. Thus, low, moderate and high levels were classified as (0% – 33.3%, 33.4% – 66.7% and 66.8% - 100.0%) respectively. Similarly, the above procedure was followed for financial ethical values.

## 2.5 Data Processing and Analysis

According to Meral and Eylem (2009), there is no universal method to help researchers choose a method which fits best in a given dataset. The study analysed primary quantitative data collected using the Statistical Package for Social Science (SPSS) software. Therefore, the analysis computed data into descriptive statistics including frequencies and averages on the index-summated scales to determine position of financial ethical values in Tanzanian LGAs. Podesva and Devyanis (2013) recommend use of frequencies to make value of ordinal variables meaningful. Frequencies give a clear ranking of a score in the distribution (Thomas and Nelson, 2001 cited by Mabagala, 2013).

Qualitative data were analysed using topic coding to identify material through themes (Morse and Richards, 2002). Through analytic coding three themes (status of financial ethical values, views on employees ethical behaviour and employees perception regarding national code of ethics and conduct for public service) were identified (Morse and Richards, 2002). On the other hand, this paper made use of Pearson coefficient correlations to measure the strength of linear relationship between national code of ethics and conduct for public service and financial ethical values in terms of points scored on the items listed in Table 1 and 2.

Pearson’s correlation was used because the variables were measured at the ratio level in terms of points scored on each of them. Pearson correlation measures the strength of relationships between two variables measured at the scale (interval and ratio) level. Correlation coefficients range from -1 to +1. A positive sign indicates that an increase in one variable is associated with an increase in the other variable, and a negative sign indicates that increase in one variable is associated with decrease in another variable (Crichton, 2001). According to Cohen and Holliday (1982), interpretation of correlation coefficients (regardless of positive or negative signs) is as follows: below 0.19 is very low, 0.20 – 0.39 is low; 0.40 – 0.69 is modest; 0.70 – 0.89 is high; and 0.90 – 1.00 is very high.

## 3.0 RESULTS AND DISCUSSION

### 3.1 Position of Financial Ethical Values in Tanzanian Local Government Authorities

#### 3.1.1 Position of integrity

Financial discipline and refusal to take bribe in Tanzania local government authorities were at a high position. Use of council funds as instructed was the last item in the list. In-depth interviews, which were carried out with heads of departments certainly affirmed decrease in the misuse of public resources. For example, one internal auditor said: “Recently, I have witnessed improvement in retirement of imprest from many employees including travelling expenses.” Perhaps, an increase in the number of dismissed senior officials in recent years, including ministers, permanent secretaries and many officers could be among the reasons making employees more ethical (Policy forum, 2013).

Although most of the discussants in focus group discussions said that number of LGA employees demanding bribes had decreased, few discussants reported some public officials requesting bribe. For example, one discussant said, “it is still impossible to transfer a student from one secondary school to another one without giving money to the headmaster.” The findings suggest that perhaps reforming some individual characters to suit LGA financial integrity is hard. This is justified by use of financial resources as instructed to be the last statement in the list (See Table 3). Yet, all aspects of integrity in Table 3 were at a high position concurrently the theory of consequentialism.

**Table 3: Position of Financial Ethical Values in Tanzanian Local Government Authorities**

Independent variables	Statement tested position of financial ethical values	Not true		True	
		n	%	n	%
Integrity	Use council resources as instructed	68	17.0	332	80.0
	Use council funds as instructed	95	28.0	288	72.0

	Use council funds as budgeted	89	22.3	311	77.5
	Higher level of financial discipline	67	16.8	333	83.2
	Refuse of bribes	67	16.8	333	83.2
<b>Accountability</b>	Answerability for public funds	85	21.3	315	78.7
	Report the was public funds used	82	20.5	318	79.5
	Observe internal financial rules and norms	59	14.8	341	85.2
	Acceptance of complaints from citizens on use of public funds	91	22.8	309	77.2
	Accountability for all resources	94	23.5	306	76.6
<b>Transparency</b>	Accessibility to financial information by all stakeholders and other users	85	21.3	315	78.7
	Publications of financial details in the press to all a balanced judgement	64	16.0	336	84.0
	Openness in decisions and actions taken regarding public funds	59	14.8	341	85.2
	Ready to give reasons for the decisions taken regarding public funds	59	14.8	341	85.2
<b>Conflict of interest</b>	Avoidance of conflict of interest on use of public funds	86	21.5	314	78.5
	Avoidance of influence of financial decisions for personal benefit	80	20.0	320	80.0
<b>Trust</b>	Use of public funds properly	101	25.3	299	74.7
	Minimization of financial conflict of interest	62	15.5	388	84.5
	Holding public fund in public trust	118	29.5	282	70.2
	Responsibility for fund disbursed	141	35.2	259	64.8
	Accountability to the public fund at all times	117	29.3	283	70.7
	Trusted financial ethical behaviour	128	32.0	272	68.0
	Trusted social behaviour	130	32.5	270	67.5
	Observation of standards of financial accountability	113	28.3	287	71.7

### 3.1.2 Position of accountability

Accountability in observation of internal rules and norms that hold civil servants accountable for public funds was at high position followed by reporting expenditure of public fund. The last in the list was accountability for council resources by all council workers (See Table 3). In-depth interviews stipulated improvement in accountability although few areas for improvements were inevitable. For example, in the in-depth interview, a head of department from accounts said, “public servants are supposed to operate ethically always.” These findings are similar to those by Omoregie (2012) that a responsible public agent should be able to account for their conducts to their bosses (elected officials in most cases), court of law, and citizenry by explaining positive and negative outcomes of their duties. Most discussants in the focus group discussions lacked knowledge regarding employees’ financial accountability. Moreover, discussants lacked knowledge regarding the proper place to channel their complaints regarding improper use of public funds. The findings suggest that, possibly, employees are accountable to their reporting authority and not to the citizens (the taxpayers and service beneficiaries) who have tasked them financial resources (Brillantes, 2000 and Conrad, 2005 cited by Chalu and Kessy, 2011). Nevertheless, in theory the national code of ethics and conduct of public service has enhanced employees’ level of accountability.

### 3.1.3 Position of transparency

Four statements measured position of transparency in Tanzanian local government authorities (See Table 3). The statements at high position were open decision and actions taken regarding public funds together with preparedness of the council to give reasons for the decisions and actions taken regarding public funds when called upon. The last in the list was making financial information accessible by stakeholders and users (See Table 3). Discussants in focus group discussions reported that although financial statements were available on councils’ notice boards, they were not user friendly. For example, one discussant said, “it is hard for me to understand financial reports posted on the council’s notice board.” Similarly, URT (2004, cited by Chalu and Kessy, 2011) pointed out lack of a complete and comprehensive information system, thereby creating obstacles for LGAs to demonstrate to local taxpayers to what extent they receive value for money (URT, 2004). These findings imply that transparency is high in terms of feasibility, but not in terms of accessibility as it is not easy



for some citizens to understand. Perhaps this is contradicting Santiaso (2006) recommendations that financial transparency should play an important role in safeguarding financial integrity and improves financial discipline in public financial management.

### **3.1.4 Position of conflict of interest**

Four statements measured level of conflict of interest in Tanzanian local government authorities (See Table 3). Out of the four statements used to measure level of conflict of interest, minimization of financial conflict of interest was at the high position. Use of public fund properly was the last among the list (See Table 3). Most of the discussants in both in-depth interviews and focus group discussions failed to articulate presence of employees' confronted with conflict of interest. For example, in in-depth interview a head of department said, "It is difficult to identify some personal interest unless you are very close to that person." Maybe failure to articulate presence of employees confronted with conflict of interest was because conflict of interest was too personal (Bertok, 2000 cited by Liem, 2007). While reviewing some corresponding files, the researcher identified some sorts of personal interest on some issues related with fund disbursement. For instance, one correspondence was written: "*Malipo haya yanatakiwa yajadiliwe na kikao cha menejimenit kwanza*", which is literarily translated as: "Council management should discuss before endorsing the requested funds". The reply was "*Ushauri wako ni mzuri, ila kwa uharaka tuliyonayo turuhusu hayo malipo yafanyike mapema*", which is literarily translated as: "You have good advice, but with the limited time we have, endorsement should be done immediately." Forcing to issue payment with immediate effect and neglecting adherence to procedures left behind some queries, which suggested prevalence of sort of personal interests towards requested fund, which is against the theory of consequentialism.

### **3.1.5 Position of trust**

Six statements were used to measure position of trust in Tanzania local government authorities (See Table 3). Out of the six statements, observation of standard of financial accountability set which increase public trust was at a high position, followed by staff accountability to the public fund at all times (See Table 3). There were contradicting findings regarding level of trust between heads of department and citizens. While heads of department declared to have improved level of financial trust, citizens were hesitant about it. For example, in a key informant interview with heads of department, they said: "The current financial system in our council has offset previous financial doubts." May be the effort made by fifth government from 2016 to bring the lost financial trust by taking disciplinary action to all public service who misappropriated public fund has facilitated to offset previous financial doubts. Contrarily, one discussant in a focus group discussion argued, "it is difficult to trust anybody on issues related to money". The argument is similar to an argument by Salminen and Ikola (2009) that trust in public organisations is an issue of different faces. These findings suggest that perhaps citizens lack trust in management of public funds due to psychological effects caused by already experienced mismanagement of public funds in previous governments. From Table 3 some aspects were at a moderate position while others were just adjacent to the moderate position, implying that some factors other than adherence to the national code of ethics and conduct for public service are crucial to ensure high position of financial ethical values.

## **3.2 Relationships between Code of Ethics and Conduct for Public Service and Financial Ethical Values**

Group percentages for the constructs of code of ethics and conduct for public service together with financial ethical were correlated to determine their levels of association. The correlating considers seven aspects that were the percentages of integrity, accountability, transparency, conflict of interest, trust and overall group percentage for both national code of ethics and conduct for public service and financial ethical values (See Table 4).

**Table 4: Percentages of the constructs correlated**

<b>Constructs of national public service code</b>	<b>n</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>
Pursuit of excellence in service	387	22.2	100.0	78.1
Loyalty to government	387	16.7	100.0	69.0
Diligence	387	25.0	100.0	69.6
Impartiality	387	0.0	100.0	64.6
Integrity	387	33.3	100.0	73.0
Accountability	387	33.3	100.0	74.6
Respect for the law	387	0.0	100.0	81.2
Proper use of official information	387	33.3	100.0	84.2
<b>Overall scores on national code of ethics</b>	<b>387</b>	<b>33.3</b>	<b>100.0</b>	<b>70.7</b>
<b>Constructs of financial ethical values</b>				
Integrity	400	26.7	100.0	68.7
Accountability	400	33.3	100.0	68.2
Transparency	400	25.0	100.0	67.9
Conflict of interest	400	16.7	100.0	71.2
Trust	400	0	18	11.5
<b>Overall score on financial ethical values</b>	<b>400</b>	<b>6.9</b>	<b>100.0</b>	<b>66.5</b>

Before correlation was run all variables were checked whether they have normal distribution by computing their normal distribution curve which were then checked visually. All of them were found to have fairly normal distributions. Hence, none of them was transformed. A correlation analysis was done to determine relationships between code of ethics and conduct for public service and financial ethical values. The results indicated positive and significant relationship between employees’ opinions about frequency of the three financial ethical values and the degree to which they viewed such occurrence. The correlation was highest for integrity ( $r = 0.213, p \leq 0.001$ ) and the overall financial ethical values ( $r = 0.210, p \leq 0.001$ ) followed by conflict of interest ( $r = 0.158, p \leq 0.01$ ) and transparency ( $r = 0.111, p \leq 0.05$ ).

**Table 5: Correlation between code of ethics and conduct for public service and financial ethical values**

<b>Variables correlated with code of ethics and conduct for public service</b>	<b>n</b>	<b>Correlation coefficient (r-value)</b>	<b>p-value</b>
Integrity	387	0.213***	0.000
Accountability	387	0.081 <sup>ns</sup>	0.110
Transparency	387	0.111*	0.030
Conflict of interest	387	0.158**	0.002
Trust	387	0.094 <sup>ns</sup>	0.066
<b>Overall financial ethical values</b>	<b>387</b>	<b>0.210***</b>	<b>0.000</b>

The dependent variable was code of ethics and conduct for public service

\*\*\* Correlation is significant at the 0.001 level (2-tailed), \*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.1 level (2-tailed), **ns** = not significant

The above positive relationships imply that employees with high level of adherence to the code of ethics and conduct for public service have higher level of financial ethical values in terms of integrity, conflict of interest and transparency than employees with low level of adherence to the code of ethics and conduct for public service. Nevertheless, correlation analysis indicated that accountability and trust were not significantly correlated with national code of ethics and conduct for public service ( $p > 0.05$ ). This is perhaps correct because data in Table 3 revealed low percentages of accountability and trust as compared to levels of integrity, conflict of interest and transparency. In a similar way Aiko *et al.*, 2016 cited by Mdee and Thorley (2016) noted that trust in local government authorities in Tanzania declined by 8 percent between 2005/06 and 2014/15. Again, REPOA 2014 cited by Mdee and Thorley (2016) reported bad use of resources in Tanzanian local government authorities to the extent that only 6% of local revenues were used well, something which opposes the theory of consequentialism.

#### 4.0 CONCLUSIONS AND RECOMMENDATIONS

Objective one of this paper was to analyse positions of financial ethical values (integrity, accountability, transparency, conflict of interest and trust) in terms of points scored on them on an index-summated scale. The findings revealed position of financial values in Tanzania local government authorities to be high, although aspects of integrity, transparency and conflict of interests are higher than aspects of accountability and trust. Based on these findings, the role of national code of ethics and conduct in public service to make employees at Tanzanian LGAs accountable and trustworthy is at a low position as compared with integrity, transparency and conflict of interest. Thus, the Prevention and Combating of Corruption Bureau (PCCB) should take immediate actions towards council officers who are not accountable in order to restore declining public trust.

Objective two was to determine correlation between adherence to the national code of ethics and conduct for public service and financial ethical values. The findings revealed strong positive relationship between code of ethics and conduct for public service with three financial values that are integrity, transparency and conflict of interests. However, correlation between code of ethic and conduct for public service and accountability and trust was not significant. Following this, the national code of ethics and conduct for public service alone appear to be imperfect in strengthening financial ethical values of employees working with Tanzanian local government authorities. Consequently, councils are urged to have own additional mechanisms of enforcing adherence with financial ethical values in their respective councils.

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