

Investment Climate Research Program 2009

Administrative Corruption as Constraint to Investment: A Behavioural Study on Ten Investment-related Agencies

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Abstract

This report on 'Administrative Corruption as Constraint to Investment: A Behavioural Study on Ten Investment-related Agencies' has explored the nature, forms, types, causes, costs and remedies of administrative corruption in the investment related agencies of Bangladesh – a developing country of South Asia. A behavioural approach was adopted in conducting the field survey on 10 investment-related service-delivery agencies in Dhaka city. The 10 selected agencies were: the police, judiciary, Board of Investment, Bangladesh Road Transport Authority, Dhaka City Corporation, Department of Immigration and Passports, Dhaka Power Distribution Company, Dhaka Water and Sewerage Authority, Income Tax wing of NBR and Value Added Tax wing of NBR. An attempt has also been made in the study to recommend some remedial measures for curbing administrative corruption in the public sector including those related to investments by catering to the perceptions of both service-recipients and service-providers regarding causes, costs and remedies of corruption.

The study has found that there are some marked differences between the perceptions of service-recipients and service-providers in their assessment of government officials as well as in their attitude towards corruption. Whereas, the evaluation of government officials by service-recipients have been found to be highly negative (in a scale of -5 to +5), the assessment of government officials by service-providers have been found to be highly positive. Similarly, the attitude of service-recipients towards corruption has been found to be more negative compared to that of the service-providers (in a scale of -5 to +5). However, the degree of negative attitude (below -1) shows that corruption has been accepted by both service-recipients and service-providers in Bangladesh as a way of life which cannot be avoided by the citizens.

The 300 respondents, which included 200 service-recipients and 100 service-providers of the chosen 10 investment-related agencies of Bangladesh, were also asked to rank various assertions regarding causes, costs and remedies of administrative corruption. It was found that the correlation between their responses, which was derived on the basis of the formula for Spearman's Coefficient of Rank Correlation, was very weak. This indicated that their perception of causes, costs and remedies of administration corruption also differed and showed the necessity of taking into account this divergent perception while devising anti-corruption strategies and action-plans in the country.

Based on the above reality, some recommendations have been made in the present study for curbing administration corruption in the public sector of Bangladesh, including agencies which are relevant for investments in the country. These include: unwavering commitment of political leaders to combat corruption wherever it occurs, emphasis on prevention of corruption and civilian oversight of public services, implementation of comprehensive anti-corruption legislations and procedures, enhancing motivation factors and incentives for the civil servants, providing adequate legal and administrative remedies for the victims of corruption, forging partnership between the government and the civil society for curbing corruption and taking sufficient measures for making corruption a 'high-risk' and 'low-profit' undertaking.

However, corruption in Bangladesh is part of the bigger social milieu, and a universal vice like corruption in a few sectors cannot be tackled in isolation. A comprehensive anti-corruption program is therefore needed to deal with this malady by bringing into its fold all sectors of public services in Bangladesh.

List of Abbreviations

ACC – Anti Corruption Commission

ADB – Asian Development Bank

BOI – Board of Investment

BP – Bangladesh Police

BRTA – Bangladesh Road Transport Authority

DCC – Dhaka City Corporation

DIP – Department of Immigration and Passports

DPDC – Dhaka Power Distribution Company

DWASA – Dhaka Water and Sewerage Authority

GOB – Government of Bangladesh

IT-NBR – Income Tax wing of National Board of Revenue

Judiciary – Supreme Court and its subordinate lower courts at district and metropolis levels

NBR – National Board of Revenue

TI – Transparency International

TIB – Transparency International Bangladesh

UNDP – United Nations Development Programme

VAT-NBR – Value Added Tax wing of National Board of Revenue

WB – World Bank

1.0 Introduction

Investment climate refers to the “policy, institutional, and behavioural environment, both present and expected, that influences the returns and risks associated with investment”.¹ It is generally viewed as having three main components: macroeconomic conditions, governance and infrastructure. Corruption in governance has been found to deter foreign and domestic investments and recent empirical research confirms that corruption is significantly and negatively related to inflows of foreign direct investment.² It has also been observed that higher levels of corruption are often associated with larger unofficial economies.³ A recent study estimates the size of unofficial economy in Bangladesh to be in excess of 50 percent of GDP and increasing during the 1990s.⁴

The general masses routinely fall prey to corruption in different shapes and forms in Bangladesh. It not only hampers economic growth, local and foreign investments are also discouraged in the process. The availability of resources decreases, poverty rises and efforts for human development are jeopardized.⁵ If Bangladesh could reduce its corruption levels to those of least corrupt countries of the world, then it could add between 2.1% to 2.9% to its per capita annual GDP growth rate.⁶

Starting from 2001, the Corruption Perceptions Index of Transparency International ranked Bangladesh as the most corrupt country in the world for consecutive five years.⁷ And, according to the estimates of Bangladesh Economic Association, black money generated in the country during 2004 was approximately Taka 700 billion⁸ while bribes paid in 11 major sectors during the year amounted to almost Taka 160 billion. Recent report from Transparency International indicates that after two years of caretaker government, the Corruption Perceptions Index (CPI) for Bangladesh has improved by three places. The interim government put heavy emphasis on anticorruption measures and put many high-ups behind the bar by initiating cases through the Anti Corruption Commission.

2.0 Statement of the Research Problem

The link between corruption and high cost of capital in a country has been established by the theory of capital markets and empirical studies. The foreign investors will naturally prefer to invest in an economy affected less by corruption even after adjusting for the lower cost of labour in Bangladesh.⁹

¹ Nicholas Stern, *A Strategy for Development*, (Washington DC: World Bank, 2002).

² World Bank, *Improving the Investment Climate in Bangladesh*, (Washington DC: The World Bank, 2003): 2.

³ Simon Johnson, Daniel Kaufmann, and Pablo Zoido-Lobaton, “Regulatory Discretion and the Unofficial Economy”, *American Economic Review – Papers and Proceedings* 88, (1998): 387-392.

⁴ International Monetary Fund, *Bangladesh: Towards Medium Term Structural Reform and Improved Performance of the Revenue System*, (Washington DC: IMF, 1998).

⁵ Transparency International Bangladesh, *Report on the seminars on ‘corruption in public administration’ held at Barisal, Bogra and Dhaka*, (April, 2000).

⁶ World Bank, *Corruption in Bangladesh: Costs and Cures*, (Washington DC: The World Bank, 2000): 72.

⁷ Transparency International, *Corruption Perceptions Index 2001, 2002, 2003, 2004, 2005*, (Berlin: TI, 2001-2005).

⁸ N. Ahsan, “Money Whitening Facility Ineffective over the Years”, *Daily New Age*, (Dhaka: 15 June 2005): 1.

⁹ M. Shamsul Haque, “How Corruption Affects Returns from Investments in a Country: An Explanation from Modern Capital Market Theory”, *Management*, Vol. 3, No. 1 (1999):21-26.

According to the investment climate survey data (2002) of the World Bank, corruption is clearly a major concern for investors in Bangladesh. Some 58 percent respondents see corruption as a major obstacle, as against a global average for the survey of 30 percent and a South Asia region average of 25 percent. Some 86 percent of firms expect to give gifts in meetings with tax inspectors, almost twice the level of South Asia as a whole. Unofficial payments for firms to get things done as percentage of sales has been estimated to be 2.5% as against 1.6% for South Asia, while value of gift expected to secure government contract has been found to be 4.3% as against 2.2% for South Asia.¹⁰

The World Bank has defined corruption as the abuse of public office for private gain through bribery, extortion, patronage, nepotism and the theft of state assets.¹¹ The private gains include both the benefits that flow to public officials and those obtained by private individuals and firms. It is widely identified as a governance problem. It is a signal that something has gone wrong in the management of the state, since the institutions designed to govern the interrelationships between the citizens and the state are used instead for personal enrichment and gains.¹²

Highly negative impact of corruption on the socio-economy of Bangladesh is now widely acknowledged. The costs of corruption were once hard to pinpoint, but the body of empirical research that objectively examined the effects of corruption on development has grown significantly in recent years. Several cross-country empirical studies have confirmed the negative impact of corruption on investment, growth and productivity, and hence on poverty reduction¹³.

Two global trends have pushed the corruption agenda to the centre-stage of national and international attention. The spread of democracy as a political ideology and principle has encouraged citizens to demand transparency and accountability from state officials as never before. “The persistence of widespread poverty throughout the developing world and the consequent search for explanations in institutional factors has also spotlighted corruption”.¹⁴

According to the World Bank, “Most citizens of Bangladesh believe there is corruption at almost all levels of government. It taints every section of society and stretches right across the political spectrum. This environment of graft and venality: undermines public confidence in government; engenders wrong economic choices and constrains its (government’s) ability to implement policies; makes the poor pay the price; and threatens its strategy of private-sector-oriented growth. Even more ominously, social condemnation of corruption appears to have waned. Public cynicism has reached a state where an official who shuns illegal money making is likely to be regarded with mild contempt – as lacking in courage and initiative. In short, there is a widespread sense of resignation, coupled with a belief that attempts to fight corruption are doomed to fail.”¹⁵

¹⁰ World Bank, *Bangladesh: Strategy for Sustained Growth*, (Washington DC: The World Bank, 2007): 128-129.

¹¹ World Bank, *Corruption in Bangladesh: Costs and Cures*, (Washington DC: The World Bank, 2000): 6.

¹² Susan Rose-Ackerman, *Corruption and Government: Causes, Consequences and Reform*, (Cambridge: Cambridge University Press, 1999).

¹³ World Bank, *Corruption in Bangladesh: Costs and Cures*, (Washington DC: The World Bank, 2000): 7.

¹⁴ World Bank, *Corruption in Bangladesh: Costs and Cures*, (Washington DC: The World Bank, 2000): 5.

¹⁵ World Bank, *Bangladesh: Government That Works: Reforming the Public Sector*, (Dhaka: University Press Limited, 1996): 66.

The Bangladesh Chapter of Transparency International (TIB) found in a national baseline survey in 1996 that corruption had become a huge systemic problem in Bangladesh that could not be avoided by any member of society. It practically affected all sectors of service delivery including the police, the judiciary, healthcare, education, land administration, tax collection, mass media, municipal services, public transport and telephone services.¹⁶ According to this survey, most people perceived corruption as relevant to public offices and identified it with ‘misuse of power and position’, ‘negligence of duty’, ‘activity outside normal procedure’, and ‘taking money for personal gain’. The causes of corruption were found to be ‘desire to get rich overnight’, ‘moral degeneration’, ‘lack of accountability’ and ‘inadequate salary’.

According to the National Household Survey 2007 on Corruption in Bangladesh conducted by TIB, the Police, Local Government, Land Administration, Judiciary, Health and Education Departments have been identified by service-recipients as the most corrupt among the government agencies engaged in the delivery of services at various tiers of governance.¹⁷

Table-1: Corruption in Different Sectors of Bangladesh

Sectors	Percent of Households Experiencing Corruption				
	Urban			Rural	Overall
	Cities	Municipalities	Overall		
Law Enforcement	95.0	97.1	96.1	97.0	96.6
Local Government	74.1	68.3	67.7	59.8	62.5
Land Administration	53.7	41.2	46.9	57.2	52.7
Judiciary	37.2	56.8	45.5	49.1	47.7
Health	51.2	54.0	52.7	37.6	44.1
Education	32.0	35.7	33.9	43.4	39.3
Electricity	30.4	28.3	28.9	40.6	33.2
Banking	19.7	38.6	29.8	27.9	28.7
NGOs	13.7	12.8	13.2	13.7	13.5
Tax Administration	12.3	11.3	12	2.1	6.4
Others	30.5	30.1	30.3	39.5	35.5
All Sectors	67.5	66.2	66.9	66.5	66.7

Source: TIB, *National Household Survey on Corruption in Bangladesh 2007*, p. 14

Thus a survey of some of these sectors, which are relevant for the country’s investment climate, in the capital city Dhaka based on the behavioural approach could provide deeper insight into the nature, forms, types, magnitude, causes and costs of administrative corruption in the country and also elicit valuable inputs for remedial measures to curb corruption in

¹⁶ Transparency International Bangladesh, *National Household Survey on Corruption in Bangladesh*, (Dhaka: TIB, 1997);

¹⁷ Transparency International Bangladesh, *National Household Survey 2007 on Corruption in Bangladesh*, (Dhaka: TIB, 2008);

order to improve investment climate. As almost all previous researches in this area, including the ones mentioned above, did not focus on the perception of corruption among bribe-taking service-providers¹⁸, it was decided to incorporate this aspect as well in the present survey and thereafter correlate the perceptions of both bribe-takers (service-providers or officials) and bribe-givers (service-recipients or customers) to arrive at a holistic view of corruption and its remedies.

2.1 Purpose of the Study

The main objectives of the present research were to analyse and evaluate the nature, forms, types, magnitude, causes, costs and remedies of administrative corruption in the delivery of investment-related services by 10 relevant government agencies in Dhaka city, the highest administrative tier and capital of Bangladesh, by applying behavioural, governance and socio-economic criteria.

The specific objectives of the present research were:

- a) To identify and analyse the nature, forms and types of administrative corruption in 10 investment-related government agencies of Dhaka city through survey. The selected agencies are: Police, Judiciary, Department of Immigration and Passports (DIP), Board of Investment (BOI), Dhaka City Corporation (DCC), Dhaka Power Distribution Company Limited (DPDCL), Dhaka Water and Sewerage Authority (DWASA), Income Tax under National Board of Revenue (NBR), Value Added Tax under National Board of Revenue and Bangladesh Road Transport Authority (BRTA).
- b) To evaluate the estimated magnitude of administrative corruption in investment-related agencies in the highest administrative tier of Bangladesh based on people's perceptions and experiences.
- c) To identify and analyse the causes and costs of administrative corruption by officials of the selected investment-related agencies on the basis of survey among service-recipients (customers) or bribe-givers and service-providers (officials) or bribe-takers.
- d) To assess the correlation between the perceptions of corruption among bribe-takers and bribe-givers based on their beliefs, values and experiences through survey.

¹⁸ Helal Uddin Ahmed, "Administrative Corruption in the Delivery of Services: A Behavioural Study of 10 Sectors in Dhaka City," Draft PhD Dissertation, (Rajshahi: IBS, RU, 2009).

- e) To put forward recommendations for curbing administrative corruption by officials engaged in the delivery of investment-related services in Bangladesh in order to establish good governance and rule of law.

3.0 Review of Literature

3.1 Definitions of Key Terms

According to the *United Nations*, **corruption** in government is perceived as the abuse of public power and authority for private and other group gains.¹⁹ It takes place as a result of inadequacies in existing public management systems as well as social, cultural, political and economic factors.

According to the *World Bank*,²⁰ there are three typologies of corruption. Typology-1 includes *Petty Corruption*, *Middling Corruption* and *Grand Corruption*; Typology-2 covers *Individual Corruption*, *Institutional Corruption* and *Systemic Corruption*; and Typology-3 comprises *Bureaucratic* (or *Administrative*) *Corruption* and *Political Corruption*.

Petty Corruption is pervasive and widespread, generally involving low-level personnel (for example, small bribes accepted by the traffic police or clerical staff). *Middling Corruption* takes place at the enterprise level usually involving managers and employees (for example, bribes paid to secure electricity or gas connection). *Grand Corruption* takes place at the highest levels of the state and usually involves foreign companies (for example, issuance of gas contracts or the purchase of aircraft).

Individual Corruption is resorted to by individual politicians or public officials and is episodic rather than systematic (for example nepotism in the form of non-merit recruitment). *Institutional Corruption* occurs when corruption pervades entire institutions and sectors (for example within customs service). *Systemic Corruption* takes place when corruption infects the whole society and becomes an accepted means of conducting everyday transactions (for example, to obtain building permits or evade a fine).

Bureaucratic (or *Administrative*) *Corruption* refers to officials taking bribes while discharging their public duties. *Political Corruption* can take several forms including buying political influence and votes, providing patronage including recruitment in public and private jobs, illegal campaign-financing and using government machinery to fill party coffers.

Administrative Corruption or corruption involving the public sector is particularly destructive since its impact may go far beyond the individual transactions to undermine the integrity and legitimacy of the state in the eyes of the public. **Forms of corruption** include acceptance of money or other rewards for awarding contracts, violation of procedures to advance personal interests, kickbacks from development programmes or multinational corporations, pay-offs for legislative support, diversion of public resources for private use,

¹⁹ United Nations, *Corruption in Government*, Report of an inter-regional seminar held in The Hague, The Netherlands, (New York: UN, 1990).

²⁰ World Bank, *Corruption in Bangladesh: Costs and Cures*, (Washington DC: The World Bank, 2000):

overlooking illegal activities, intervening in the justice process, nepotism, common theft and frauds in tax collection and assessment.

Originating in the USA in the middle of the Twentieth Century, **behavioural approach**²¹ has been one of the most important developments in the study of Political Science. It implied a search for realism based on a scientific outlook. The attainment of depth and realism in the study of political systems enabled a researcher to locate the dynamic forces of society wherever they existed – in social classes, cultures, socio-economic transformations, political elites and international affairs. This empirical method based on reality has been termed as the behavioural approach, which entailed studying the actual behaviour of individuals and groups playing socio-political roles instead of merely examining laws, rules and ideological patterns.

3.2 Matrix of Nature, Forms, Causes and Costs of Corruption

The following table summarises the nature, forms, causes and costs of corruption as obtained from an extensive literature review.

Variables	Governance Criteria	Socio-economic Criteria	Behavioural Criteria
Nature and Forms of Corruption	1. Misuse of power or position; 2. Misappropriation of official funds or resources;	1. Bribery or taking money for service provided; 2. Extortion or extracting money for services;	1. Immorality; 2. Dishonesty; 3. Unethical behaviour; 4. Favouritism and

²¹ It is possible to analyse the incidence of administrative corruption from the point of view of political economy. Bardhan and Udry (1999) develop a model trying to analyse corruption in the context of developing countries. They make the following points:

- i) For any market economy to develop and flourish, institutions matter; the associated incentive structures substantially influence economic performance. There is a persistent problem of dysfunctional institutions in low-growing and developing countries. By ‘institutions’, they mean social rules, conventions and other elements or the structural framework of social interaction.
- ii) Institutional failures cause and/or prolong underdevelopment. The failures relate to legal and contractual structures and rules of third-party enforcement which are necessary for different market transactions.
- iii) In a market economy (within the concept of a minimalist state), the administrative bureaucracy is supposed to play an important role in creating and sustaining an enabling business environment for the producers and the citizens at large. It is difficult to devise high-powered incentive contracts for civil servants for two reasons:
 - a. prevalence of ‘common agency’ problem (i.e., the civil servant has to be the agent of multiple principals)
 - b. existence of multi-task problem (i.e., the civil servant has to pursue multiple goals, many of which are hard to measure)
- iv) Generally for lack of a high-powered incentive system, the bureaucracy might become entangled in a corruption trap. The incidence of corruption becomes pervasive.

See Bardhan, P and Udry, C., *Development Microeconomics* (Chapter 17, ‘Institutional Economics and the State in Economic Development), Oxford University Press, New York, pp 217-236

Also see Mahmud, W, *Popular Economics, Unpopular Essays* (Chapters 12 and 13), University Press Limited, Dhaka, 2002, pp 64-71. He describes the incidence of corruption in the specific context of Bangladesh. He also points out the socio-political decisions required (e.g. more de-centralized administration, effective and participatory development) by the major actors running the state and also their implementation to bring the country out of the present socio-economic morass.

Variables	Governance Criteria	Socio-economic Criteria	Behavioural Criteria
	3. Violation of legal norms and procedure.	3. Theft and fraud.	nepotism.
Causes of Corruption	<ol style="list-style-type: none"> 1. Lack of transparency and accountability. 2. Monopoly power over a good or service. 3. Discretionary power over making decisions. 4. A closed political system which tends to exclude aggregate interests. 5. Weaknesses in the legal and regulatory frameworks. 6. Red-tape and obstructionism used for eliciting illegal payments. 7. Government system doing little to deter corruption. 	<ol style="list-style-type: none"> 1. Inadequate salary and income. 2. Desire to become rich overnight. 3. Social and cultural factors. 4. Political and economic factors. 5. Any policy creating artificial gap between demand and supply generates profitable opportunity for rent-seeking activities by opportunistic middlemen. 	<ol style="list-style-type: none"> 1. Moral degeneration and immoral behaviour. 2. Dishonest character justifying illegal behaviour. 3. Greed and urge for self-aggrandisement among people. 4. Behavioural patterns, values and norms of a society. 5. Belief of law-breakers that there is little chance of being caught, or if caught not having to pay the penalty, since the justice system itself is corrupt.
Costs of Corruption	<ol style="list-style-type: none"> 1. Perverts processes, institutions and goals by favouring the privileged few. 2. Stimulates the use of non-rational criteria in public decisions. 3. Induces wrong decisions, resulting in wrong projects, wrong prices, wrong contractors and substandard delivery to recoup over-pricing. 4. Erodes the capacity for revenue collection. 5. Reduces the state's ability to provide essential public goods including the rule of law. 6. Weakens national institutions leading to inequitable social services and injustices in the courts. 7. Devastating effect on administrative performance and growth. 	<ol style="list-style-type: none"> 1. Engenders wrong economic choices and leads to inefficient economic outcomes. 2. Distorts competition, thereby denying the public access to a competitive market-place. 3. Adds to transaction costs, thereby excluding those who cannot pay. 4. Raises uncertainty in an economy, pushes firms underground and leads to ever-higher tax rates levied on fewer and fewer taxpayers. . 5. Unfairly imposes a regressive tax that falls heavily on trade and service activities undertaken by small enterprises. 6. Impedes long-term foreign and domestic investment, misallocates talent to rent-seeking activities and distorts sector-based 	<ol style="list-style-type: none"> 1. Fosters contempt for public servants and the government in power. 2. Breeds cynicism about governance and social justice among the citizens. 3. Perversion or destruction of integrity in the discharge of public duties. 4. Undermines integrity and legitimacy of the state in the eyes of the public. 5. A sense of resignation pervades among the citizens coupled with a belief that attempts to fight corruption are doomed to fail.

Variables	Governance Criteria	Socio-economic Criteria	Behavioural Criteria
	8. Weakens administrative capacity, contributes to serious political decay and undermines democracy, stability and national integration.	<p>priorities and technology choices.</p> <p>7. Impedes economic growth, stifles entrepreneurialism and misuses scarce resources.</p> <p>8. A vicious cycle of increasing corruption and underground economic activities may result.</p> <p>9. Negative impact on productivity and poverty.</p>	

Source: Helal Uddin Ahmed, *Draft PhD Dissertation, IBS, Rajshahi University, 2009.*

3.3 Administrative Corruption in the Delivery of Services in Bangladesh

According to Khan, M.M., corruption has been institutionalized in Bangladesh Civil Service. The civil servants have become accustomed to leading a lifestyle beyond their legal income. The citizens face the harsh reality that nothing moves without greasing the palms of relevant officers. This has adversely affected the delivery of services and the collection of revenue.²²

Khan, M.M. et al claimed that corruption in Bangladesh was endemic, chronic and pervasive. Political, economic, social, cultural and behavioural factors combined to contribute to corrupt practices. Absence of accountability and transparency in administration was the most important factor contributing to widespread corruption in public services.²³ Khan, M.M. also opined that almost all political regimes in Bangladesh have been corrupt and corruption in the political arena has emboldened public servants to become unabashedly corrupt.²⁴

Kochanek, S.A. viewed corruption as misuse of power and pointed out that petty corruption, project corruption and programmatic corruption had led to a huge gap between policy and implementation, distorted the entire economy and contributed to uncompetitive, over-priced goods and sick industries in Bangladesh.²⁵

Lewis, D.J. asserted that most people in Bangladesh found themselves powerless to address corruption at any level. Others considered corrupt actions to supplement meagre state salaries as their inherent right. Corruption was viewed by the author as an obstacle to development and a barrier to poor people's access and participation in decision-making. He

²² M. M. Khan, "Resistance to Administrative Reform in Bangladesh, 1972-87", *Public Administration and Development*, Vol. 9, No. 3 (1989): 301-314.

²³ M. M. Khan. et al, "Ethics and Public Service in Bangladesh", *Indian Journal of Public Administration*, Vol. 41, No. 3 (1995): 592-608

²⁴ M. M. Khan, "Political and Administrative Corruption: Concepts, Comparative Experiences and Bangladesh Case", Transparency International Bangladesh, <http://www.ti-bangladesh.org> [accessed on December 1, 2009]

²⁵ S. A. Kochanek, *Patron-Client Politics and Business in Bangladesh*, (Dhaka: University Press Limited, 1993).

suggested ‘social network analyses’ as a research strategy to investigate corruption in Bangladesh.²⁶

The World Bank says that corruption is a large regulatory burden for Bangladeshi firms with officials demanding payments for them. More than half of all firms interviewed in a 2002 World Bank survey on investment climate reported that “corruption was either a major or very severe obstacle to their growth”.²⁷ The firms which were surveyed claimed making unofficial payments (bribes) totalling an average of more than Taka 70,000 per firm in the previous year. The same survey also found that compared to those in Chittagong, firms in Dhaka viewed tax administration, customs and corruption as major or more severe obstacles to their growth. The following table based on data from the Investment Climate Survey (2002) of the World Bank shows the performance of Bangladesh bureaucracy in various areas of investment-related governance.²⁸

Table-2: Governance Indicators from Investment Climate Survey (2002)

Indicators	Bangladesh	South Asia	All Countries
Economic and regulatory policy uncertainty (%)	44.3	23.2	30.5
Firms expected to give gifts in meetings with tax inspectors (%)	85.8	44.3	21.7
Unofficial payments by firms to get things done (% of sales)	2.5	1.6	2.4
Value of gift to secure government contract (% of contract)	4.3	2.2	3.0
Corruption as a major or severe obstacle (% of firms)	57.6	25.3	29.9
Confidence in the judiciary system (% of firms)	17.02	48.5	56.7
Crime, theft and disorder as major/severe obstacle (% agree)	39.0	15.0	19.7
Tax administration as major/severe obstacle (% of firms)	49.7	22.4	25.9
Customs/trade regulations as major/severe obstacle (% firms)	41.9	24.8	16.8

²⁶ D. J. Lewis, *Corruption in Bangladesh: Discourse, Judgements and Modalities*, CDS Occasional Paper No. 5. (Bath: Centre for Development Studies, 1996): 21-36.

²⁷ World Bank, *Improving the Investment Climate in Bangladesh*, (Washington DC: The World Bank, 2003): 30.

²⁸ World Bank, *Bangladesh: Strategy for Sustained Growth*, (Washington DC: The World Bank, 2007): 129.

4.0 Methodology of the Study

4.1 Research Approach

An empirical research approach with a qualitative orientation has been followed in this study.²⁹ The nature of enquiry was descriptive and responses were analysed both qualitatively and quantitatively.³⁰ The primary research strategy was survey through purposive sampling on the basis of limited-choice structured questionnaires by following structured interview method.³¹ Observation techniques were applied when required (as during field visits, interviews and focus group discussions) and data from secondary sources were used where appropriate (such as in literature review). Behavioural, socio-economic and governance indicators were applied for evaluating relevant variables. As the population of Dhaka SMA (statistical metropolitan area) is too large (estimated to be over 12.5 million in 2008)³², non-probability purposive sampling has been applied on selected service-recipients (customers) and service-providers (officials) in various locations of Dhaka Statistical Metropolitan Area.

4.2 Sampling Frame and Design

The survey was conducted on a sample of 300, comprising of 200 service-recipients (customers) receiving services from the selected 10 investment-related agencies in various wards of Dhaka city as well as on 100 service-providing officials working in these agencies. The ten selected agencies were: Police, Judiciary, Department of Immigration and Passports, Board of Investment (BOI), Dhaka City Corporation (DCC), Dhaka Power Distribution Company Limited (DPDC), Dhaka Water and Sewerage Authority (DWASA), Income Tax under National Board of Revenue (NBR), Value Added Tax under National Board of Revenue (NBR) and Bangladesh Road Transport Corporation (BRTA). The sampling frame and the number of respondents for each agency were 20 service-recipients and 10 service-providing officials. The same questionnaire was administered to both service-recipients and service-providers in different locations of Dhaka city through structured interview method.

In addition to the survey, a focus group discussion meeting was held with the YES (Youth Empowerment and Support) group members of Transparency International Bangladesh (TIB) to elicit and incorporate the views and opinions of the country's younger generation on the causes, costs and remedies of administrative corruption in Bangladesh. The number of participants or respondents in this meeting was 20 and questionnaire used for the survey acted as the basis for this interaction as well.

²⁹ C. R. Kothari, *Research Methodology: Methods and Techniques*, 2nd Edition, (New Delhi: Vishwa Prakashan, 1990), 3-6.

³⁰ W. M. K. Trochim, *Research Methods*, 2nd Edition, (USA: Atomic Dog Publishing, 2003).

³¹ Denscombe, M. *The Good Research Guide*, 2nd Edition. (Maidenhead: Open University Press, 2003), 6-27, 144-159, 163-189, 233-263.

³² Government of Bangladesh (GOB), *Statistical Pocketbook of Bangladesh 2008*, (Dhaka: Bangladesh Bureau of Statistics, 2009).

4.3 Questionnaire

The following areas were covered while administering the questionnaire survey based on the objectives of the study as well as conceptual and analytical frameworks:

- a) Processes and grounds of interactions for the victims and perpetrators of corruption.
- b) Nature, forms and types of administrative corruption encountered.
- c) Actors who participated in corrupt practices.
- d) Attitudes and beliefs of the victims and perpetrators of corruption regarding morality, ethics and corruption.
- e) Perceived causes and costs of corruption based on values, beliefs and experiences.
- f) Magnitude and frequency of corruption based on quantitative indicators.
- g) Recommendations for curbing administrative corruption in Bangladesh.

Limited choice structured questionnaires previously used in similar household surveys in Bangladesh and South Asia by the Berlin-based Transparency International and other relevant agencies were amended and improvised to suite the purposes of this research. The questionnaire survey covered all typologies of corruption including petty, middling, grand, individual, institutional and systemic corruption. General comments and recommendations of the respondents for curbing administrative corruption were incorporated in the questionnaire survey and their demographic profiles were also be recorded. The views of the service-recipients and service-providers were then be combined, synthesised and correlated to arrive at a holistic view of the corruption problem in the investment sector of Bangladesh as well as its solution.

4.4 Selection of Respondents

The survey respondents were selected purposively through social and professional networking. The service-recipients (customers) or bribe-givers were categorised on the basis of their experience of corruption in specific investment-related agencies at different locations of Dhaka city. On the other hand, the bribe-taking service providers (officials) working in different investment-related agencies were chosen on the basis of their reputation in respective agencies. As nobody is inclined to concede or acknowledge that they are corrupt, the corrupt service-providers were asked only about corruption they themselves encountered in any agency of the government (not necessarily their own). This did not compromise the objectives of this study, as the main purpose of interviewing service-providers was to capture their own experience, attitude and opinion about corruption.

The participants or respondents for the focus group discussion(FGD) were selected from among the YES group members of TIB in the Northern University Bangladesh (NUB).It was organized on August 24,2010.

4.5 Data Analysis and Interpretation Technique

The collected data were analysed both quantitatively and qualitatively to determine their broader meaning and to suggest how the interpretations relate and add to the existing stock of knowledge. Both primary and secondary data were reviewed, evaluated and scrutinised on the basis of set objectives and evaluation criteria. Interpretation of data was both descriptive and analytical in nature in the light of broader aim and specific objectives of the study. Statistical techniques were applied as and when required.

4.6 Analytical Framework

Attempts were made in the present research to relate the values, beliefs and experiences of corrupt bribe-takers with the nature, forms, types, causes and costs of administrative corruption as summarised in the literature review. Similarly, the nature, forms, types, causes, costs and remedies of corruption were again related to the values, beliefs and experiences of the bribe-givers or service-recipient victims of administrative corruption in Bangladesh.

Finally, the perceptions and experiences of corruption among the bribe-givers and bribe-takers were evaluated and correlated in terms of the following matrix, where relevant variables were gauged in terms of socio-economic, governance and behavioural indicators. Statistical techniques like Spearman's coefficient of rank correlation³³ were applied when required (see appendix-3).

Table-3: Corruption Perception Matrix for Bribe-givers and Bribe-takers

Variables	Perception of Bribe-givers	Perception of Bribe-takers
Nature & Forms of Corruption	Indicators	Indicators
Types of Corruption	Indicators	Indicators
Magnitude of Corruption	Indicators	Indicators
Causes of Corruption	Indicators	Indicators
Costs of Corruption	Indicators	Indicators
Remedies of Corruption	Indicators	Indicators

Source: Helal Uddin Ahmed, Draft PhD Dissertation, IBS, Rajshahi University, 2009

³³ Douglas A. Lind, William G. Marchal and Samuel A. Wathen, *Statistical Techniques in Business & Economics*. 13th Edition. (New Delhi: Tata McGraw-Hill Publishing Company Ltd., 2008: 694-95).

5.0 Scope and Limitations of the Study

The present research incorporated and correlated the views and perceptions of both the service-providers and service-recipients on the nature, forms, types, magnitude, causes, costs and remedies of administrative corruption in Bangladesh, which were subsequently tallied with one another as well as with earlier findings from previous studies on the subject. This provided newer insights into the dynamics of a social malady like corruption in various agencies and how it can be curbed or minimised for promoting local and foreign investments, good governance as well as rule of law in a developing country like Bangladesh.

The research may have been limited by the fact that it covered only the capital city or one divisional headquarter out of 6 divisions in the country. However, Dhaka is the highest seat of governance in Bangladesh and most of the administrative powers and state resources are concentrated here. Therefore, focus on administrative corruption in Dhaka city is justified by the fact that corruption here has maximum impact in the country because of its size, magnitude and reach.

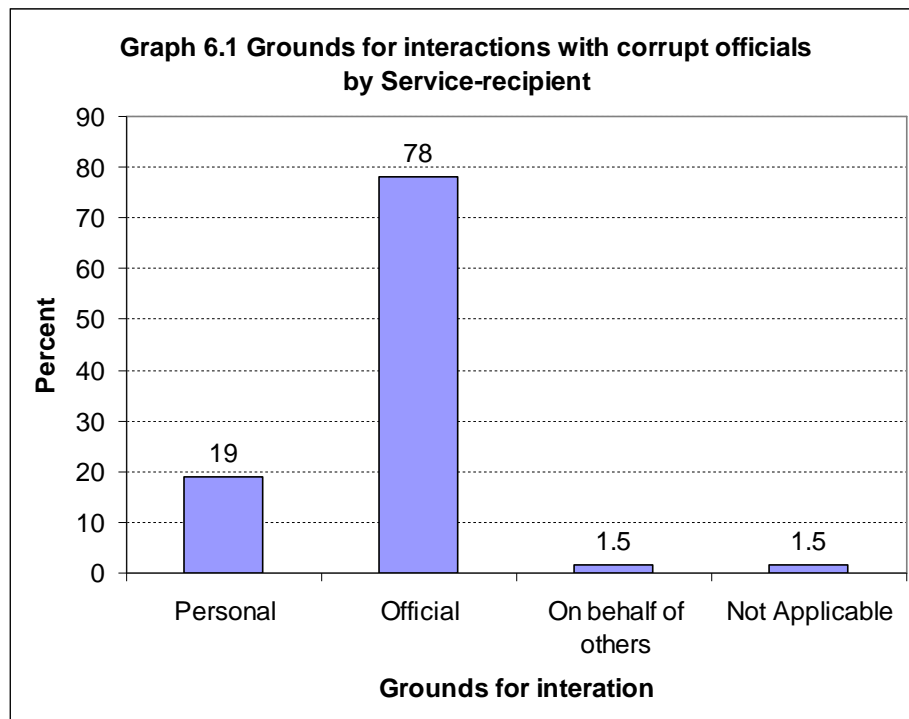
The research was also constrained to some extent due to the application of non-probability purposive sampling, as probability sampling was not feasible because of time and resource constraints. However, the samples were representative ones for the whole population and standard practices followed in this kind of research were complied with fully.

6.0 Findings from the Survey

Findings of the field survey on ‘Administrative Corruption as Constraint to Investment: A Behavioural Study on 10 Investment-related Agencies’ conducted in various wards of Dhaka city have been presented below in the following sections. Only relevant and significant data for the research project have been incorporated and elaborated in these sections in conformity with research objectives.

6.1 Grounds for Interactions with Corrupt Officials

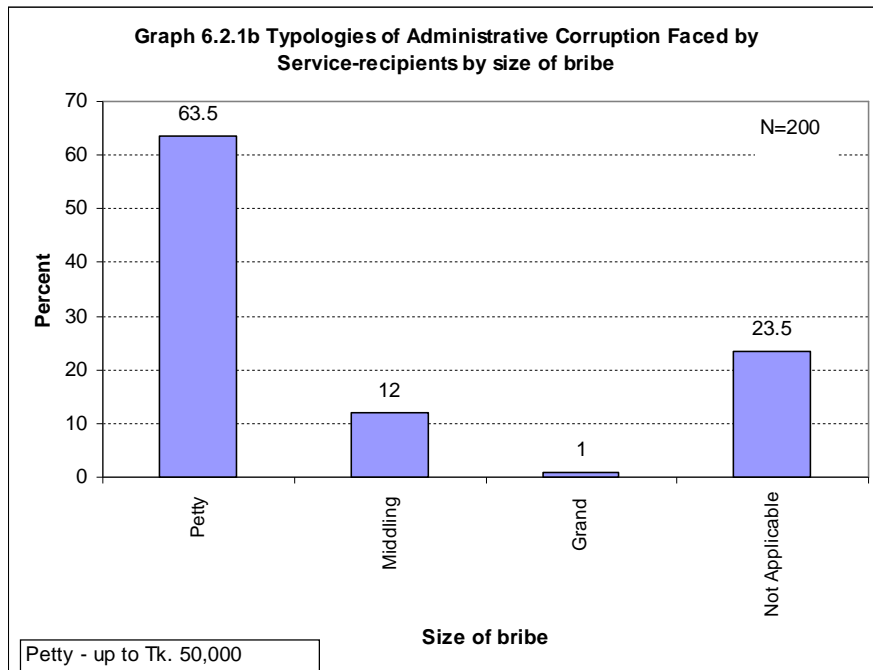
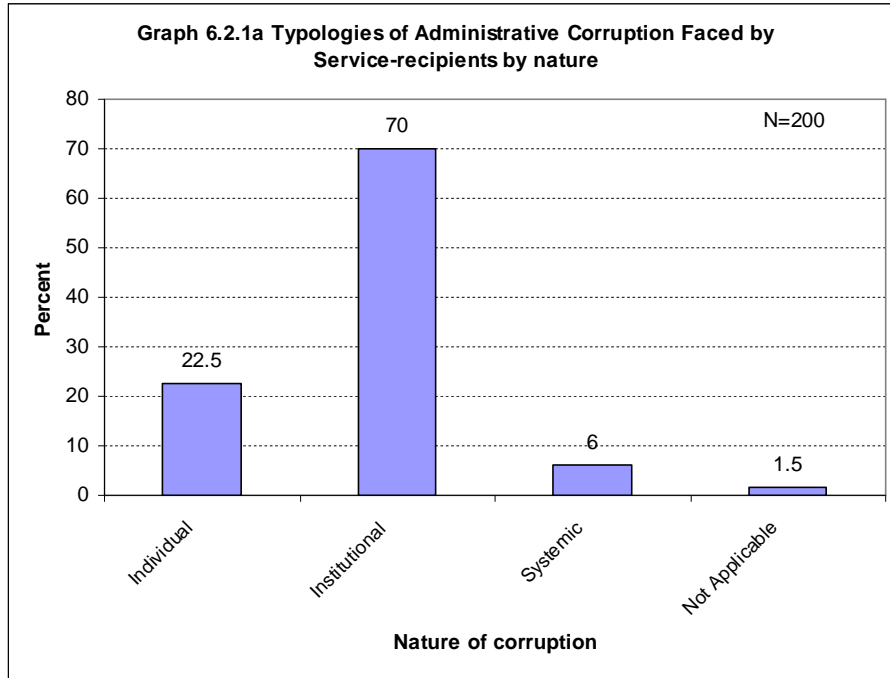
The 200 service-recipients belonging to private business establishments were asked about the grounds for their interactions with the corrupt officials of 10 investment-related agencies. Their responses have been categorised in the Graph 6.1.



It shows that a majority of them (78%) had approached the relevant agencies for official purposes on behalf of their business firms. Only 19% of the respondents had approached on personal grounds. This serves the purpose of the survey, as the main aim has been to delve into the institutional causes of administrative corruption.

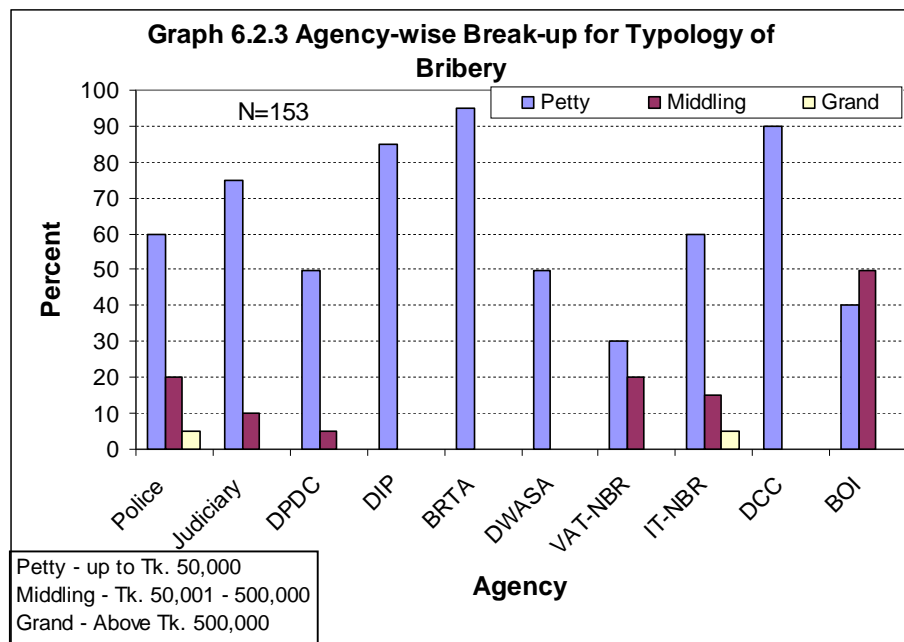
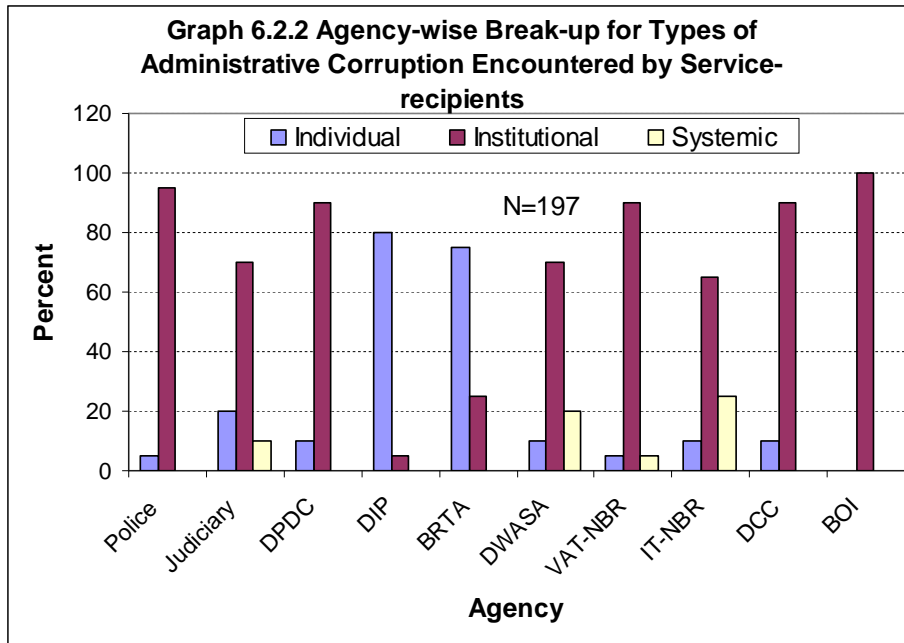
6.2 Typologies of Administrative Corruption

The respondents were asked about the types of administrative corruption they were subjected to in one year. The responses by the 200 service-recipients of 10 investment-related agencies in Dhaka were as follows:



Graph 6.2.1 (a and b) shows that institutional corruption occupied the top position among the typologies of corruption (70%) followed by individual corruption (22.5%). On the other hand, among various typologies of bribery, petty corruption occupied the top slot (63.5%) followed by middling corruption. Around 23.5% respondents did not have to pay bribes, i.e. 76.5% had paid bribes during interactions with corrupt officials. Overall, 98.5% service-recipients were victims of corruption in these 10 investment-related agencies in a single year.

Graphs 6.2.2 and 6.2.3 show the agency-wise break-up for typologies of corruption and bribery.



The above Graphs 6.2.2 and 6.2.3 show that institutional corruption was highest among BOI (100%), Police (95%), DPDC (90%), VAT-NBR (90%) and DCC (90%), while individual corruption was found to be highest in DIP (80%). IT-NBR occupied the top spot (25%) in systemic corruption.

On the other hand, BRTA (95%), DCC (90%), DIP (85%) and Judiciary (75%) occupied the top slot in the category of petty corruption, while BOI (50%), Police (20%), VAT-NBR (20%) and IT-NBR (15%) were the front-runners in middling corruption.

6.3 Forms of Administrative Corruption

Tables 6.3.1 show the forms of corruption as disclosed by the service-recipients of 10 investment-related agencies in Dhaka city.

Table 6.3.1 Forms of Administrative Corruption Encountered by Service-recipients

Form	Percentage-distribution
Bribery	76.5 (153)
Theft or Fraud	1 (02)
Misuse of power	42.5 (85)
Misappropriation of funds	8 (16)
Violation of legal norms	22.5 (45)
TOTAL	100 (200)

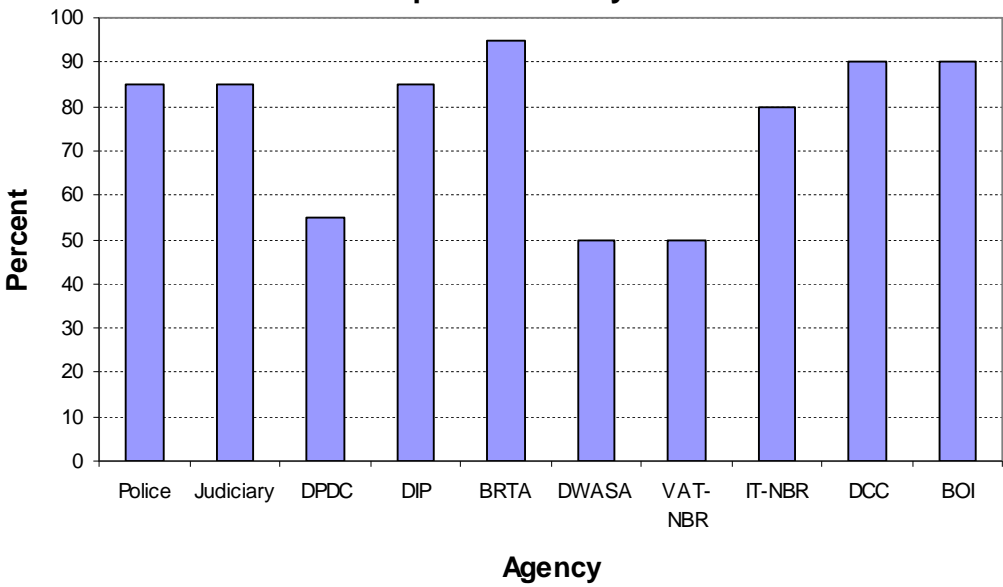
Note: Parentheses give absolute frequencies

The agency-wise break-up for forms of corruption is given below:

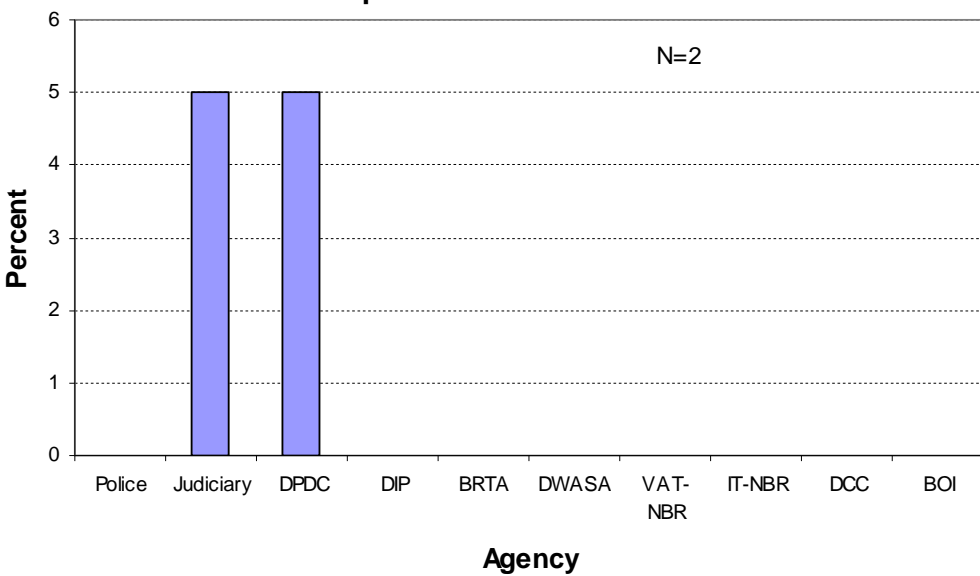
It shows that bribery led the pack with 76.5% respondents reporting it, followed by misuse of power (42.5%) and violation of legal norms (22.5%).

Graphs 6.3.2 (a to e) show that BRTA (95%), DCC (90%), BOI (90%), Police (85%), Judiciary (85%), DIP (85%) and IT-NBR (80%) are the front-runners in the typology of bribery. The Police (90%), VAT-NBR (90%) and DWASA (55%) top the list in the category 'misuse of power', while the police (90%), BOI (50%) and IT-NBR (45%) occupy the top positions in the category 'violation of legal norms'. A significant proportion of respondents (45%) have accused VAT-NBR with 'misappropriation of funds,' followed by DPDC (20%).

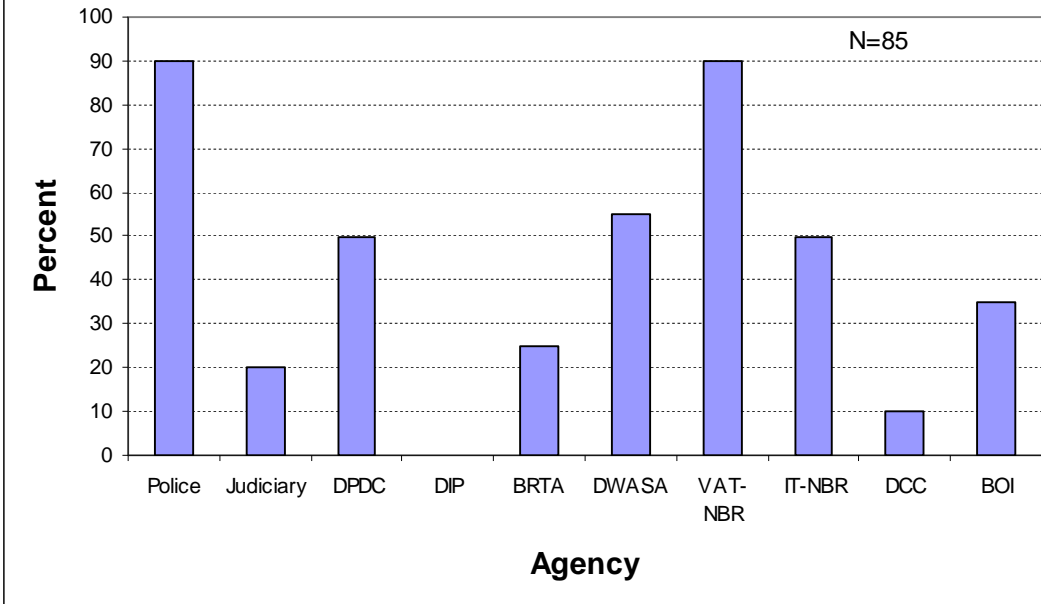
Graph 6.3.2a Agency-wise Break-up for Forms of Administrative Corruption Encountered by Service-recipients: Bribery



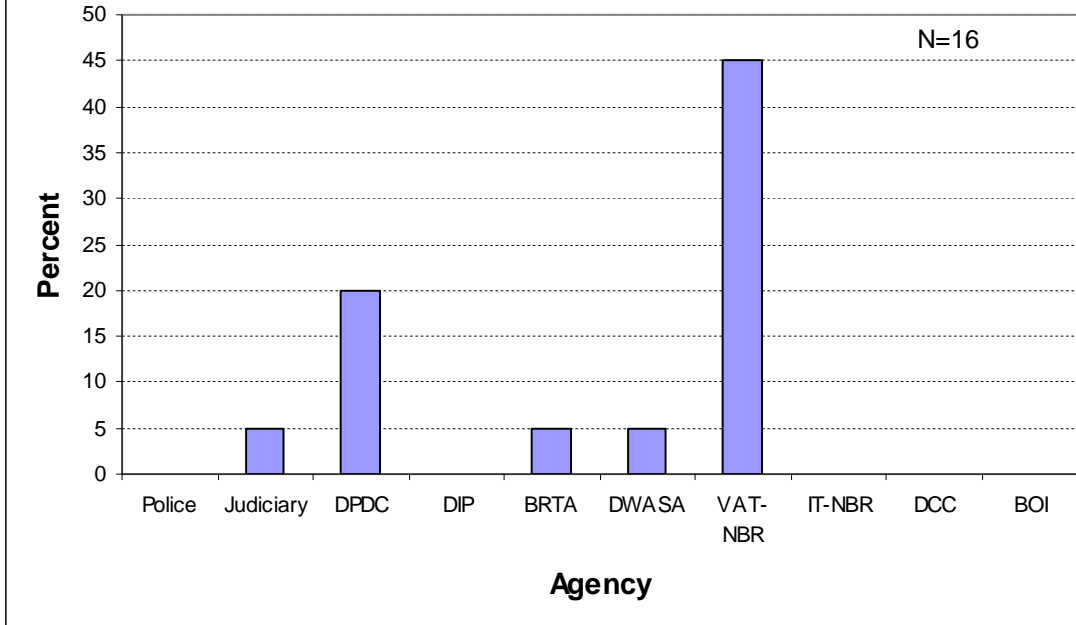
Graph 6.3.2b Agency-wise Break-up for Forms of Administrative Corruption Encountered by Service-recipients: Theft or fraud

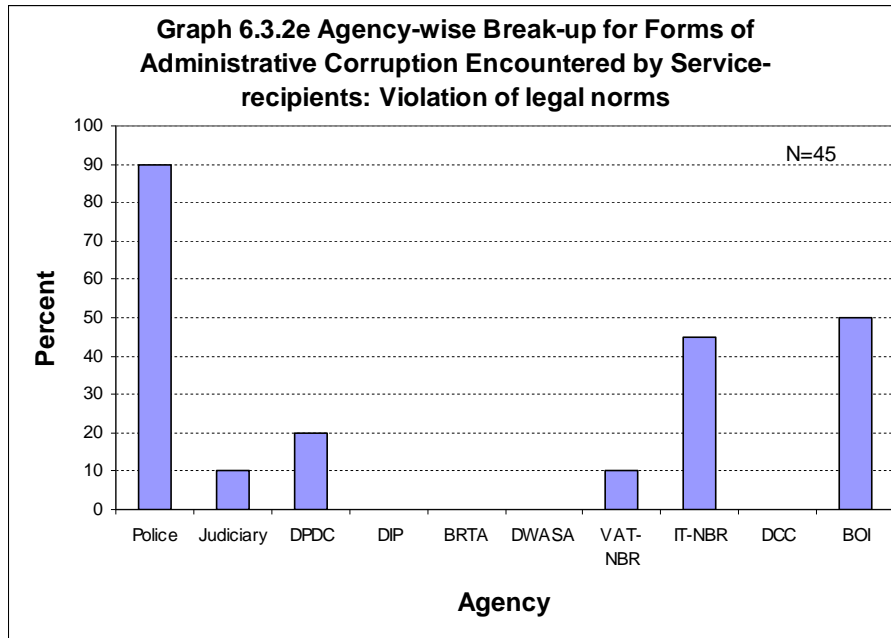


Graph 6.3.2c Agency-wise Break-up for Forms of Administrative Corruption Encountered by Service-recipients: Misuse of power



Graph 6.3.2d Agency-wise Break-up for Forms of Administrative Corruption Encountered by Service-recipients: Misappropriation of funds





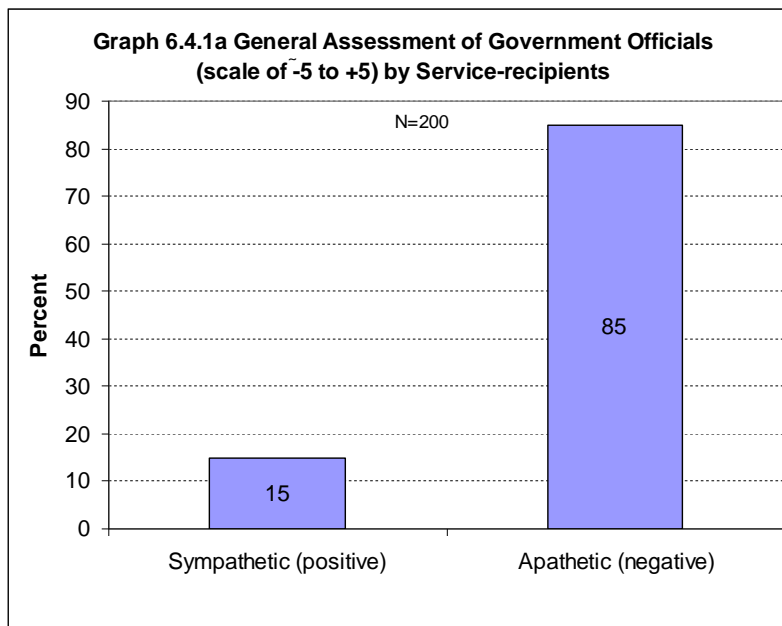
6.4 General Assessment of Government Officials

Graphs 6.4.1 (a to e) show the assessment of government officials by service-recipients of 10 investment-related agencies. The respondents ranked various dichotomous attributes of government officials in a (-5) to (+5) scale and an overall score was arrived at through averaging.

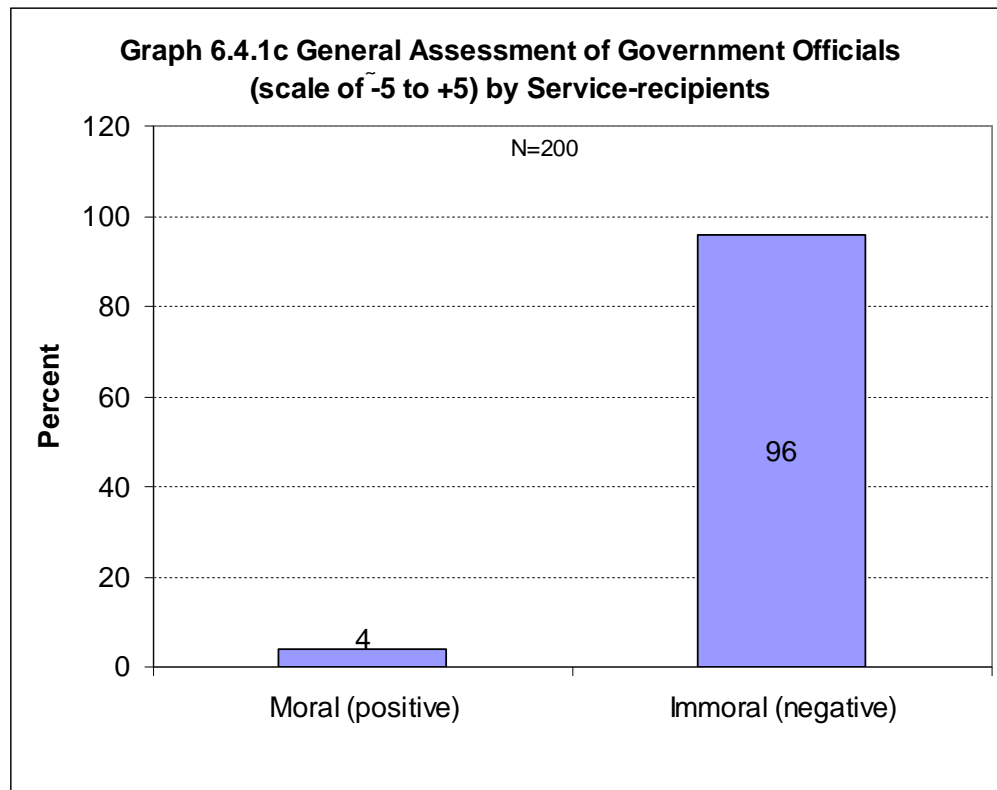
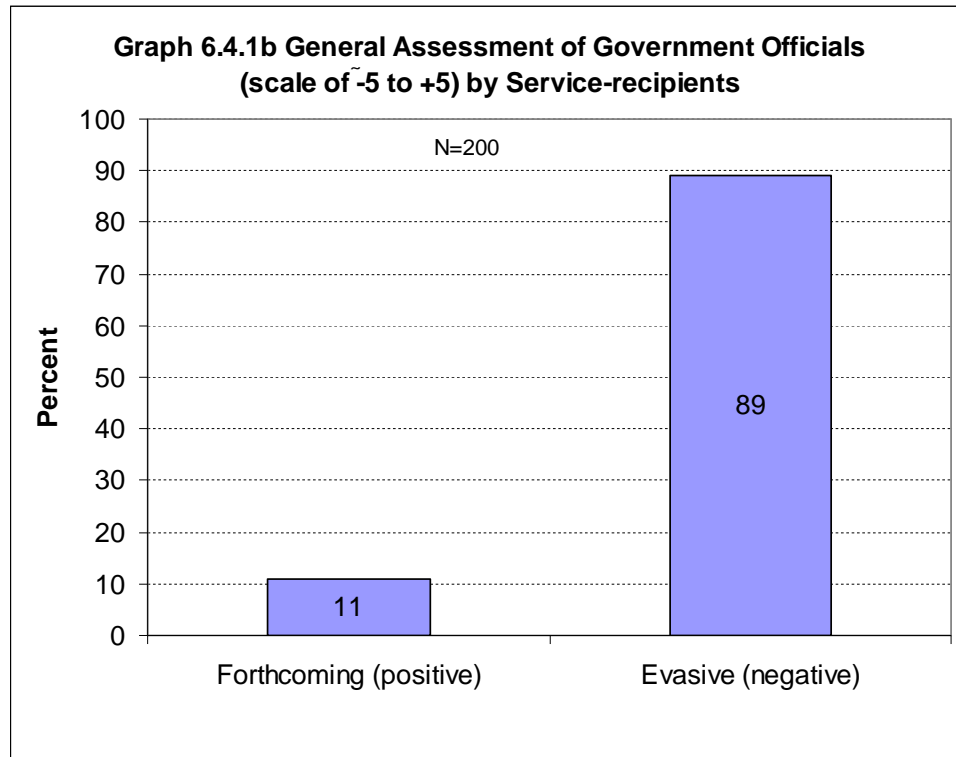
From the above table, Total Score = $-890 + 110 = -780$

Average Score = $-780/200 = -3.9$ (negative)

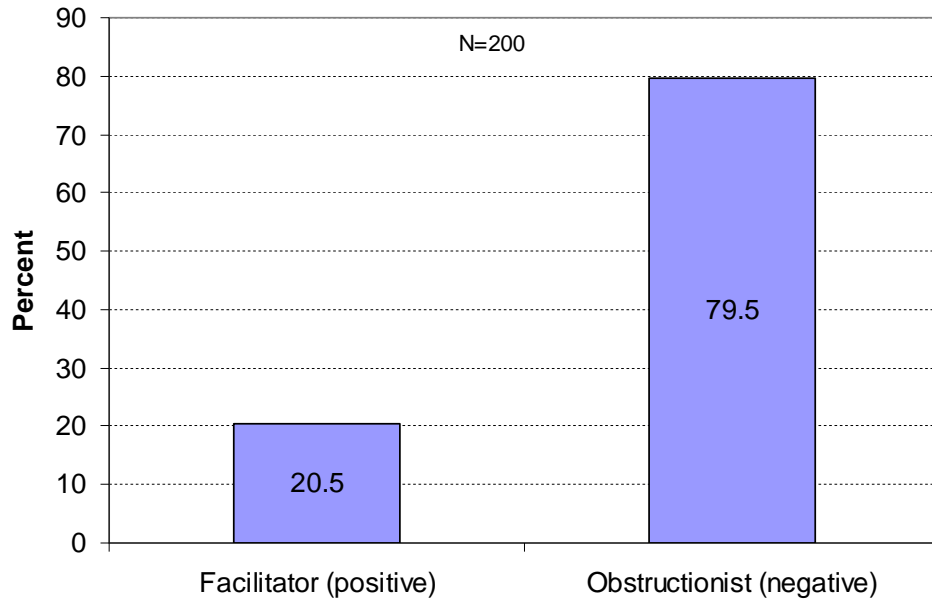
Thus the general assessment of government officials by service-recipients is highly negative.



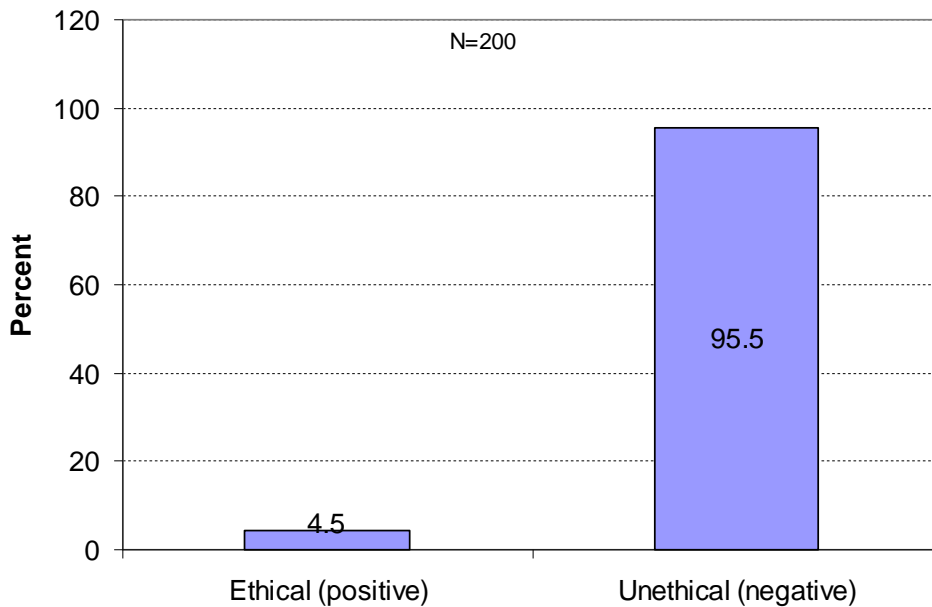
On the other hand, general assessment of government officials by the service-providers of 10 investment-related agencies in Dhaka has been obtained from Table 6.4.1 (b).



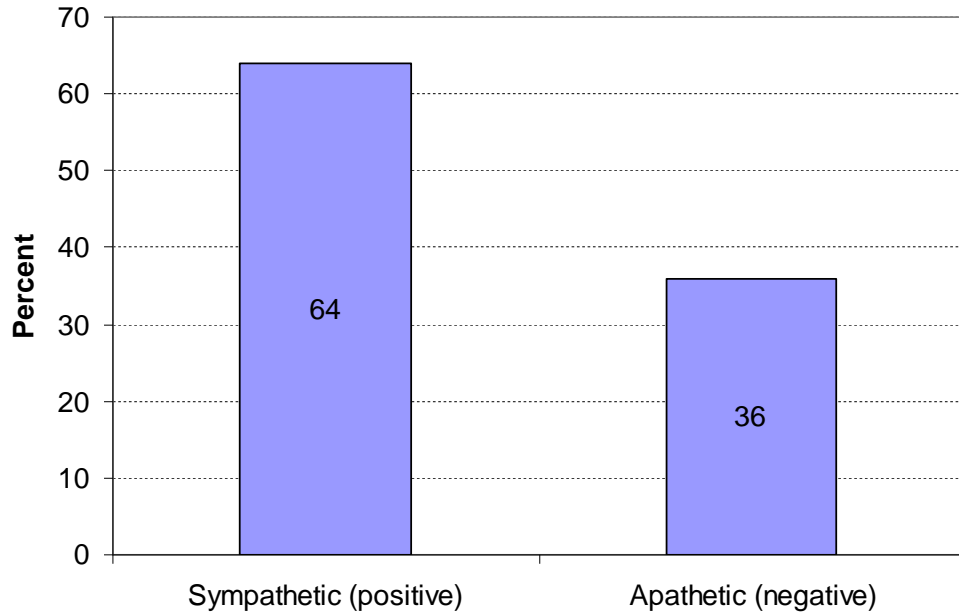
**Graph 6.4.1d General Assessment of Government Officials
(scale of -5 to +5) by Service-recipients**



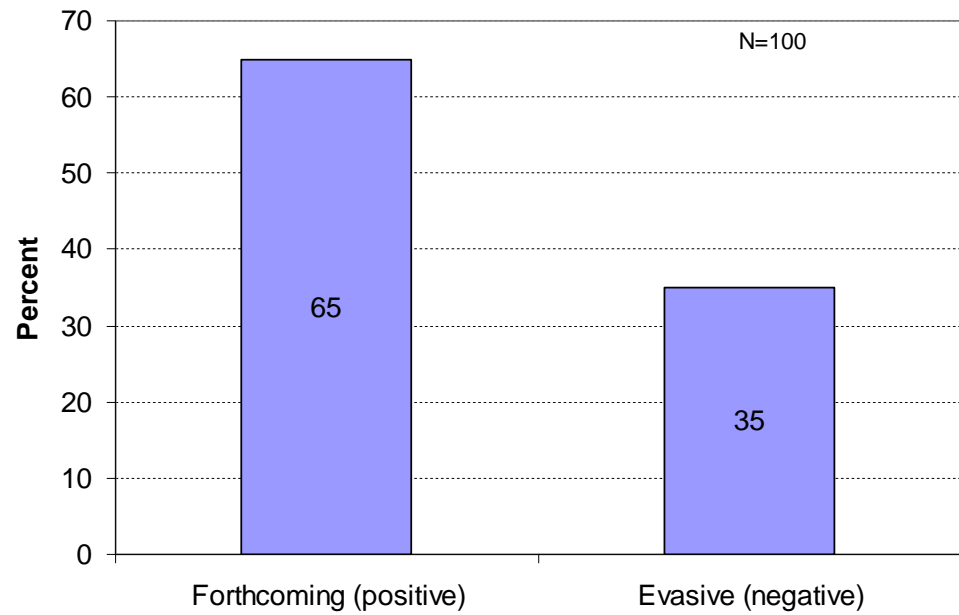
**Graph 6.4.1e General Assessment of Government Officials
(scale of -5 to +5) by Service-recipients**



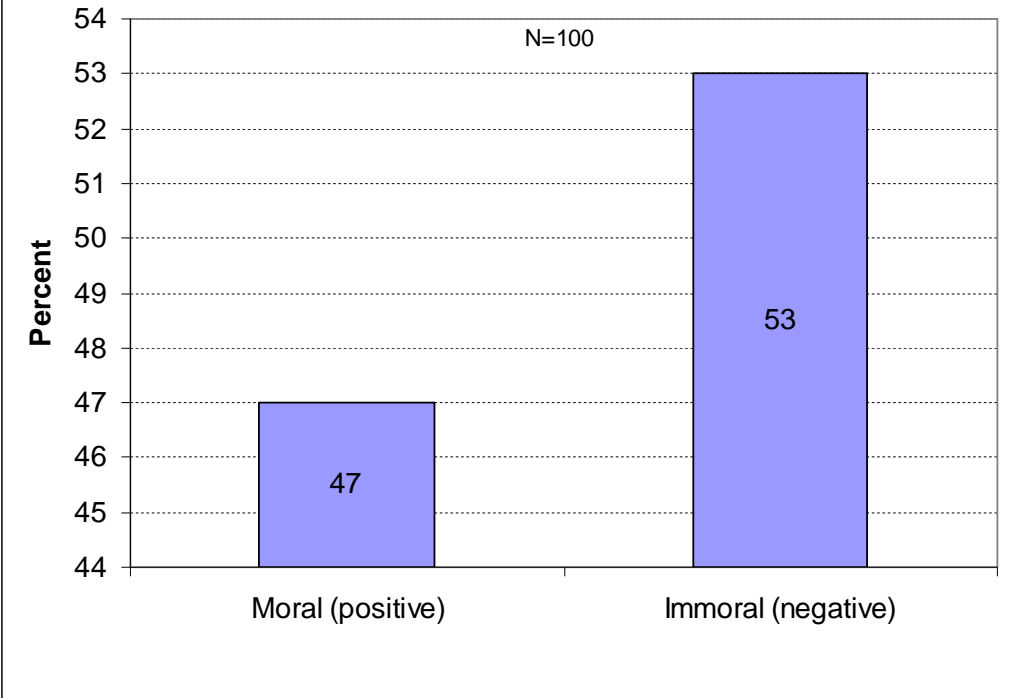
**Graph 6.4.1a General Assessment of Government Officials
(scale of -5 to +5) by Service-providers**



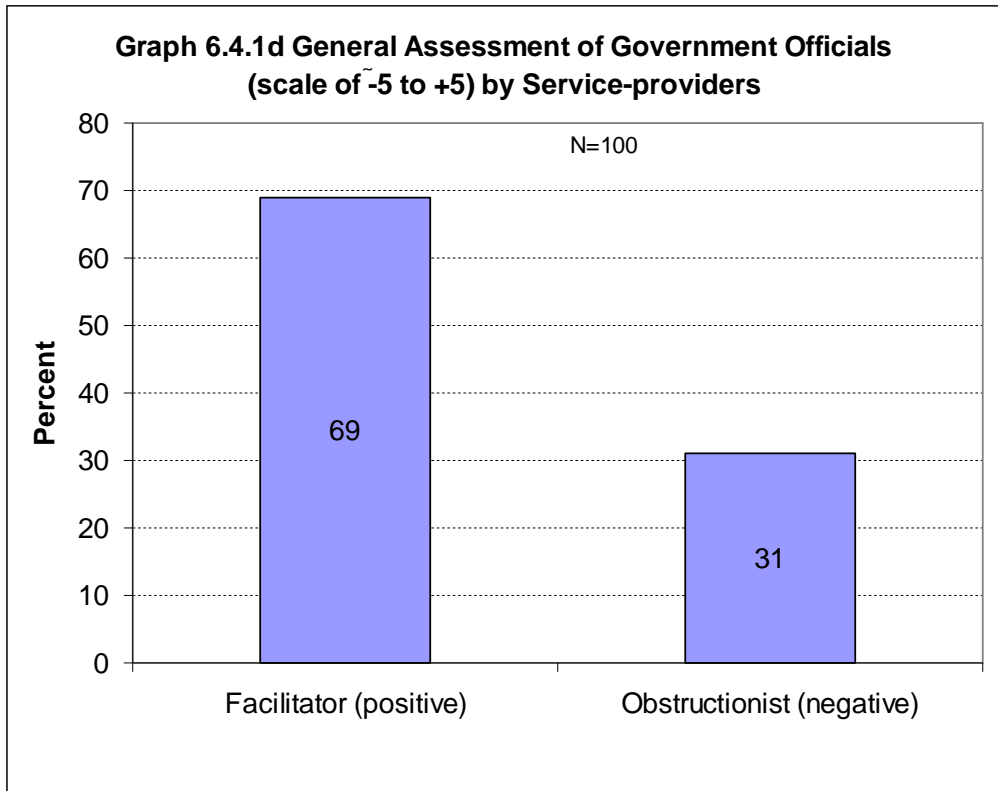
**Graph 6.4.1b General Assessment of Government Officials
(scale of -5 to +5) by Service-providers**

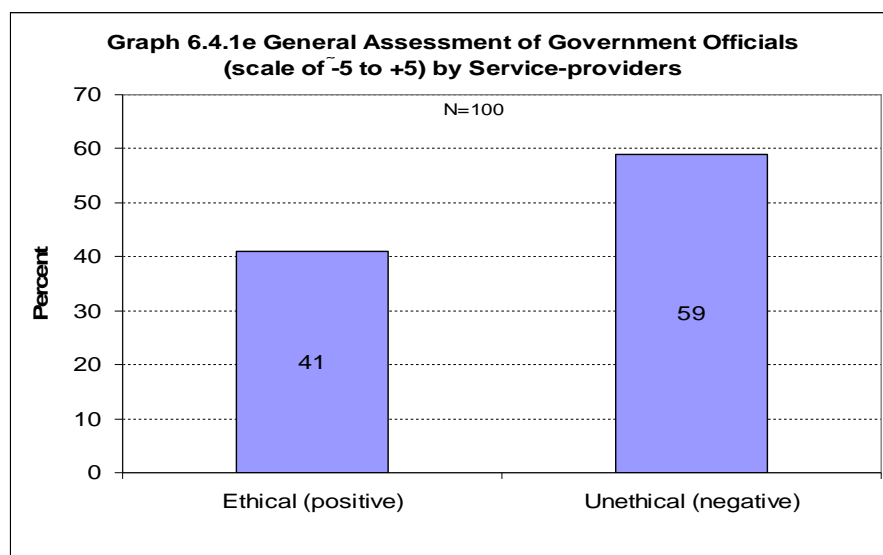


**Graph 6.4.1c General Assessment of Government Officials
(scale of -5 to +5) by Service-providers**



**Graph 6.4.1d General Assessment of Government Officials
(scale of -5 to +5) by Service-providers**





From the above table, Total Score = $-214 + 286 = 72$
 Average Score = $72/20 = 3.6$ (positive)

Thus, in contrast to service-recipients, general assessment of government officials by service-providers, who themselves are government servants, is highly positive. It reinforces the view that people's assessments depend on which side of the equation they are in.

6.5 Attitude towards Corruption

Attitude towards corruption among service recipients and service providers was measured on the basis of their responses to 5 dichotomous statements regarding corruption in Bangladesh, which resulted in a scale of (-5) to (+5). Table 6.5.1 shows the attitude of service-recipients of 10 investment-related agencies in Dhaka towards corruption.

Table 6.5.1 Attitude of Service-recipients towards Corruption (scale of +5 to -5)

Statement	Agreement (+)	Disagreement (-)
Negative and vengeful behavioural patterns, self-centred values and selfish norms are only natural in a resource-poor, backward and under-developed society like Bangladesh.	61	139
There is little chance of being caught for committing corruption in Bangladesh, and even if caught not having to pay the penalty, since the bureaucracy and justice system are corrupt.	184	16
How money is spent is more important than how it is earned.	81	119
God is merciful and so even the corrupt will be able to earn forgiveness through participation in religious rituals.	55	145
There is nothing wrong in taking 'chanda' (toll), 'bakhshish' (tips), 'upohar' (gift), service-charge, signature-fee or speed-money from the willing customers	49	151
TOTAL	430	570

From the above table, total score = $430 - 570 = -140$
 Therefore, average score = $-140/200 = -0.70$ (negative)

Thus, the attitude of service-recipients towards corruption has been found to be moderately negative. This shows that corruption has been more or less accepted by the people of Bangladesh as an established mode of social life.

Now, Table 6.5.2 summarises the attitude towards corruption of service-providing officials working in various government agencies.

Table 6.5.2 Attitude towards Corruption among Service-providers
 (scale of +5 to -5)

Statement	Agreement (+)	Disagreement (-)
Negative and vengeful behavioural patterns, self-centred values and selfish norms are only natural in a resource-poor, backward and under-developed society like Bangladesh.	40	60
There is little chance of being caught for committing corruption in Bangladesh, and even if caught not having to pay the penalty, since the bureaucracy and justice system are corrupt.	84	16
How money is spent is more important than how it is earned.	60	40
God is merciful and so even the corrupt will be able to earn forgiveness through participation in religious rituals.	19	81
There is nothing wrong in taking 'chanda' (toll), 'bakhshish' (tips), 'upohar' (gift), service-charge, signature-fee or speed-money from the willing customers	29	71
TOTAL	232	268

From the above table, total score = $232 - 268 = -36$
 Therefore, average score = $-36/100 = -0.36$ (negative)

Thus interestingly, the attitude of service-providers towards corruption is also negative, although in a lesser degree. This is because they also become victims of corruption in their day to day lives and suffer in the process. However, what is significant is that the service-providers appear to nurture a more positive attitude towards corruption compared to the service-recipients, as obviously they elicit benefits out of the malady.

6.6 Actors and Nature of Administrative Bribery

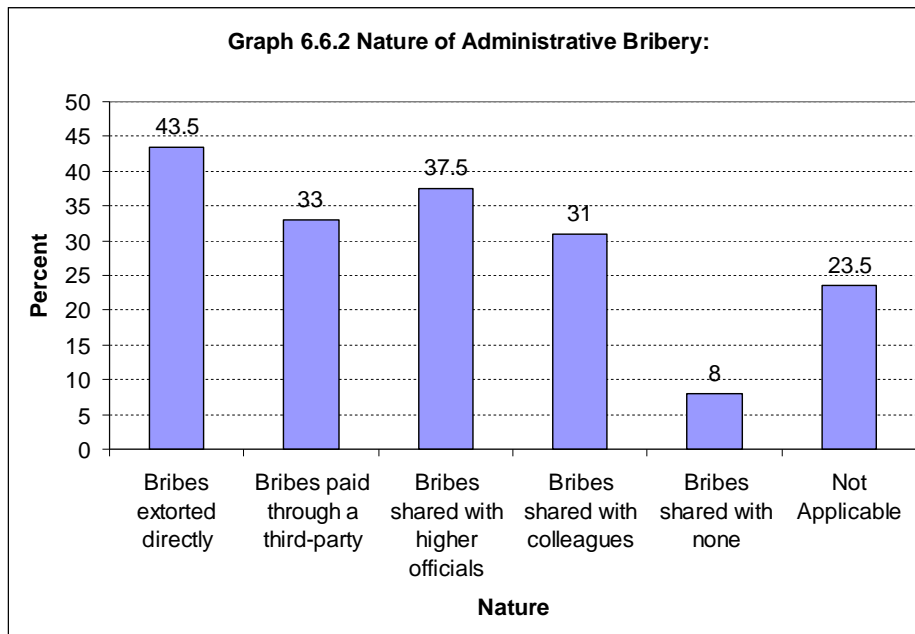
The service-recipient respondents were asked about the actors, modes and nature of administrative bribery in the 10 selected investment-related agencies. Their responses have been tabulated below.

Table 6.6.1 Actors Involved in Bribery in 10 Investment-related Agencies

Actors	Percentage
Officers	42 (84)
Employee	36 (72)
Not Applicable	22 (44)
TOTAL	100 (200)

Note: Parentheses give absolute frequencies.

It appears from Table 6.6.1 that officers are the leading recipients of bribes with a 42% slice, while employees closely follow with a share of 36%. The others include third-party middlemen.



Graph 6.6.2 shows that 43.5% cases of bribery took place through direct extortion, while 33% occurred with the help of third-party middlemen. The respondents also informed that in 37.5% of the cases, bribes were shared with higher officials; colleagues shared the spoils in 31% of the cases, while none were offered any share by the bribe-takers in 8% of the cases. Thus, overall, syndicates of bribe-taking corrupt officials seem to be in vogue in all 10 investment-related agencies.

6.7 Frequency and Magnitude of Administrative Bribery

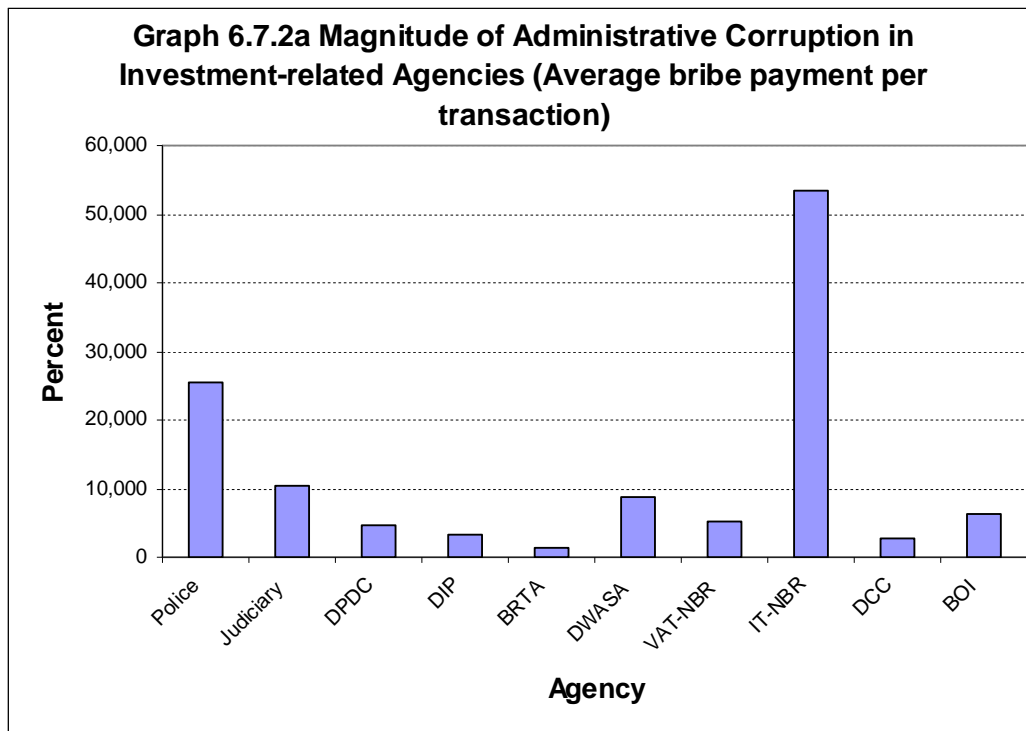
The service-recipient respondents were asked about the frequency and magnitude of bribery they transacted with corrupt officials of 10 relevant investment-related agencies. Their responses have been tabulated below.

Table 6.7.1 Frequency and Magnitude of Bribery in Investment-related Agencies

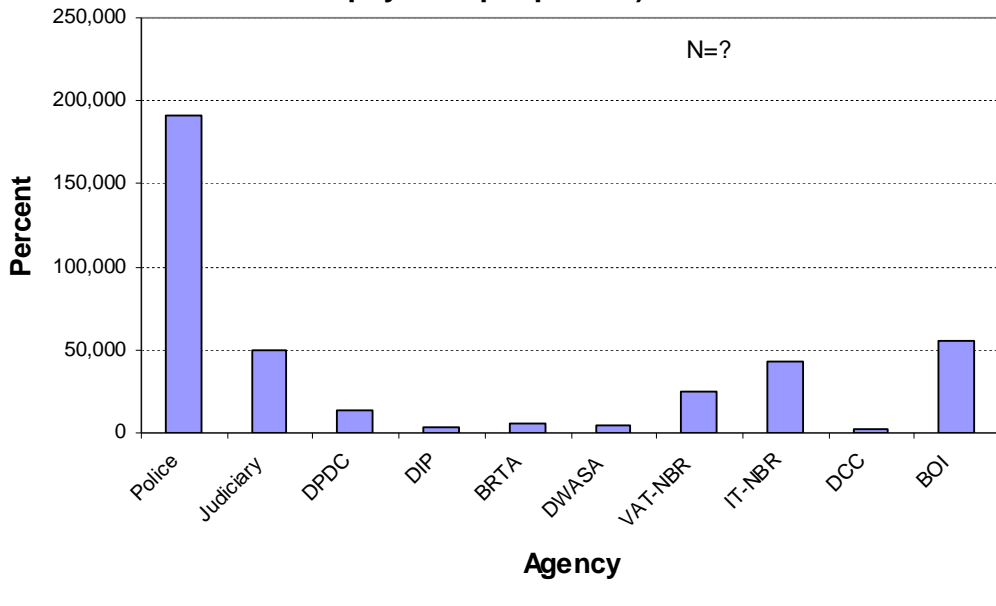
Item	Response
Annual frequency of bribe-payment per person per agency	3.61
Average bribe payment per transaction per agency	Taka 12,146
Average annual bribe-payment per person per agency	Taka 39,289

Table 6.7.1 shows that annual frequency of bribe-payment per person per agency is 3.61 times; average bribe payment per transaction per agency was found to be Taka 12,145, while average annual bribe payment per person per agency was found to be Taka 39,289.

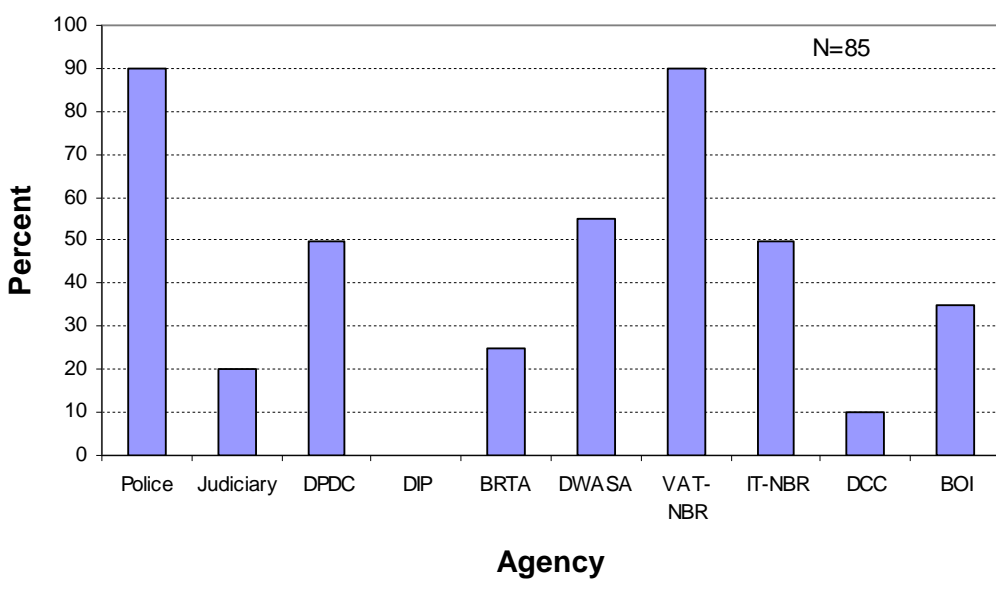
Graphs 6.7.2 (a to e) provide an agency-wise break-up for frequency and magnitude of administrative bribery.

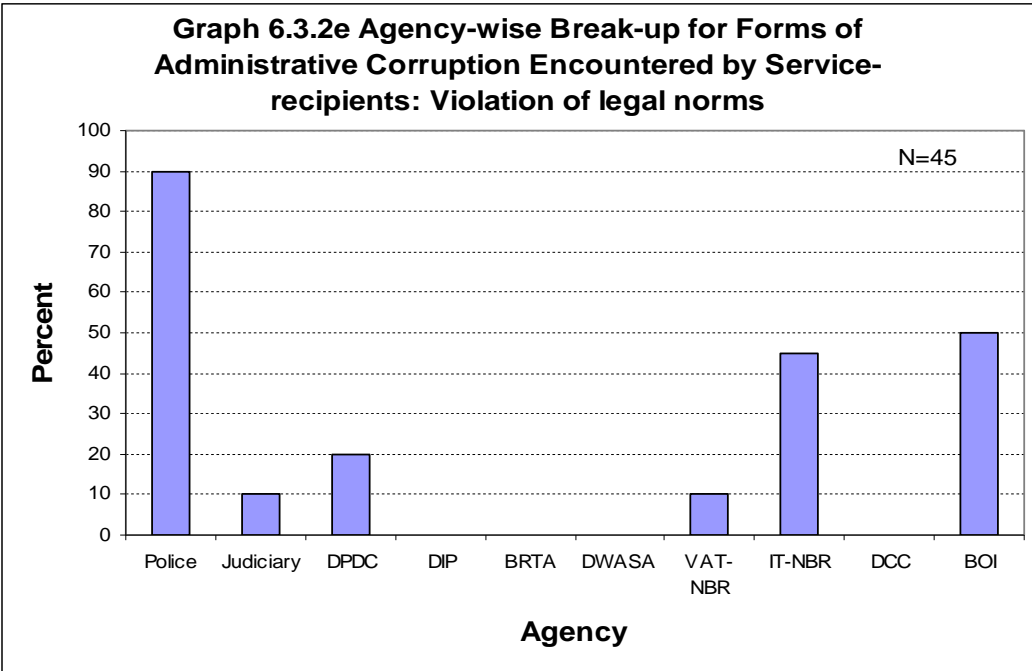
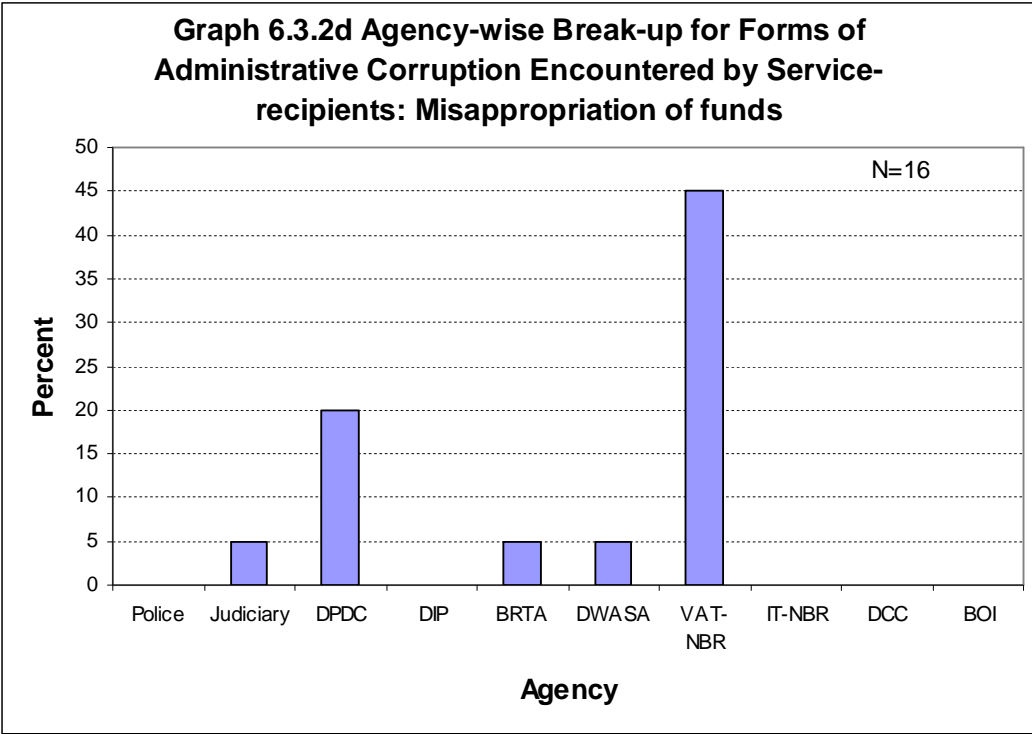


Graph 6.7.2b Magnitude of Administrative Corruption in Investment-related Agencies (Average annual bribe payment per person)



Graph 6.3.2c Agency-wise Break-up for Forms of Administrative Corruption Encountered by Service-recipients: Misuse of power





Graphs 6.7.2 (a to e) show that IT-NBR (Taka 53,438) tops the list in average bribe payments per transaction per agency followed by the Police (Taka 25,358) and the Judiciary (Taka 10,292). On the other hand, the Police (Taka 191,452) top the list in annual bribe payments per person per agency, followed by BOI (Taka 55,500), Judiciary (Taka 49,400), IT-NBR (Taka 42,750) and VAT-NBR (Taka 24,960).

6.8 Rankings for Causes of Corruption

Table 6.8.1 shows the rankings for causes of corruption by the service-recipients and service-providers covered by the field survey. These rankings were derived from the average rankings given by the service-recipients and service-providers of 10 relevant investment-related agencies.

Table 6.8.1 Rankings for Causes of Corruption

Cause	Ranking
Socio-economic	2
Governance	1
Behavioural	3
Sample of 200 service-recipients	
Cause	Ranking
Socio-economic	1
Governance	2
Behavioural	3
Sample of 100 service providers	

It shows that ‘governance causes’ were attached maximum importance by the service-recipients, while it is ‘socio-economic causes’ for service-providers.

Spearman’s Coefficient of Rank Correlation (see appendix-3 for details) for service-recipients and service-providers of 10 investment-related agencies regarding causes of corruption was found to be 0.50. Thus correlation between the opinions of service-recipients and service-providers of 10 investment-related agencies regarding causes of corruption is weak.

Table 6.8.2 shows the rankings given by the service recipients and providers of 10 investment-related agencies regarding the socio-economic causes of corruption, which were arrived at from the averages of their rankings.

Table 6.8.2 Rankings for Socio-economic Causes of Corruption

Socioeconomic cause	Ranking
Inadequate salary/income of officials	3
A closed political system which tends to exclude aggregate interests	2
Weaknesses in the socio-economic, legal and regulatory frameworks	1
Sample of 200 service-recipients	
Socioeconomic cause	Ranking
Inadequate salary/income of officials	1
A closed political system which tends to exclude aggregate interests	3
Weaknesses in the socio-economic, legal and regulatory frameworks	2
Sample of 100 service-providers	

Table 6.8.2 shows that service-recipients have given topmost ranking to ‘weaknesses in the socioeconomic, legal and regulatory frameworks’ from amongst the socioeconomic causes, but service-providers have cited ‘inadequate salary and income’ as the leading socioeconomic cause of corruption.

Spearman’s Coefficient of rank correlation for service-recipients and service-providers of selected 10 investment-related agencies regarding socio-economic causes of corruption has been found to be -0.50 . Thus correlation between the opinions of service-recipients and service-providers regarding socio-economic causes of corruption seems to be both inverse and weak.

The following table shows the rankings given by service recipients and providers to governance causes of corruption, which were arrived at on the basis of their average rankings.

Table 6.8.3 Rankings for Governance causes of Corruption

Governance cause	Ranking
Lack of transparency & accountability in offices	1
Monopoly power of officials over a good or service	3
Discretionary power of officials over decisions	2
Sample of 200 service-recipients	
Governance cause	Ranking
Lack of transparency & accountability in offices	1
Monopoly power of officials over a good or service	2
Discretionary power of officials over decisions	3
Sample of 100 service-providers	

Table 6.8.3 shows that ‘lack of transparency and accountability’ received topmost ranking among governance causes of corruption from both service-recipients and service-providers of 10 investment-related agencies.

Spearman’s Coefficient of rank correlation for service-recipients and service-providers of 10 investment-related agencies regarding governance causes of corruption has been found to be 0.50 , which is weak.

The rankings given (see table 6.8.4) by the service recipients and providers of 10 investment-related agencies on the behavioural causes of corruption, which were derived from their average rankings.

Table 6.8.4 Rankings for Behavioural Causes of Corruption

Behavioural cause	Ranking
Moral degeneration and immorality in society	2
Dishonest character and greed of corrupt officials	1
Demonstration effect	3
Sample of 200 service-recipients	
Behavioural cause	Ranking
Moral degeneration and immorality in society	1
Dishonest character and greed of corrupt officials	2
Demonstration effect	3
Sample of 100 service-providers	

Table 6.8.4 shows that ‘dishonest character and greed of officials’ has received top ranking among the behavioural causes of corruption from the service-recipients of 10 investment-related agencies. In case of service-providers, the top ranking went to ‘moral degeneration and immorality in society’.

Spearman’s Coefficient of rank correlation for service-recipients and service-providers of 10 investment-related agencies regarding behavioural causes of corruption has been found to be 0.50. Thus correlation between the opinions of service-recipients and service-providers of 10 investment-related agencies regarding behavioural causes of corruption is weak.

6.9 Rankings for Costs of Corruption

The service-recipients and service-providers were also asked to rank the costs of corruption and their responses have been tabulated below. As before, the rankings were arrived at on the basis of average rankings given by the service-recipients and service-providers.

Table 6.9.1 Rankings for costs of corruption (overall):

Cost	Ranking
Socio-economic	2
Governance	1
Behavioural	3
Sample of 200 service-recipients	
Cost	Ranking
Socio-economic	2
Governance	3
Behavioural	1
Sample of 100 service-providers	

Table 6.9.1 shows that whereas the ‘governance cost’ has been attached topmost priority by the service-recipients, the service-providers have ranked ‘behavioural cost’ as the most important one.

Spearman’s Coefficient of rank correlation for service-recipients and service-providers of 10 investment-related agencies regarding costs of corruption has been found to be –1.0. Thus correlation between the opinions of service-recipients and service-providers regarding costs of corruption is inverse or perfectly negative.

Table 6.9.2 shows the rankings given to the socio-economic costs of corruption by the service recipients and providers of 10 investment-related agencies, which were arrived at on the basis of their average rankings.

Table 6.9.2 Rankings for Socioeconomic Costs of Corruption

Socioeconomic cost	Ranking
Induces wrong decisions, resulting in wrong projects/prices/contractors & sub-standard delivery of services	1
Leads to inequitable social services and injustices in courts	3
Negative impact on investment, productivity and poverty	2
Sample of 200 service-recipients	
Socioeconomic cost	Ranking
Induces wrong decisions, resulting in wrong projects/prices/contractors & sub-standard delivery of services	1
Leads to inequitable social services and injustices in courts	2
Negative impact on investment, productivity and poverty	3
Sample of 100 service-providers	

It shows that among the given choices for socioeconomic cost, both the service-recipients and service-providers have given topmost ranking to ‘induces wrong decisions, resulting in wrong projects, prices and contractors and sub-standard delivery of services’.

Spearman’s Coefficient of rank correlation for service-recipients and service-providers of the 10 investment-related agencies regarding socio-economic costs of corruption has been found to be 0.50. Thus correlation between the opinions of service-recipients and service-providers regarding socio-economic costs of corruption is weak.

Table 6.9.3 shows the rankings attached to governance causes of corruption by the service recipients and providers of 10 investment-related agencies, which were derived on the basis of their average rankings.

It shows that both service-recipients and service-providers of 10 selected agencies have ranked ‘devastating effect on administrative capacity, performance and growth’ as the principal governance cost of administrative corruption.

Spearman’s Coefficient of rank correlation for service-recipients and service-providers of 10 investment-related agencies regarding governance costs of corruption has been found to be 0.50. Thus correlation between the opinions of service-recipients and service-providers regarding governance costs of corruption is weak.

Table 6.9.4 ranks various behavioural costs of corruption as viewed by service recipients and providers of 10 investment-related agencies, which were arrived at on the basis of their average rankings.

Table 6.9.3 Rankings for Governance Costs of Corruption

Governance cost	Ranking
Has devastating effect on administrative capacity, performance and growth	1
Perverts processes, institutions and goals by favouring the privileged few	3
Undermines democracy, stability and legitimacy of the state as well as national integration	2
Sample of 200 service-recipients	
Governance cost	Ranking
Has devastating effect on administrative capacity, performance and growth	1
Perverts processes, institutions and goals by favouring the privileged few	2
Undermines democracy, stability and legitimacy of the state as well as national integration	3
Sample of 100 service-providers	

Table 6.9.4 Rankings for Behavioural Costs of Corruption

Behavioural cost	Ranking
Promotes perversion or destruction of integrity in the discharge of public duties	2
Makes the victims of corruption fearful, cynical, resigned or angry with regard to society, justice and governance	1
Vengefulness generated among citizens results in vengeance on their part when they get the opportunity.	3
Sample of 200 service-recipients	
Behavioural cost	Ranking
Promotes perversion or destruction of integrity in the discharge of public duties	1
Makes the victims of corruption fearful, cynical, resigned or angry with regard to society, justice and governance	2
Vengefulness generated among citizens results in vengeance on their part when they get the opportunity.	3
Sample of 100 service-providers	

According to above rankings, the service-recipients have attached top priority to the statement ‘administrative corruption makes the victims of corruption fearful, cynical, resigned or angry with regard to society, justice and governance’; on the other hand, the service-providers have given topmost ranking to the contention ‘administrative corruption promotes perversion or destruction of integrity in the discharge of public duties’.

Spearman’s Coefficient of rank correlation for service-recipients and service-providers of 10 investment-related agencies regarding behavioural costs of corruption has been found to be 0.50. Thus correlation between the opinions of service-recipients and service-providers regarding behavioural costs of corruption is weak.

6.10 Rankings for Remedies of Administrative Corruption

Table 6.10.1 shows the rankings given by the service recipients and providers of 10 selected investment-related agencies regarding preferred measures for reducing administrative corruption, which were arrived at on the basis of their average rankings.

Table 6.10.1 Rankings for Remedies of Administrative Corruption

Measure	Ranking
Socio-economic	2
Governance	1
Behavioural	3
Sample of 200 service-recipients	
Measure	Ranking
Socio-economic	1
Governance	2
Behavioural	3
Sample of 100 service-providers	

It shows that whereas the service-recipients have ranked ‘governance measures’ as the most preferable one for reducing administrative corruption, the service-providers have opted for ‘socioeconomic measures’.

Spearman’s Coefficient of rank correlation for measures preferred by service-recipients and service-providers of 10 investment-related agencies for reducing corruption has been found to be 0.50. Thus correlation between the opinions of service-recipients and service-providers regarding preferred measures for reducing corruption is weak.

Table 6.10.2 shows the rankings given by the service recipients and providers of 10 investment-related agencies on socioeconomic remedies of administrative corruption, which were arrived at on the basis of their average rankings.

Table 6.10.2 Rankings for Socioeconomic Remedies of Administrative Corruption

Preferred socioeconomic measures	Ranking
Enhance motivation factors and incentives like salaries and allowances of public sector officials	2
Establish committees of customers or service recipients at each service-providing organization for curbing corruption	3
Elicit clear commitment of political leaders to combat corruption wherever it occurs and submit themselves to appropriate scrutiny whenever required	1
Sample of 200 service-recipients	
Preferred socio-economic measures	Ranking
Enhance motivation factors and incentives like salaries and allowances of public sector officials	1
Establish committees of customers or service recipients at each service-providing organization for curbing corruption	3
Elicit clear commitment of political leaders to combat corruption wherever it occurs and submit themselves to appropriate scrutiny whenever required	2
Sample of 100 service-providers	

It shows that the service-recipients of 10 selected agencies have ranked ‘Elicit clear commitment of political leaders to combat corruption wherever it occurs and submit them to appropriate scrutiny whenever required’ as the preferred socioeconomic measure for reducing corruption. On the other hand, the service-providers have given topmost ranking to ‘Enhance motivation factors and incentives like salaries and allowances of public sector officials’ from amongst the given choices.

Spearman’s Coefficient of rank correlation for socio-economic measures preferred by service-recipients and service-providers of 10 investment-related agencies for reducing corruption has been found to be 0.50. Thus correlation between the opinions of service-recipients and service-providers of 10 investment-related agencies regarding preferred socio-economic measures for reducing corruption is weak.

The following table shows the rankings given by service recipients and providers on preferred governance measures for reducing administrative corruption, which were arrived at on the basis of their average rankings.

It shows that the service-recipients of the selected 10 investment-related agencies have given topmost ranking to ‘ensuring complete transparency and rigid accountability at all levels of governance’ as the most preferred governance measure. On the other hand, the service providers have ranked ‘providing strict legal and administrative remedies against corruption’ as their preferred choice.

Spearman’s Coefficient of rank correlation for governance measures preferred by service-recipients and service-providers of 10 investment-related agencies for reducing corruption has been found to be 0.50. Thus correlation between the opinions of service-recipients and service-providers of 10 investment-related agencies regarding preferred governance measures for reducing corruption is weak.

Table 6.10.4 provides the rankings given by the service recipients and providers of 10 investment-related agencies on the behavioural remedies of administrative corruption, which were derived from their average rankings.

Table 6.10.3 Rankings for Governance Remedies of Administrative Corruption

Preferred governance measures	Ranking
Provide strict legal and administrative remedies against corruption	2
Ensure complete transparency and rigid accountability at all levels of governance	1
Regular training on morality and ethics for govt. officials	3
Sample of 200 service-recipients	
Preferred governance measures	Ranking
Provide strict legal and administrative remedies against corruption	1
Ensure complete transparency and rigid accountability at all levels of governance	2
Regular training on morality and ethics for govt. officials	3
Sample of 100 service-providers	

Table 6.10.4 Rankings for Behavioural of Administrative Corruption

Preferred behavioural measures	Ranking
Promote and inculcate virtuous values and ethical standards at all levels of society and governance in order to generate an anti-corruption sentiment everywhere	1
Involve religious readers in preaching against all forms of corruption	3
Publicise those social values, ethics, morality and religious teachings in the mass media and curricula of educational institutions which can bring positive changes in the beliefs and attitude of citizens for containment of corruption	2
Sample of 200 service-recipients	
Preferred behavioural measures	Ranking
Promote and inculcate virtuous values and ethical standards at all levels of society and governance in order to generate an anti-corruption sentiment everywhere	1
Involve religious readers in preaching against all forms of corruption	2
Publicise those social values, ethics, morality and religious teachings in the mass media and curricula of educational institutions which can bring positive changes in the beliefs and attitude of citizens for containment of corruption	3
Sample of 100 service-providers	

It shows that both service-recipients and service-providers of 10 investment-related agencies have given topmost ranking to 'Promote and inculcate virtuous values and ethical standards at all levels of society and governance in order to generate an anti-corruption sentiment everywhere' as the most preferred behavioural measure for curbing corruption.

Spearman's Coefficient of rank correlation for behavioural measures preferred by service-recipients and service-providers of 10 investment-related agencies for reducing corruption has been found to be 0.50; Thus correlation between the opinions of service-recipients and service-providers regarding preferred behavioural measures for reducing corruption is weak.

6.11 Correlation between the Opinions of Service-recipients and Service-providers

Table 6.11.1 provides the Spearman's Coefficient of Rank Correlations for the opinions of service recipients and providers of 10 investment-related agencies on the causes, costs and remedies of administrative corruption.

Table 6.11.1 Spearman’s Coefficients of Rank Correlation for Opinions of Service-recipients and Service-providers regarding Causes, Costs and Remedies of Administrative Corruption in the Delivery of Investment-related Services

Item	Spearman’s Coefficient of Rank Correlation
Causes of Corruption	0.50
Socioeconomic Causes of Corruption	-0.50
Governance Causes of Corruption	0.50
Behavioural Causes of Corruption	0.50
Costs of Corruption	-1.0
Socioeconomic Costs of Corruption	0.50
Governance Costs of Corruption	0.50
Behavioural Costs of Corruption	0.50
Remedies of Corruption	0.50
Socioeconomic Remedies of Corruption	0.50
Governance Remedies of Corruption	0.50
Behavioural Remedies of Corruption	0.50
Overall, for Service Recipients & Providers of 10 Agencies	0.29

Thus, overall correlation between the opinions of service-recipients and service-providers of 10 investment-related agencies regarding causes, costs and remedies of administrative corruption in the delivery of services is very weak. It is therefore clear that the perceptions of the service-recipients and service-providers regarding the causes, costs and remedies are not identical, and consequently this difference should be taken into account while devising strategies for curbing administrative corruption.

6.12 Top Rankings for Causes, Costs and Remedies of Administrative Corruption

Table 6.12.1 summarises the top rankings given by the service recipients and providers on the causes, costs and remedies of administrative corruption.

Table 6.12.1 Top Rankings on Causes, Costs and Remedies of Administrative Corruption

Item	Top Ranking by Service-recipients	Top Ranking by Service-providers
Causes of Corruption	Governance causes	Socioeconomic causes
Socioeconomic Causes	Weaknesses in the socio-economic, legal and regulatory frameworks	Inadequate salary/income of officials
Governance Causes	Lack of transparency & accountability in offices	Lack of transparency & accountability in offices
Behavioural Causes	Dishonest character and greed of corrupt officials	Moral degeneration and immorality in society
Costs of Corruption	Governance costs	Behavioural costs
Socioeconomic Costs	Induces wrong decisions, resulting in wrong projects/prices/contractors & sub-standard delivery of services	Induces wrong decisions, resulting in wrong projects/prices/contractors & sub-standard delivery of services
Governance Costs	Has devastating effect on administrative capacity, performance and growth	Has devastating effect on administrative capacity, performance and growth
Behavioural Costs	Makes the victims of corruption fearful, cynical, resigned or angry with regard to society, justice and governance	Promotes perversion or destruction of integrity in the discharge of public duties
Remedies of Corruption	Governance measures	Socioeconomic measures
Socioeconomic Remedies	Elicit clear commitment of political leaders to combat corruption wherever it occurs and submit themselves to appropriate scrutiny whenever required	Enhance motivation factors and incentives like salaries and allowances of public sector officials
Governance Remedies	Ensure complete transparency and rigid accountability at all levels of governance	Provide strict legal and administrative remedies against corruption
Behavioural Remedies	Promote and inculcate virtuous values and ethical standards at all levels of society and governance in order to generate an anti-corruption sentiment everywhere	Promote and inculcate virtuous values and ethical standards at all levels of society and governance in order to generate an anti-corruption sentiment everywhere

The differences in the perceptions of service recipients and providers regarding the causes, costs and remedies of administrative corruption can once again be gauged from the above table.

7.0 Recommendations for Curbing Administrative Corruption

The present study shows that strategies and action-plans for curbing administrative corruption in the investment-related agencies of Bangladesh should take into consideration the divergences and differences in the perceptions of service-recipients and service-providers regarding the causes, costs and remedies of administrative corruption. For example, the service-recipients have emphasized on governance measures while the service-providers have attached priority to socioeconomic measures as remedies of corruption. Consequently, the anti-corruption strategy should be a two-pronged one by catering to the perceptions of both service-recipients and service-providers on the causes, costs and remedies of administrative corruption. In addition, due consideration should be given to socioeconomic, governance and behavioural aspects while framing anti-corruption strategies and action-plans.

Based on the present study as well as earlier studies on the subject by Transparency International (1999, 2002), the World Bank (1999, 2000, 2003), UNDP (2002) and TIB (2004, 2005, 2008), the following recommendations can be made for curbing administrative corruption in Bangladesh.³⁴

Political Commitment: There should be a clear commitment of political leaders to fight corruption wherever it occurs and to submit themselves to appropriate scrutiny whenever required. Besides, the disclosure requirements on assets and liabilities of high public officials should be enforced and greater accountability for public institutions should be ensured. The government should encourage greater flow of information and establish clear rules and regulations for public administration, supported by the separation of power among the three branches of the government – the executive, judiciary and the legislature.

Emphasis on Reform, Prevention and Civilian Oversight: The primary emphasis should be on prevention of future corruption and reforming systems, rather than on witch-hunts for past misdeeds. The civil service should be reformed through rationalization and revision of the skill-mix, while introducing better compensation packages and performance-based salaries. Training of officials should emphasise on upholding ethical and moral values and it should be more geared towards catering to the concerns of the poor, women, children and vulnerable groups. Performance indicators should be developed to assess the more ‘qualitative’ aspects of services. The voice and participation of the civil society should be fostered for ensuring a more transparent government. Existing oversight mechanisms should be broadened to include civilian oversight of the civil servants. A National Corruption Prevention Committee may be set up at the central level and citizens’ committees may be instituted under it at the district, upazila and municipality levels.

Comprehensive Anti-Corruption Legislations and Procedures: A comprehensive anti-corruption legislation should be adopted, which should be implemented by agencies of manifest integrity. The Anti Corruption Commission should be given all powers needed for enforcing its decisions. Public services most prone to corruption should be identified and there should be reviews and amendments of both substantive laws and administrative procedures in order to ensure both transparency and accountability. For example, The

³⁴ Helal Uddin Ahmed, “Administrative Corruption in Bangladesh: A Survey of Three Police Stations.” Master’s Thesis, (Northern Ireland: University of Ulster, 2005).

Official Secrets Act, 1923 should be repealed and the Right to Information Act should be rigorously enforced for lifting the veil of secrecy in governmental activities and ensuring free flow of information for all.

Enhancing Motivation Factors and Incentives: As evidenced from various studies, the sharp erosion of real financial benefits and weak performance-incentives have contributed much to the poor governance culture of public administration in Bangladesh. The present study also reveals the preference of service providers for enhancing salaries and allowances as a remedy for administrative corruption. A programme should therefore be undertaken to ensure that salaries of officials adequately reflect the responsibilities of their posts and are compatible with salaries of civil servants in the neighbouring countries as well as the domestic private sector. Motivation factors like pay and allowances, working hours, job security, housing and medical facilities, which may contribute to low levels of motivation and morale among public sector officials should be carefully reviewed to develop appropriate mechanisms for enhanced motivation and performance.

Providing Legal and Administrative Remedies: Legal and administrative remedies should be ensured in order to provide adequate deterrence against administrative corruption. For example, there should be provisions for stringent punishments for corruption and separate courts may be set up for trial of corruption-related cases in order to expedite the process. An Ombudsman may also be appointed in accordance with Article 77 of Bangladesh Constitution. The rules and regulations should be streamlined, procedures should be simplified and mechanisms should be introduced to ensure transparency and accountability. Unnecessary regulations should be simplified and service-delivery should be accelerated by framing appropriate rules in order to reduce the scope for informal payments. For example, the procedures for the entry of new firms could be simplified by reducing unnecessary costs and delays and by encouraging informal firms to enhance their legal status and thereby improve their access to finance.

Partnership between the Government and the Civil Society: A partnership should be forged between the government and the civil society for curbing administrative corruption. The civil society along with the mass media can play a vital role in organizing grassroots people and generating mass awareness in order to wage a social movement against corruption. Coalitions of interests may be built in support of corruption-prevention by drawing on the civil society and the private sector.

Making Corruption a ‘High-risk’ and ‘Low-profit’ Undertaking: All required steps should be taken by the government for making administrative corruption a ‘high-risk’ and ‘low-profit’ undertaking. For example, surprise checks on the workings of officials should be conducted, there should be effective monitoring of their assets, incomes and liabilities, and supervision of subordinates’ work should be conducted on a rigorous and continuous basis by their superiors. Besides, virtuous values and ethical standards should be promoted and inculcated at all levels of society and governance in order to generate an anti-corruption sentiment everywhere

8.0 Conclusions

The present study was an attempt to identify and analyse the nature, forms, types, magnitude, causes, costs and remedies of administrative corruption in the investment sector of Bangladesh. A behavioural approach was followed in the study and attempts were made here to compare the findings of this survey with earlier ones carried out by various agencies and entities.

Administrative corruption in Bangladesh, however, is a part of the bigger social milieu, and a universal vice like corruption, in a few sectors of an underdeveloped country, cannot be tackled in isolation. The roots of corruption are deeply embedded in the social and cultural moorings of a nation, and unless the values and beliefs system is addressed properly, the situation is unlikely to improve soon. Political goodwill at the highest level of governance, flourishing of universalistic social norms and virtuous values within the country, and a comprehensive anti-corruption programme covering all sectors of public services are required for curbing administrative corruption in Bangladesh in a holistic and sustainable manner.

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10.0 Appendices

Appendix-1: Questionnaire

Questionnaire for the Research on “Administrative Corruption in the Delivery of Services: A Behavioural Study of 10 Investment-related agencies in Dhaka City”

Category: Service-Recipients/ Service-Providers

Sectors: *Police/ Judiciary/Department of Immigration and Passports/Board of Investment (BOI), Dhaka City Corporation (DCC)/Dhaka Power Distribution Company Ltd (DPDC/Dhaka Water and Sewerage Authority (DWASA)/ Income Tax/ Value Added Tax/ Bangladesh Road Transport Authority (BRTA)*

(Please put your tick marks where appropriate or necessary)

1. Did you fall prey to corruption in any relevant agency? (Yes/No)? If the answer is ‘yes’, then grounds for your interactions with corrupt officials:

- a) Personal need;
- b) Official need;
- c) On behalf of another person or entity.

2. Types of administrative corruption encountered during interactions with the corrupt officials:

- a) Individual;
- b) Institutional;
- c) Systemic;
- d) Petty;
- e) Middling;
- f) Grand.

3. Forms of administrative corruption encountered during interactions with corrupt officials:

- a) Bribery or taking money for services provided;
- b) Theft and fraud.
- c) Misuse of power or position;
- d) Misappropriation of official funds or resources;
- e) Violation of legal norms and procedure.

4. Please provide your general assessment of government officials by putting tick marks on appropriate words:

- a) Whether Apathetic or Sympathetic;
- b) Whether Evasive or Forthcoming;
- c) Whether Immoral or Moral;
- d) Whether Obstructionist or Facilitator;
- e) Whether Unethical or Ethical.

5. Please mention whether you agree or disagree with the following:

- a) Negative and vengeful behavioural patterns, self-centred values and selfish norms are only natural in a resource-poor, backward and under-developed society like Bangladesh;
- b) There is little chance of being caught for committing corruption in Bangladesh, and even if caught not having to pay the penalty, since the bureaucracy and justice system are corrupt.
- c) How money is spent is more important than how it is earned.
- d) God is merciful and so even the corrupt will be able to earn forgiveness through participation in religious rituals.
- e) There is nothing wrong in taking ‘chanda’ (toll), ‘bakhshish’ (tips), ‘upohar’ (gift), service charge, signature-fee or speed money from the willing customers.

6. Please specify who the actors of administrative corruption were in your own case:

- a) Who was the recipient of bribe paid?
- b) Who else, in your opinion, shared the bribe?
- c) Whether bribes were demanded directly or through a third party?
- d) Whether bribes were paid directly or through a third party?
- e) Who, in your opinion, are the major actors in corruption?

7. Please specify the magnitude of administrative corruption:

- a) Number of times bribes have been paid during the past 1 year?
- b) Average amount of bribe paid per transaction?

8. Please specify which category of causes, as mentioned below, is mostly responsible for the phenomena of administrative corruption:

- a) Socio-economic causes?
- b) Governance causes?
- c) Behavioural causes?

9. Please rank the following socio-economic causes of corruption in accordance with their importance:

- a) Inadequate salary and income of government officials;
- b) A closed political system which tends to exclude aggregate interests;
- c). Weaknesses in the social, economic, legal and regulatory frameworks;

10. Please rank the following governance causes of corruption in accordance with their importance:

- a) Lack of transparency and accountability in government offices;
- b) Monopoly power of officials over a good or service;
- c) Discretionary power of officials over making decisions;

11. Please rank the following behavioural causes of corruption in accordance with their importance:

- a) Moral degeneration and immorality in society;
- b) Dishonest character and greed of corrupt individuals;
- c) Demonstration effect; as the corrupt himself falls prey to corruption in other areas, so he sees nothing wrong in taking bribes when his own opportunity comes;

12. Please specify which category of costs, as mentioned below, is more relevant for the phenomena of administrative corruption:

- a) Socio-economic costs?
- b) Governance Costs?
- c) Behavioural costs?

13. Please rank the following socio-economic costs of corruption in line with their importance:

- a) Induces wrong decisions, resulting in wrong projects, wrong prices, wrong contractors and substandard delivery to recoup over-pricing;
- b) Leads to inequitable social services and injustices in the courts;
- c) Negative impact on investment, productivity and poverty reduction.

14. Please rank the following governance costs of corruption in line with their importance:

- a) Has devastating effect on administrative capacity, performance and growth.
- b) Perverts processes, institutions and goals by favouring the privileged few;
- c) Undermines democracy, stability and legitimacy of the state and national integration;

15. Please rank the following behavioural costs of corruption in accordance with their importance:

- a) Promotes perversion or destruction of integrity in the discharge of public duties;
- b) Makes the victims of corruption fearful, cynical, resigned or angry with regard to society, justice and governance.
- c) Vengefulness generated among citizens results in vengeance on their own part when they get the opportunity to indulge in corruption.

16. Which category of measures will you prefer for reducing administrative corruption in Bangladesh:

- a) Socio-economic measures?
- b) Governance measures?
- c) Behavioural measures?

17. Please rank the following socio-economic measures for reducing corruption:

- a) Enhancing motivation factors and incentives like salaries and allowances of public sector officials;
- b) Establishing committees of customers or service recipients at each service-providing organization alongside forging partnership between the government and the civil society for curbing corruption;
- c) Eliciting clear commitment of political leaders to combat corruption wherever it occurs and submit themselves to appropriate scrutiny wherever required;

18. Please rank the following governance measures for reducing corruption:

- a) Providing strict legal and administrative remedies against corruption;
- b) Ensuring complete transparency and rigid accountability at all levels of governance.
- c) Regular training on morality and ethics for government officials;

19. Please rank the following behavioural measures for reducing corruption:

- a) Promoting and inculcating virtuous values and ethical standards at all levels of society and governance in order to generate an anti-corruption sentiment everywhere.
- b) Involving religious leaders in preaching against all forms of corruption;
- c) Publicising those social values, ethics, morality and religious teachings in the mass media and curricula of educational institutions which can bring about positive changes in the beliefs system and attitude of citizens regarding containment of corruption;

20. Personal Details:

- a) Name (optional):
- b) Address (optional):
- c) Profession:
- d) Age:
- e) Gender:
- f) Average monthly income:
- g) Educational qualification:
- h) Marital status:
- i) Number of family members:
- j) Religion:
- k) Any other relevant information:

Signature of respondent and date (optional):

Signature of interviewer and date:

Appendix-2: Demographic Profiles of Respondents and Investigators

Table 10.1 Demographic Profiles of Respondents (Total: 300)

Profession		Age (years)		Gender		Education		Marital Status	
Private Sector	Public Sector	20-45	46-70	Male	Female	Up to HSC	Under-graduate & above	Married	Unmarried
200	100	233	67	268	32	76	224	278	22

Table 10.2 Demographic Profiles of Research Investigators (Total: 15)

Profession		Age (years)		Gender		Education		Marital Status	
Private Sector	Public Sector	20-30	30-45	Male	Female	Up to HSC	Under-graduate & Above	Married	Unmarried
10	5	10	5	10	5	1	14	6	9

Appendix-3: Spearman's Coefficient of Rank Correlation

A British statistician, Charles Spearman introduced a measure of correlation for ordinal-level data. It is a non-parametric measure of statistical dependence between two variables. It allows us to describe the relationship between sets of ranked data.

The symbol used for Spearman's Coefficient of Rank Correlation is r_s , or the Greek letter rho (ρ).

Spearman's Coefficient of Rank Correlation is computed by the following formula:

$$\rho = 1 - \frac{6 \sum d_i^2}{n(n^2 - 1)}$$

Where 6 is a constant;

'd' is the difference between the ranks for each pair;

'n' is the number of paired observations.

Like the coefficient of correlation, the coefficient of rank correlation can assume any value from -1.00 to 1.00.

- A correlation coefficient of +1 means perfect positive correlation; it indicates a direct relationship between the ranks;
- A correlation coefficient close to 0 means no correlation, i.e. there is no association among the ranks;
- A correlation coefficient of -1 means perfect negative correlation; it indicates an inverse relationship between the ranks.

References: Lind, Douglas A., William G. Marchal and Samuel A. Wathen, *Statistical Techniques in Business & Economics*. 13th Edition. (New Delhi: Tata McGraw-Hill Publishing Company Ltd., 2008): 694-95

Appendix-4: Focus Group Discussion with TIB-YES Group

A Focus Group Discussion, hereinafter FGD, was conducted on August 26, 2010 at the Northern University Bangladesh, Dhaka. A number of sixteen participants from the YES group members of private Universities in Dhaka participated in the FGD. The participants were divided into two equal groups and FGD was done simultaneously. At onset of the FGD the participants were briefed on the topic of study. Then FGD was held following the sequence of structured questionnaire. The group members were found interactive in discussion on each question. After a wholeheartedly discussion they reached at a consensus on the specific issue. The outcomes of the said FGD are appended here sequentially.

On the question of the forms of administrative corruption which are the most common in Bangladesh the participants ranked 'Bribery or taking money for services provided' as number one followed by 'Misuse of power or position' and 'Violation of legal norms and procedures'. On the question of general assessment of government officials the participants were unanimously agreed that most of the government officials are apathetic rather than sympathetic, they are evasive, immoral, obstructionists and unethical. Of course they did not deny that fact there were some government officials who are in general honest, sympathetic, dutiful, progressive, facilitator and ethical.

Regarding the agreement or disagreement with some related issues as per question three the participants were divided into their opinions. Around 50 per cent of the participants did not agree with the idea that 'negative and vengeful behavioral patterns, self-centered values and selfish norms are only natural in a resource-poor, backward and under-developed society like Bangladesh'. Most of the participants strongly agreed that 'there is little chance of being caught for committing corruption in Bangladesh, and even if caught not having to pay the penalty since the bureaucracy and justice system are corrupt'. Around 81 per cent members of FGD opposed the notion 'How money is spent is more important than how it is earned'. Most of the participants did not agree the view that 'God is merciful and so even the corrupt will be able to earn forgiveness through participation in religious rituals'. Most of the members felt that it was wrong in taking 'chanda'(toll), 'bakhshish'(tips), 'upahar'(gift), service-charge, signature-fee or speed-money from the willing customers.

Regarding the specification of the category of causes, the governance causes are identified as the mostly responsible for the phenomenon of administrative corruption since it is reported by 57 per cent of the participants. Around 38 per cent members of FGD specified the socio-economic causes for administrative corruption in Bangladesh. A closed political system which tends to exclude aggregate interests is ranked top among the causes of socio-economic cause of corruption. On the other hand lack of transparency and accountability in government offices is ranked top among the causes of governance causes of corruption, while moral degradation and immorality in society is ranked top as the behavioral cause of corruption.

On specification the category of cost of corruption ‘socio-economic costs’ is identified as more relevant for the phenomena of administrative corruption. Among the socio-economic costs ‘negative impact on investment, productivity and poverty reduction’ is ranked top followed by ‘has devastating effect on administrative capacity, performance and growth’ and ‘undermines democracy, stability and legitimacy of the state and national integration’. Among the behavioral costs of corruption ‘makes the victims of corruption fearful, cynical, resigned or angry with regard to society, justice and governance’ is ranked as the top most cost.

Most of the members of the FGD preferred socio-economic measures for reducing corruption in Bangladesh. The group members identified ‘eliciting clear commitment of political leaders to combat corruption wherever it occurs and submit themselves to appropriate scrutiny wherever required’ as the top most socio-economic measure. They placed the ‘ensuring complete transparency and rigid accountability at all levels of governance’ in the top position among the governance measures for reducing corruption. The group members ranked top the ‘promoting and inculcating virtuous values and ethical standards at all levels of society and governance in order to generate an anti-corruption sentiment everywhere’.

Finally, the FGD members put forward a set of recommendations for short, medium and long term strategies to curb administrative corruption in Bangladesh.

A. Short-term strategies:

- To ensure transparency at levels of administrative work field.
- To make the political system more transparent
- To identify the sector vulnerable for corruption
- To make the all job time bound
- To make the employment process transparent and corruption free
- To provide enough information regarding rules and procedures to the clients
- To take quick actions against the corrupt officials
- To list down the corrupt officials so that they would not be promoted
- To increase salary at the lower level to maintain basic needs

B. Medium-term strategies:

- To form administrative committee to monitor corruption issues
- To emphasis and strengthen supervision system
- To take effective action against the corrupt officials
- To maintain transparent political practice
- To empower Anti-corruption Commission

- To give independent authority to Anti-corruption Commission, it should be free from political interference
- To ensure accountability at all levels of administration

C. Long-term strategies:

- To organize seminar, workshop to create awareness among the young generation
- To introduce ethical studies at all levels of teachings
- To enhance social values and norms
- To create mass awareness about the far reaching impact of corruption
- To modernize the administrative system
- To delegate power to dispose files at various position of officials
- To formalize ethical code of conduct
- To create proper working environment
- To implement the law of Right to Access Information