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**ACC**

ANTI-CORRUPTION COMMISSION

# National Integrity Assessment 2019

**ANTI-CORRUPTION COMMISSION**

**THIMPHU: BHUTAN**

**June 2020**



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## **ANTI-CORRUPTION COMMISSION (ACC) BHUTAN**

The Anti-Corruption Commission is a constitutional body, mandated to prevent and fight corruption in Bhutan. Established on 31<sup>st</sup> December 2005 by Royal Decree, its mission is to tackle corruption through leading by example, achieving excellence in partnership and mainstreaming anti-corruption measures in public and/or private organizations.

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## ABBREVIATIONS

ACC	Anti-Corruption Commission
ACAB	Anti-Corruption Act of Bhutan, 2011
ACRC	Anti-Corruption and Civil Rights Commission (South Korea)
AFD	Administrative and Finance Division
AKRA	Agency Key Result Area
BTI	Bhutan Transparency Initiative
CCI	Corruption Case Index
CIC	Community Information Center
CoI	Conflicts of Interest
CPOID	Corrupt Public Official Disciplinary Index
CSO	Civil Society Organization
DLG	Department of Local Governance
DoPE	Department of Prevention and Education
DHI	Druk Holding and Investments
ELQ	Ethical Leadership Questionnaire
EU	European Union
FGD	Focus Group Discussion
FY	Financial Year
FYP	Five-Year Plans
GFS	Google Form Survey
GNH	Gross National Happiness
GNHC	Gross National Happiness Commission
G2C	Government to Citizens
HRM	Human Resource Management
IA	Integrity Assessment
ICT	Information and Communication Technology
IOA	Integrated Organization Assessment
LG	Local Government
LGKRA	Local Government Key Result Area
MoAF	Ministry of Agriculture and Forests
MoE	Ministry of Education
MoEA	Ministry of Economic Affairs
MoF	Ministry of Finance
MoFA	Ministry of Foreign Affairs
MoH	Ministry of Health
MoHCA	Ministry of Home and Cultural Affairs
MoIC	Ministry of Information and Communications
MoLHR	Ministry of Labour and Human Resources
MoWHS	Ministry of Works and Human Settlement
NAB	National Assembly of Bhutan
NIA	National Integrity Assessment

NIACS	National Integrity and Anti-Corruption Strategy
NGO	Non-Government Organization
NKRA	National Key Results Areas
NLCS	National Land Commission Secretariat
NSB	National Statistics Bureau
OAG	Office of the Attorney General
OECD	Organization for Economic Co-operation and Development
OIP	Organizational Integrity Plan
RAA	Royal Audit Authority
RCSC	Royal Civil Service Commission
RGoB	Royal Government of Bhutan
RIM	Royal Institute of Management
RUB	Royal University of Bhutan
SDG	Sustainable Development Goals
SPSS	Statistical Package for the Social Sciences
TI	Transparency International
ToT	Training of Trainers
UCP	Upper Cut-Point
UNODC	United Nations Organization on Drugs and Crime

## EXECUTIVE SUMMARY

The **National Integrity Assessment (NIA)** in general, is an assessment of whether, in an agency, a public official follows standard procedures in providing services fairly and transparently and that the services are not processed based on personal propensity towards a special condition or inducement (Anti-Corruption and Civil Rights Commission [ACRC], 2015). The NIA was adapted in 2009 from ACRC, South Korea to identify the risk of corruption and make an accurate diagnosis of services that are prone to corruption. Since then three NIAs have been conducted so far and NIA 2019 is the fourth in the series. The model for the fourth NIA has been improved to fit the changing situation and meet the demand of the service users. As a result, the new component of **Ethical Leadership** was included in the assessment of **Internal Integrity**.

The NIA is conducted on the public agencies and services that are selected for the assessment as a result of vulnerability to corruption and importance to socio-economic development. NIA 2019 covered 11 different categories of agencies comprising 272 services from 96 agencies. A total of 13869 respondents comprising 9861 service users (*External Clients*) and 4008 service providers (*Internal Clients*) were covered. Similarly, 335 complaints received by ACC in the Financial Year (FY) 2018-2019 were also analyzed.

The NIA uses a scale from 0 to 10 where 0 is highly corrupt and 10 is very clean. The NIA 2019 national score is 7.97 depicting a Good Level of integrity. At the national level, the score indicates that efforts and initiatives undertaken by the public agencies to improve integrity are on track to achieve intended results. However, deeper analysis of each component for NIA provides room for improvement.

The **External Integrity** score of 8.08 indicates a Very Good Level of integrity as perceived and experienced by the service users. This is mainly due to improvement in the sharing of information and the use of the e-services platform. However, weak accountability culture in the form of public officials ignoring official duties, abuse of functions, and ineffective grievances redressal mechanisms require improvement.

Although, the experience of corruption in service delivery is very minimal with the score at an Outstanding Level. Yet, the perception of corruption in the form of favouritism based on friendship and family relationship is prevalent in public service delivery. Fifty-three percent of service users believe that family and friendship are beneficial in having services processed faster. Similarly, 41.69% of service providers believe that instruction from supervisors and friendship are the most influential factors in providing service faster.

Despite the outstanding score for experienced corruption, it is a point of concern as there are incidences of payments made in the form of cash or kind, entertainment and other forms of gratification by the service users. For example;

- One in 147 offered entertainment such as food and drinks to get the services;
- One in 274 offered other forms of gratification while availing services; and
- One in 379 service users made payment in cash or kind to get the services.

The score for **Internal Integrity** 7.98 indicates a Good Level of integrity. This is mainly attributed to the high score for the **Work Integrity**. However, *Integrity Culture* and *Corruption Control Systems* in terms of public officials ignoring official duties to pursue a private interest, protection of whistle-blowers, and disciplinary actions against wrongdoings are some of the shortcomings. It is encouraging to note that the score for experienced corruption in all the three components of **Work Integrity** (*Personnel Management, Budget Execution, and Fairness in Assignment of Work*) is at an Outstanding Level. However, in terms of *Fairness in the Assignment of Work*, one in 8 employees has received unreasonable work instructions either from the heads of the agencies or immediate supervisors. Despite low scores in fairness and trust of the six components, **Ethical Leadership** with a score of 7.82 indicates a Satisfactory Level of integrity.

For comparison of the NIAs (2009, 2012, 2016 & 2019), a separate integrity score excluding the **Ethical Leadership Index** from the NIA 2019 was generated. The scores represent a fluctuating trend where the highest score was noted in 2012 (8.37), followed by 2019 (8.01), 2016 (7.95), and least in 2009 (7.44). The trend is similar in case of **External Integrity** but the **Internal Integrity** scores show positive trend with the highest noted in 2019 (8.14).

In all the NIAs, the perception of corruption and ACC's performance were assessed. The majority of the respondents feel that corruption is *Quite Serious* in Bhutan and has increased over the last five years. In terms of ACC's efforts in combating corruption, there is a decline in the percentage of respondents for *Doing Very Well* over the years.

To reduce corruption and improve service delivery, it is imperative to prevent opportunities for corruption in service delivery and foster integrity in the systems. Therefore, NIA 2019 recommends to:

- Develop and implement service delivery standards;
- Educate service users and employees on service delivery standards;
- Strengthen ethical leadership;
- Strengthen Community Information Centers (CIC);
- Enhance front desk or reception information services;
- Strengthen e-services;
- Enhance implementation of Organizational Integrity Plan (OIP);
- Strengthen mechanisms to address administrative complaints; and
- Manage feedback and grievances.

ACC urges all public agencies to use the findings to reflect and institutionalize appropriate systems.

As this report provides an assessment of integrity at the **National Level** and is not specific to any particular agency or service, the ACC is in the process of developing agency-specific reports to facilitate respective agencies to further work on enhancing the integrity of an agency.

## MATRIX OF RECOMMENDATIONS

	Issues	Recommendations
<b>Strategic level (Policies and measures requiring wider coordination)</b>	<ul style="list-style-type: none"> <li>• There is a need to strengthen ethical leadership in agencies as evident from the score of 7.82 (Satisfactory Level). This is mainly attributed to a low score in fairness by leadership and trust in leadership. Similarly, integrity culture in the agencies is weak.</li> <li>• Favouritism based on friendship and family relationship is perceived to influence public service delivery.</li> <li>• Corruption control systems in the agencies: protection of whistleblowers, appropriateness of disciplinary measures and punishment against corrupt acts, and adequate checks and balances to control corruption are weak with all the scores falling in the Need Improvement Level.</li> <li>• General perception of the existence of corruption in personnel management with a score of 6.32 (Need Improvement Level).</li> <li>• Perception of corruption in budget execution with a score of 7.78 (Satisfactory Level) indicates the existence of manipulation of budget execution for personal gains and/or to favour family or friends.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen ethical leadership to demonstrate an organization's commitment to integrity.</li> <li>• Strengthen e-services.</li> <li>• Strengthen Community Information Centers (CIC).</li> <li>• Strengthen mechanisms to address administrative complaints.</li> <li>• Effectively manage feedback and grievances.</li> <li>• Improve transparency and strengthen evidence-based decision-making in HRM Process.</li> <li>• Improve budget transparency.</li> </ul>

	Issues	Recommendations
<b>Organizational level (Operational)</b>	<ul style="list-style-type: none"> <li>Some agencies do not have service delivery standards, while some of the existing standards and procedures are not as practical as manifested in the score (7.73-Satisfactory Level). Similarly, most service users and some employees of the organizations are not aware of standards even if it is developed.</li> </ul>	<ul style="list-style-type: none"> <li>Develop and implement service delivery standards.</li> <li>Educate service users and employees on service delivery standards.</li> <li>Enhance front desk or reception information services.</li> </ul>
	<ul style="list-style-type: none"> <li>Weak accountability culture with a score of 7.22 (Need Improvement Level) characterized by a lack of efforts to accomplish duties and ignoring official duties to pursue private interests by public officials.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen monitoring and enforcement mechanisms.</li> </ul>
	<p>The <b>National Integrity</b> Score for NIA 2019 7.97 is at a Good Level. There is a need to enhance the NIA score to Very Good or Outstanding level.</p> <ul style="list-style-type: none"> <li>The perception of corruption in the form of abuse of function (favouritism) is high in public service delivery. Similarly, there are also instances of experienced corruption where service users had to make payments in the form of cash or kind, entertainment, and other forms of gratification to avail services although the score is high (9.98-Outstanding Level).</li> </ul>	<ul style="list-style-type: none"> <li>Enhance implementation of an Organizational Integrity Plan.</li> <li>Enhance implementation of corruption prevention tools.</li> </ul>

## CHAPTER 1: INTRODUCTION, CONTEXT, AND OBJECTIVES

**Chapter 1** presents the introduction, the NIA in Bhutan and its concepts, objectives, scope of the study, and the model for NIA 2019.

### 1.1 Introduction

Historically, the term ‘Integrity Assessment’ (IA) was introduced and developed by the Anti-Corruption and Civil Rights Commission (ACRC) of South Korea in 1999 (ACRC, 2015). Since then it has undergone substantial changes to better cogitate the nature of actual corruption occurrences. The IA is fast becoming a key model in assessing public integrity levels and corruption-prone areas based on the findings of public service and data on the occurrences of corruption. Furthermore, it plays a critical role in assessing public officials’ integrity level and challenges, by comparing the integrity level of different public agencies. Due to its in-depth, exhaustive, and rigorous methodology, the United Nations Office on Drugs and Crime (UNODC) has recognized the assessment. Subsequently, many countries (Thailand, Vietnam and Indonesia to name a few) have adapted this model to identify the causes and status of corruption in public service delivery (ACRC, 2017). Correspondingly, using the IA model developed by ACRC (ACRC, 2015 & 2017), the four successive NIAs were carried out in Bhutan. The NIA 2019 is fourth in the series.

Before proceeding to examine the rationale of NIA 2019, it is important to define the term integrity. There are multiple definitions of integrity (e.g. ACRC, 2015; Organization for Economic Co-operation and Development [OECD], 2006; Transparency International [TI], 2009). According to a definition provided by TI (2009), integrity is “[b]ehaviors and actions consistent with a set of moral or ethical principles and standards, embraced by individuals as well as institutions that create a barrier to corruption.” A further definition of integrity was given by the OECD (2006), it describes integrity as “values and related practices that maintain confidence in the eyes of users in the agency producing statistics and ultimately in the statistical product” (p.276). While a variety of definitions of the term integrity has been suggested, the term integrity used in NIA in Bhutan is adapted from ACRC (2015) which refers to a degree in which public officials of an institution discharge their public duties fairly and transparently as well as in compliance with the laws, rules, and regulations without involving in misconduct and corruption.

The NIA is the study, to undertake a longitudinal assessment by combining the perception and experiences of corruption from the perspective of service users and providers. Moreover, it assesses service providers’ accountability and transparency while executing public service delivery (ACC, 2009, 2012 & 2016). In NIA 2019, a notable addition of a new index is **Ethical Leadership** since there has been a renewed interest in ethical leadership as a part of public integrity (notable one includes Brown, 2005; Treviño & Brown, 2014). As a result, **Ethical Leadership** has emerged as a powerful indicator to assess leadership practices in public agencies. There are six components currently being adapted to assess ethical leadership, which are integrity, ethics, trust, transparency, accountability, and fairness.



Furthermore, the NIA is an assessment tool that delivers a holistic picture of Bhutan's public service delivery landscape about service providers' integrity, accountability, and transparency. Another significant aspect of NIA is, it encourages public agencies to engage in voluntary corruption control initiatives and promote integrity. Thus, NIA promotes public service delivery across all aspects of society and, ultimately, contributes to a corruption-free society.

Although, public officials have been working diligently to provide quality services, there is a risk of public officials becoming irresponsible and complacent with the increasing public demand and expectations. Therefore, public officials should be innovative, receptive, accountable, and proactive in bringing improvement in the system. His Majesty the King, in his address on 17 December 2018 during the 111<sup>th</sup> National Day celebration, highlighted:

Our public servants will fail in their duty if they do not learn from past mistakes and correct them, if they are unreceptive to feedback, if they lack accountability, if they are unresponsive to new ideas and solutions, if they have poor communication and coordination, or if organizations expand and multiply without direction or coherent vision. In this case, even our best intentions will bear no results. Instead, all we will have are missed opportunities and a debilitating waste of time and resources. If, in the next 10 to 15 years, we achieve all our national objectives, the credit will go to our public servants. However, if we fail, it will mean that the public servants have failed.

Therefore, the NIA 2019 examines the services provided by public agencies, such as the Ministries, Constitutional Offices, *Dzongkhag*, *Thromde*, *Gewog*, Corporations, Autonomous Agencies, Judiciary, Financial Institutions, Central Schools, and Hospitals/BHUs. The services provided by public agencies were assessed to define the level of integrity and corruption based on the perception and experiences of service users and providers.

Moreover, the rationale of the NIA 2019 is in accord with the three strategic objectives of National Integrity and Anti-corruption Strategies (NIACS) 2019-2023 towards realizing the primary goal of Bhutan's 12 Five Year Plan (FYP) 2018-2023 (ACC,2019; Gross National Happiness Commission [GNHC], 2016 & 2019). These strategic objectives are 1) Transparent, accountable and integrity culture strengthened; 2) Integrity consciousness enhanced; and 3) Credibility and effectiveness of law enforcement and regulatory agencies enhanced (ACC,2019).

Towards achieving efficient and effective public service delivery, several initiatives, such as reducing turn-around time, enhancing accessibility, strengthening accountability, and increasing the number of e-services has been a priority for successive governments. For instance, the Good Governance Plus Document 2005 laid the strategy to adopt technology in service delivery (Royal Audit Authority [RAA], 2019) and the progressive development in Information and Communication Technology (ICT) culminated in instituting the Government-to-Citizen (G2C) office in 2010. Subsequently, CICs have been established in 200 *Gewogs* to enhance service delivery. Further, agencies both at the center and local government level including corporations and financial institutions have also started providing online public services. The online services have eased the service users with its accessibility and reduced turn-around time. Similarly, leveraging on ICT to transform public service delivery through improved coordination and integration, adoption of frontier technologies, and enhancing digital literacy is one

of the strategies identified to overcome challenges and achieve National Key Result Area (NKRA) in the 12 FYP. Specifically, the Digital Drukyul Flagship program with an outlay of Nu. 2.5 billion targets to leverage on ICT for delivering health care, education, business licensing, and other critical public services efficiently (GNHC, 2019).

More importantly, to enhance the utilization of the NIA 2019 results by the public agencies, ACC will carry out discussions on the findings and recommendations with the relevant agencies. The integrity score of NIA 2019 is planned to be used as a baseline indicator to assess the 12 NKRA 'Corruption Reduced' in the 12 FYP. Similarly, the score for the agencies will form the baseline indicator for assessing Agency Key Result Area (AKRA) and Local Government Key Result Area (LGKRA).

This report is structured as follows:

<b>Chapter 1</b>	introduces and discusses the importance and objectives of the NIA;
<b>Chapter 2</b>	explains the NIA concepts, methodology, and limitations;
<b>Chapter 3</b>	discusses the key findings of the NIA, experience of corruption, compares categories of agencies, and e-services and manual conventional services;
<b>Chapter 4</b>	presents the comparison of the NIA scores of 2009, 2012, 2016, and 2019;
<b>Chapter 5</b>	contains a general perception of corruption, such as trend, seriousness, and rampancy, and citizens' perception of the effectiveness of the ACC; and
<b>Chapter 6</b>	summarizes the findings and provides recommendations.

## 1.2 NIA in Bhutan and its Concepts

### 1.2.1 Concept and Components of NIA

The NIA encompasses three components. These are **External Integrity**, **Internal Integrity**, and **Acts Lowering Assessment Reliability**. Each of these components is discussed hereunder:

#### 1.2.1.1 External Integrity

The term **External Integrity** refers to the perceptions and experiences of service users (*External Clients*). **External Integrity** evaluates service providers' integrity level while carrying out their duties. The level of integrity is assessed based on the experiences and perception of public service users. **External Integrity** is generally classified into two types: *Corruption Index* and *Corruption Risk Index*. *Corruption Index* means the level of corruption, including payment of cash or kind, entertainment, and other forms of gratification, and provision of advantages or benefits experienced or perceived by public officials and citizens. In the same way, *Corruption Risk Index* is the level of possibility or risk of corruption perceived by citizens and public officials in terms of openness of work procedures, acceptability of standard work procedures, and accountability.

#### 1.2.1.2 Internal Integrity

The term **Internal Integrity** is defined as the level of integrity of public organizations evaluated by their employees or public officials (Internal Clients). **Internal Integrity** comprises Work Integrity, Integrity Culture, and *Ethical Leadership* indexes. The level of *Work Integrity Index* in internal affairs consists of personnel management, budget execution, and fairness in the assignment of work by either head or supervisors. The components of the *Ethical Leadership Index* are integrity, ethics, trust, transparency, accountability, and fairness. The *Integrity Culture Index* shows the prevalence of corrupt practices and the effectiveness of corruption control systems in an agency.

#### 1.2.1.3 Acts Lowering Assessment Reliability

The term **Acts Lowering Assessment Reliability** is used in its broadest sense to refer to improper acts by public agencies subjected to the integrity assessment to affect the results. Such acts can be detected through surveys and inspections, which results in having scores deducted from **National Integrity**. For instance, survey questionnaires include a question aimed at identifying the public organizations, which requested respondents to give favourable answers in the integrity survey. Likewise, on-site inspections helped to detect acts to influence respondents such as prior contacts with prospective respondents or violation of the criteria for conducting the integrity assessment independently.

### 1.2.2 NIA Model

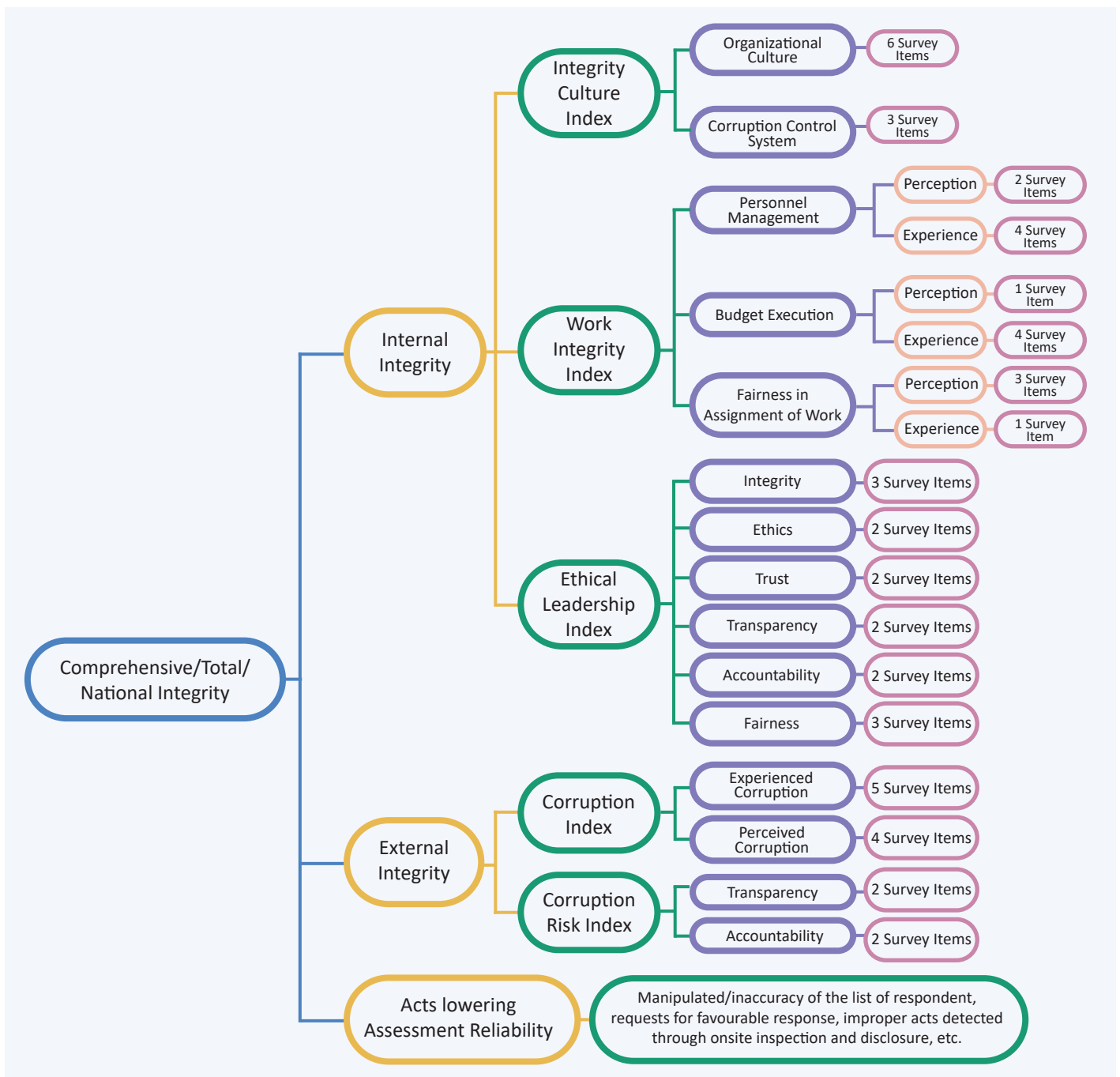
The NIA 2019 has undergone significant changes in terms of components by including **Ethical Leadership** and reliability test to further strengthen the credibility and authenticity of the data collected. In the NIA 2009, the methodology assessed only external integrity. Then, in NIA 2012, it

assessed the integrity of both the service providers and receivers. Next, in the NIA 2016, the new components, such as policy customer evaluation and acts of lowering assessment reliability were pilot tested.

The integrity scores of the five indexes and *Acts of Lowering Assessment Reliability* were included in NIA 2019 to derive **National Integrity**.

The NIA 2019 model is as shown in **Figure 1**.

**Figure 1** Model for National Integrity Assessment 2019



**Note.** Adapted from ACRC, 2015

### 1.2.3 Ethical Leadership

Brown et al. (2005) define **Ethical Leadership** as the “demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and their promotion of such conduct to follow through two-way communication, reinforcement, and decision making”. In the NIA 2019, **Ethical Leadership** is assessed on integrity, ethics, trust, transparency, accountability, and fairness of the leaders in the agencies as perceived by the employees. Each component is defined as follows:

- **Integrity** in *Ethical Leadership* assesses leaders’ integrity in terms of integrity practices and concern for ethical and moral values by leaders, and the roles of leaders to improve organization integrity;
- **Ethics** in *Ethical Leadership* refer to the communication about ethics, explanation of ethical code of conduct, and promotion and reward of ethical conduct among subordinates;
- **Trust** in *Ethical Leadership* is defined as a generalized expectancy held by the employees of an organization towards the leaders’ word, promise, verbal, written statement or actions that can be relied on (Rotter, 1971 & 1990);
- **Transparency** in *Ethical Leadership* refers to open decision-making based on sufficient information so that other agencies and the general public can assess whether the relevant procedures are followed, in consonant with the given mandates;
- **Accountability** in *Ethical Leadership* refers to the degree of responsibility taken by leaders for their plans of action, behaviour, and results to strengthen accountability in the organizations; and
- **Fairness** in *Ethical Leadership* is defined as the demonstration of fair and just behaviour of leaders in relation to their concern, actions, and decisions in treating the employees.

## 1.3 Objectives, Scope of the Study, and Limitations

### 1.3.1 Objectives

The objectives of NIA 2019 are as follows:

- Identify corruption-prone areas/services in the public agencies;
- Understand corruption levels in the public agencies;
- Identify types and causes of corruption in service delivery;
- Estimate amount paid or received as bribes in the course of service delivery;
- Provide empirical data for developing strategies to prevent corruption;
- Encourage public agencies to engage in voluntary corruption control initiatives;
- Assess the perception of service users and providers on corruption and ACC’s effectiveness and performance; and
- Assess ethical leadership practices in public agencies.

### 1.3.2 Scope of National Integrity Assessment

The NIA 2019 assesses the services provided by public agencies. These are Ministries, Constitutional Offices, *Dzongkhag*, *Thromde*, *Gewog*, Corporations, Autonomous Agencies, Judiciary, Financial Institutions, Central Schools, and Hospitals/BHUs. The level of integrity and corruption of an agency is based on the assessment of the selected services provided by the agencies. The services provided by the public agencies were assessed in terms of accountability, transparency, and corruption.

In NIA 2019, 96 agencies and 272 type of services were covered.

### 1.3.3 Limitations

Despite the best efforts to minimize limitations that might creep in during the research process, there were certain constraints within which the report was completed. These are:

- Direct comparison of integrity scores of service-to-service and agency-to-agency could not be done due to diversity of services, nature of services, organizational mandate, and different practices, standards, and procedures for each service. Moreover, depending on the fulfillment of the criteria, the number of public agencies and services also differ from agency to agency; and
- Another limitation is that NIA considers only one specific reference period which is one year prior to the actual conduct of the assessment. Therefore, NIA 2019 pertains to services provided and availed in the Financial Year (FY) 2018-2019.

## CHAPTER 2: METHODOLOGY

**Chapter 2** presents the methodology adapted for NIA 2019. The methodology has been continuously refined in every assessment in keeping with the changes in technology, working environment, establishment of new agencies and services, and the inclusion of new components in the NIA model. Besides guiding the effective conduct of the research, the methodology also ensures the reliability and validity of the findings.

### 2.1 Research Approach and Methods

The following stages of NIA, as far as possible, ensures the reliability of data collection:

#### Stage 1: Selection of agencies

The assessment requires the selection of public agencies, which provide services to the public. The public agencies, such as the Ministries, Constitutional Offices, *Dzongkhag*, *Thromde*, *Gewog*, Corporations, Autonomous Agencies, Judiciary, Financial Institutions, Central Schools, and Hospitals/BHUs were selected for the assessment as shown in **Table 1**.

**Table 1** Number of services and agencies selected from each category of public agencies

Category of Agency	Agency Count	Number of agencies assessed	Types of service	Total services
Constitutional Office	4	4 ( <i>Four constitutional offices</i> )	4	4
Judiciary	1	14 ( <i>Supreme court, High Court, nine Dzongkhag courts and three Dungkhag courts</i> )	5	70
Ministry	10	10 ( <i>All 10 Ministries</i> )	43	430
Autonomous Agency	28	31 ( <i>28 autonomous agencies and three colleges under RUB</i> )	43	49
Corporation	20	20 ( <i>20 corporations</i> )	35	35
Financial Institution	6	6 ( <i>Six banks and insurance companies</i> )	20	20
<i>Dzongkhag</i>	20	20 ( <i>All 20 Dzongkhags</i> )	47	940
<i>Thromde</i>	4	4 ( <i>All four Thromdes</i> )	30	120
<i>Gewog</i>	1	20 ( <i>One Gewog from each Dzongkhag</i> )	34	680
Hospital/BHU	1	13 ( <i>Two regional hospitals and 11 Dzongkhag Hospitals/BHUs</i> )	5	65
Central School	1	8 ( <i>Eight central schools from eastern, western and central regions</i> )	4	32
			*HR and AFD Services	2
<b>Total</b>	<b>96</b>	<b>150</b>	<b>272</b>	<b>2447</b>

**Note.** \*Human Resources (HR) service and Administration and Finance Division (AFD) service are counted as two irrespective of the number of agencies assessed.



Prior to agency selection, all the budgetary agencies under the Royal Government of Bhutan (RGoB) were listed for selection. The private agencies involved in public service were also included for the agency selection. The agencies were selected based on the following criteria.

- Number of complaints received and audit observations;
- Nature of mandates – the importance of services; and
- Vulnerability to corruption – interface with the clients.

The final counts for some of the agencies, such as Judiciary, Autonomous Agencies, *Gewogs*, hospitals/ BHUs, and Central Schools were considered as one irrespective of the number of agencies assessed since these agencies have similar functions, nature of services, and mandates. For example, 20 *Gewogs* assessed were counted as one as depicted in **Table 1**. Therefore, the total number of agencies for NIA 2019 is considered 96 although 150 agencies were assessed.

### Stage 2: Selection of Services

During the NIA 2016 dissemination to agencies, the list of services provided by each agency was collected and compiled for further screening. Depending on the fulfillment of the following criteria, the services were selected for assessment in NIA 2019:

- Services of importance to socio-economic development;
- Nature of services: complexity and number of clients;
- Availability of clients' information/details;
- Vulnerability to corruption and wrongdoings; and
- Meet the minimum sample size.

Based on these criteria, 272 different types of services were selected. With the establishment of new agencies and the increasing roles and responsibilities of the existing public agencies, the number of agencies has been increasing since NIA 2009. For the NIA 2019, 96 agencies with 272 different types of services were assessed as presented in **Appendix 1**.

### Stage 3: Collection of Client Lists

The FY 2018-2019 was considered as the reference period for the assessment. The list of service users and providers for a particular service was selected based on the list provided by the respective agencies. The list of clients varied from service to service depending on the frequency of services availed in a year.

During the time of dissemination of NIA 2016 results to agencies in 2018, the agencies were requested to maintain the list of clients/service users for each service identified. Under the coordination of the focal person, the respective division/sectors have maintained the service users list. From July to August 2018, the agencies submitted the service users list to their respective focal persons, who compiled and submitted to the ACC. The respondents were sampled from the list.

### Stage 4: Sample Size and Response Rate

Depending on the availability of the list of service users, different sampling methods were adopted to select the respondents. Generally, simple random sampling was used for the assessment. However, convenience, purposive and snowballing methods were used where clients' information were not available.



Using the ACRC's standards, the maximum respondents required was 50 and the minimum was seven for each service. If there were more than 50 in the list, a simple random sampling was used to select at least 50 respondents from amongst the total service users and providers in each service to ensure representativeness. If the number of service users were less than 50 and more than seven in a particular service, all were included. However, the services with less than seven users were not considered for the assessment.

For NIA 2019, the confidence level of 95% and the margin of error at five percent were considered to ensure the representativeness of the sample. To minimize errors and biases in replacing the respondent, 40% non-response rate was taken into consideration. With this, a maximum of 70 respondents was sampled for the survey from each service. From the 70 listed respondents, the first 50 or less, were included for the survey. In total, there were 13,869 respondents out of which 9,861 were service users (external clients) and 4,008 were service providers/public officials (internal clients). The demographic profile of the respondents is presented in **Table 2**.

**Table 2** Demographic profile of the respondents

	External		Internal		
	Frequency	Percent	Frequency	Percent	
<b>Sex</b>					
Male	4,585	46.5	2,435	60.75	
Female	5,276	53.5	1,573	39.25	
<b>Total</b>	<b>9861</b>	<b>100.00</b>	<b>4008</b>	<b>100.00</b>	
<b>Education level</b>					
Post Graduate	319	3.23	679	16.94	
Graduate	1,019	10.33	1,190	29.69	
Diploma/Certificate	256	2.6	785	19.59	
High Secondary	2,134	21.64	1120	27.95	
Primary	1,200	12.17	174	4.35	
Functionally Literate (able to read, write and understand)	898	9.11	34	0.85	
No Education	4,027	40.84	26	0.65	
Others	8	0.08	0	0	
<b>Total</b>	<b>9861</b>	<b>100.00</b>	<b>4008</b>	<b>100.00</b>	
<b>Occupation (External)</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Position (Internal)</b>	<b>Frequency</b>	<b>Percentage</b>
Farmer	5,187	52.60	EX/Equivalent	58	1.45
Businessman	1,795	18.20	ES/Equivalent	40	1.00
Private Employee	603	6.11	P5-P1/Equivalent	1,725	43.04
Civil Servant	804	8.15	SS1-SS4/Equivalent	568	14.17
Corporate Employee	221	2.24	S1-S5/Equivalent	1,302	32.49
Armed Personnel	56	0.57	O1-O5/Equivalent	305	7.61
Elected Public Official	96	0.97	Others	10	0.25
Others	1,099	11.14			
<b>Total</b>	<b>9,861</b>	<b>100.00</b>	<b>Total</b>	<b>4008</b>	<b>100.00</b>

**Note.** Source (n=13869, NIA 2019)

## Stage 5: Data collection

Face-to-face interviews were conducted by administering a structured survey questionnaire. Two sets of structured survey questionnaires were developed: one each for external and internal integrity. The questionnaires for external and internal integrity were reviewed to contextualize the concepts and items. With the recommendation from the public agencies during the NIA 2016 dissemination, the need for a component measuring leadership quality was felt necessary. Therefore, the new index, termed as ***Ethical Leadership*** was added in the ***Internal Integrity*** questionnaire. Subsequently, the questionnaires with a new index were approved by the Research Committee comprising of members from the RCSC, Cabinet Secretariat, NSB, and ACC.

The questionnaires were then pilot tested in 135 *Gewogs* covering 1602 respondents (765 external clients and 837 internal clients). *Gewog* AFD services with particular focus on the community contracting was selected for pilot test. The data collected were used to examine the effects of the ***Ethical Leadership Index*** to other components of ***Internal Integrity***. To minimize impact on other components, a series of consultations and analysis were made as discussed in **Section 2.5 and 2.9**.

More importantly, the pilot test helped to ensure that the questions or items were appropriate to measure the research objectives and uniform interpretation of the questionnaires by the enumerators. Similarly, it also helped to determine the average time of enumeration for each questionnaire to plan for actual data collection.

Fifty-one university graduates recruited as enumerators were adequately trained on research ethics, survey procedures, and interpretation of the questionnaires. Six supervisors comprising of ACC focal persons and researchers from ACC were deployed to supervise the administration of the survey and ensure quality of data collection. Two monitoring officers were also deployed to monitor the overall data collection process and carry out field observations in public agencies. The field survey was conducted from November 7, 2018, to January 5, 2019, using mobile tablets through CAPI application.

## Stage 6: Data Analysis and Interpretation

Before undertaking data analysis and interpretation, a week-long data cleaning and screening was carried out. The integrity scores were generated based on the formula for each component where different weights were assigned. Stata version 12 was used to clean, screen, and generate indexes. The final integrity scores were generated using Microsoft Excel. The literature review was also undertaken to substantiate the findings. A separate chapter is also added to compare the findings of the four NIAs (2009, 2012, 2016, & 2019).

## 2.2 Ethical Considerations

Ethical considerations are an important aspect of the conduct of any research and this research is no exception despite the sensitivities that surround it. All the researchers, including the enumerators who were recruited for the survey, were trained on the need to maintain proper codes of research and ethics. The principle of voluntary participation was strictly followed to ensure voluntary participation

of the respondents. This is a critical consideration as ACC also has an enforcement mandate and thus the need to ensure that this authority is not used to insist on the participation of the respondents. Confidentiality of the data and anonymity of the respondents were protected in every step of the research. The data collected were stored and backed up securely. The data were used only for the research and deriving systemic recommendations. Access to raw data was limited only to the members of the core research team. Enumerators and supervisors were briefed not to disseminate information obtained from the survey with any other unless the report is made public.

### 2.3 Assessment Framework: External Integrity

**Table 3** presents the assessment framework for *External Integrity*. It broadly consists of the survey items and components of *Corruption Index* and *Corruption Risk Index*. The number of components and survey items for each index varied with different parameters.

**Table 3** External Integrity Assessment Framework

Index	Components	Survey item
Corruption Index	Perception	Favours for specific individuals
		Mediation or solicitation for undue advantage
		Favours based on region or relationships
		Pursuing private interest ignoring public interests
	Experience	Frequency of payment in cash/kind
		Amount of cash/kind offered
		Frequency of entertainment offered
		Amount of entertainment offered
		Frequency of other forms of gratification offered
Corruption Risk Index	Transparency	Openness in work
		The practicality of standards & procedures
	Accountability	Abuse of power
		Efforts to accomplish duties

### 2.4 Assessment Framework: Internal Integrity

**Table 4** presents the assessment framework for *Internal Integrity*. It comprises of *Integrity Culture Index*, *Work Integrity Index*, and *Ethical Leadership Index* with corresponding components and survey items.

Table 4 Internal Integrity Assessment Framework

Index & Components		Survey item		
Integrity Culture Index	Organizational Culture	Transparency in the performance of duties		
		Mediation and undue solicitation within the organization		
		Ignoring official duty to pursue a private interest		
		Accepting payment in cash or kind or gratifications		
		Performing duties based on personal relationships		
		Misuse of privileged information for personal gain		
	Corruption Control System	Protection of whistle-blowers		
		Appropriateness of disciplinary measures and punishment against corrupt acts		
		Adequate checks and balances to control corruption		
Work Integrity Index	Personnel Management	Experience	Frequency of payment in cash/kind offered in relation to HR matters	
			Amount of payment in cash/kind offered in relation to HR matters	
			Frequency of entertainment /gratifications offered in relation to HR matters	
			Amount of entertainment/gratifications offered in relation to HR matters	
		Perception	Perception of payment in cash or kind or entertainment	
			Effects of payment in cash or kind or entertainment in HR matters	
		Budget Execution	Experience	Frequency of unjustifiable manipulation in the execution of the budget for personal gains
				Amount of unjustifiable manipulation in the execution of the budget for personal gains
	Frequency of unjustifiable manipulation in the execution of budget to favour family and friends			
	Amount of unjustifiable manipulation in the execution of budget to favour family and friends			
	Perception		Perception of misuse of the budget for personal gains	
	Fairness in the Assignment of Work		Experience	Frequency of unreasonable work instructions
			Perception	Perception of responsible employees
				Perception of fair assignment of work
		Perception of the disadvantages of not complying to unreasonable work instructions		

Index & Components		Survey item
Ethical Leadership Index	Integrity	Integrity practice by leaders
		Concern for ethical and moral values by leaders
		Role of leaders to improve organizational integrity
	Ethics	Leaders ensure employees follow the ethical code of conduct
		Leaders clarify the likely consequences of possible unethical behaviours by the employee
	Trust	Leaders can be trusted to do the things he/she says
		Leaders strive towards maintaining trust with the employees through consistency in their actions
	Transparency	Leaders are friendly with the employees
		Leaders consult relevant employees in making decisions
	Accountability	Leaders give more focus on strengthening accountability
		Leaders take responsibility for their actions
	Fairness	The head of my organization are fair in treating employees
		Leaders are fair in taking actions against the unethical behaviour of employees
		Leaders are genuinely concerned about the professional growth of employees

## 2.5 Selection of Survey Items for Ethical Leadership

The *Ethical Leadership Questionnaire (ELQ)* with five components was designed based on the literature (Brown, 2005; Chikeleze, 2014; Kalshoven et al. 2011; Yukl et al., 2013). The questionnaire was further discussed in Focus Group Discussion (FGD) for validation and contextualization. The FGD recommended trust as its sixth component. Therefore, ***Ethical Leadership Index*** has six components and each component is supported by different survey items/questions (see **Table 4**). As in the case of other components, not all questions/items were used to generate the scores. To select the survey item/s to generate scores for each component and the ***Ethical Leadership Index***, two approaches were used.

1. The ELQ was floated using Google Form Survey (GFS) through email to 272 executive levels covering, Ministries, Autonomous Agencies, Corporations, and Local Government. They were asked to rate the importance of each question relating to its components. Seventy-six from the executive level have taken time to rate the importance based on their experiences and opinions.
2. FGDs were conducted to gain insights into ethical leadership and to contextualize the questions. Twelve FGDs were conducted covering 109 participants including senior officials of Ministries, Autonomous Agencies, Corporations, *Dzongkhag*, and *Thromde*. The participants also rated the importance of each question relating to its components in ELQ.

The ratings were based on their experiences and opinion on a scale of 1-5 (1 means not at all important and 5 means extremely important). Since the GFS and FGD have two categories of respondents, specifically executive-level and mid-level employees, they were separately analyzed to ensure fair representation of the respondents. Based on their rating, the highest percentage survey items were selected using the following considerations:

1. **‘Extremely Important’:** The priority was set to take the survey item/s with the highest percentage rating in the ‘Extremely Important’ scale from each component. A total of two highly-rated different survey items were selected (one each from GFS and FGD) in each component;
2. **Same ‘Extremely Important’:** When both GFS and FGD have the same survey item with the highest rate in ‘Extremely Important’, the same survey items were automatically selected which is equal to one survey item. Therefore, the next second highly rated survey items in ‘Extremely Important’ from both the GFS and the FGD were taken into consideration. A total of two/three survey items were selected (Two- when the second highly-rated item in both GFS and FGD are also the same; Three – when the second-highest rated item is different in GFS and FGD); and
3. **Two ‘Extremely Important’:** In the case of two different survey items rated equally in the ‘Extremely Important’ scale and is the highest rated in either GFS or FGD then, both survey items were taken into consideration to avoid biases. A total of three or four items are selected.

## 2.6 Weight Generation

For indexing, the weight has to be assigned to measure any module or component. For the purpose of this survey, the weights used by ACRC, South Korea were adapted. Given the differing nature of survey items, different weights were assigned. For example, survey items on the experiences of corruption were accorded higher weights and perception of corruption with lower weights. The total weight is “1”. **National Integrity** is measured by the two components i.e. *External Integrity* and *Internal Integrity*. *External* and *Internal* integrity are further measured by different indexes, components, and survey items. Therefore, the weight has to be assigned to all indexes, components, and survey items to generate a comprehensive or national integrity score.

With the inclusion of *Ethical Leadership Index* in **Internal Integrity**, there is a change in weights for **Internal Integrity** as presented in **Table 6**. However, the weights for **External Integrity** remain the same as that of the earlier NIAs as presented in **Table 5**.

## 2.7 Weight distribution for External Integrity components and its survey items

The survey items and factor weights used for each component of **External Integrity** assessment are presented in **Table 5**.

**Table 5** Weight for External Integrity indexes, components and survey items

Index & Component		Survey item	Assessment method
Corruption Index (0.483)	<b>Perception (0.387)</b>	Favours for specific individuals (0.4000)	Individual respondent
		Mediation or solicitation for undue advantage (0.2000)	Individual respondent
		Favours based on region or relationships (0.2000)	Individual respondent
		Pursuing private interest ignoring public ones(0.2000)	Individual respondent
	<b>Experience (0.613)</b>	Frequency of payment in cash/kind or services (0.2460)	Integrated organization
		Amount of payment in cash/kind or services offered (0.2270)	Individual respondent
		Frequency of entertainment (0.1820)	Individual respondent
		Amount of entertainment offered (0.1890)	Individual respondent
		Frequency of other forms of gratifications (0.1560)	Individual respondent
Corruption Risk Index (0.517)	<b>Transparency Index (0.317)</b>	Openness of work (0.5546)	Individual respondent
		The practicality of standards & procedures (0.4453)	Individual respondent
	<b>Accountability Index (0.200)</b>	Abuse of power(0.6488)	Individual respondent
		Efforts to accomplish duties (0.3512)	Individual respondent

## 2.8 Weight distribution for Internal Integrity components and its survey items

The weights and survey items used for each component of *Internal Integrity* are shown in **Table 6**.

**Table 6** Internal Integrity assessment factors and weights

Index & Component		Survey item	Assessment method
Integrity Culture Index (0.3290)	<b>Organizational Culture (0.6310)</b>	Transparency in the performance of duties (0.3584)	Individual respondent
		Mediation and undue solicitation within the organization (0.2282)	Individual respondent
		Ignoring official duty to pursue private interest (0.1034)	Individual respondent
		Accepting payment in cash or kind or gratifications (0.1034)	Individual respondent
		Performing duties based on personal relationships (0.1034)	Individual respondent
		Misuse of privileged information for personal gain (0.1034)	Individual respondent



Index & Component		Survey item		Assessment method
	<b>Corruption Control System (0.3690)</b>	Effectiveness of whistle-blowing system (0.3220)		Individual respondent
		Appropriateness of disciplinary measures and punishment against corrupt acts (0.3810)		Individual respondent
		Effectiveness of internal audit system (0.2970)		Individual respondent
<b>Work Integrity Index (0.3270)</b>	<b>Personnel Management (0.4130)</b>	<b>Experience (0.6090)</b>	Frequency of payment in cash or kind (0.2370)	Individual respondent
			Amount of payments in cash or kind (0.2240)	Individual respondent
			Frequency of entertainment or gratifications (0.3440)	Individual respondent
			Amount of entertainment or gratifications (0.1950)	Individual respondent
		<b>Perception (0.3910)</b>	Perception of payments in cash or kind or entertainment or gratifications (0.5000)	Individual respondent
			Effect of payments in cash or kind or entertainment or gratifications (0.5000)	Individual respondent
	<b>Budget Execution (0.3470)</b>	<b>Experience (0.6060)</b>	Frequency of unlawful or unjustifiable execution of the budget for personal gains (0.2630)	Individual respondent
			Amount of budget used for personal gains (0.2370)	Individual respondent
			Frequency of unlawful or unjustifiable execution of budget to favour families and friends (0.2630)	Individual respondent
			Amount of budget used to favour families and friends (0.2370)	Individual respondent
			Perception of illegal or undue execution of budget (1.000)	Individual respondent
		<b>Perception (0.3940)</b>	Frequency of unreasonable work instruction (1.000)	Individual respondent
	<b>Fairness in the Assignment of Work (0.2400)</b>	<b>Experience (0.6000)</b>	Perception of responsible and active performance (0.2350)	Individual respondent
		<b>Perception (0.4000)</b>	Perception of fair distribution of work (0.4130)	Individual respondent
			Perception of disadvantages of disobeying orders (0.3520)	Individual respondent



Index & Component		Survey item	Assessment method
Ethical Leadership Index (0.3440)	Integrity (0.1729)	Integrity practice by leaders (0.3333)	Individual respondent
		Concern for ethical and moral values by leaders (0.3298)	Individual respondent
		Role of leaders to improve organizational integrity (0.3369)	Individual respondent
	Ethics (0.1647)	Leaders ensure employees follow the ethical code of conduct (0.4983)	Individual respondent
		Leaders clarify the likely consequences of possible unethical behaviours by employee (0.5017)	Individual respondent
	Trust (0.1667)	Leaders can be trusted to do the things he/she says (0.5000)	Individual respondent
		Leaders strive towards maintaining trust with the employees through consistency in their actions (0.5000)	Individual respondent
	Transparency (0.1650)	Leaders are friendly with the employees (0.4866)	Individual respondent
		Leaders consult relevant employees in making decisions (0.5134)	Individual respondent
	Accountability (0.1646)	Leaders give more focus on strengthening accountability (0.4995)	Individual respondent
		Leaders take responsibility for their actions (0.5005)	Individual respondent
	Fairness (0.1661)	The head of my organization are fair in treating employees (0.3433)	Individual respondent
		Leaders are fair in taking actions against the unethical behaviour of employees (0.3331)	Individual respondent
		Leaders are genuinely concerned about the professional growth of employees (0.3236)	Individual respondent

## 2.9 Weight generation for Ethical Leadership components and its survey items

To assign weights to *Ethical Leadership Index*, components and survey items, the ratings of ELQ through GFS and FGD were used. The mean scores were used to assign weights to the three indexes of *Internal Integrity*, six components of *Ethical Leadership Index* and 14 survey items.

### 1. Assigning weights to Internal Integrity Indexes

The importance rating of the indexes from GFS and FGD were used to generate the mean score of each index and calculated the weight totaling to “1” using the formula given below.

$$\text{Weight for Index} = \left( \frac{\text{Index Mean}}{\text{Total Indexes' Mean}} \right) * 1$$

**Table 7** Mean score and weights of Internal Integrity indexes

Indexes	Mean	Weight
Ethical Leadership	4.62	0.344
Integrity Culture	4.43	0.329
Work Integrity	4.40	0.327
<b>Total</b>	<b>13.45</b>	<b>1.000</b>

## 2. Assigning weights to Ethical Leadership components

$$\text{Weight for Component} = \left( \frac{\text{Module Mean}}{\text{Total Modules' Mean}} \right) * 1$$

**Table 8** Mean score and weights of Ethical Leadership components

<i>Ethical Leadership</i> Component	Mean	Weights
Integrity	4.878	0.173
Ethics	4.646	0.165
Trust	4.701	0.167
Transparency	4.655	0.165
Accountability	4.643	0.165
Fairness	4.685	0.166
<b>Total</b>	<b>28.208</b>	<b>1.000</b>

## 3. Assigning weights to survey items of Ethical Leadership components

$$\text{Weight for Survey Item} = \left( \frac{\text{Mean of Selected Survey Item}}{\text{Total Mean of Selected Survey Items}} \right) * 1$$

**Table 9** Mean score and weights for different survey items of ethical leaders

EL Components	Survey Items	Mean	Weights
<b>Integrity</b>	Integrity practice by leaders	4.69	0.333
	Concern for ethical and moral values by leaders	4.64	0.330
	Role of leaders to improve organizational integrity	4.74	0.337
<b>Total</b>		<b>14.07</b>	<b>1.000</b>
<b>Ethics</b>	Leaders ensure employees follow the ethical code of conduct	4.47	0.498
	Leaders clarify the likely consequences of possible unethical behaviours by employee.	4.50	0.502
<b>Total</b>		<b>8.97</b>	<b>1.000</b>
<b>Trust</b>	Leaders can be trusted to do the things he/she says	4.62	0.500
	Leaders strive towards maintaining trust with the employees through consistency in their actions	4.62	0.500
<b>Total</b>		<b>9.24</b>	<b>1.000</b>
<b>Transparency</b>	Leaders are friendly with the employees	4.37	0.487
	Leaders consult relevant employees in making decisions	4.61	0.513
<b>Total</b>		<b>8.98</b>	<b>1.000</b>
<b>Accountability</b>	Leaders give more focus on strengthening accountability	4.62	0.500
	Leaders take responsibility for their actions	4.63	0.501
<b>Total</b>		<b>9.25</b>	<b>1.000</b>
<b>Fairness</b>	The head of my organization are fair in treating employees	4.70	0.343
	Leaders are fair in taking actions against the unethical behaviour of employees	4.56	0.333
	Leaders are genuinely concerned about the professional growth of employees	4.43	0.324
<b>Total</b>		<b>13.69</b>	<b>1.000</b>

## 2.10 Calculation of Integrity Scores

The highest possible score for integrity parameters is 10 points with higher scores being more transparent or higher level of integrity or very clean and the lowest score is 0, indicating the lowest level of integrity or higher level of corruption.

Integrity scores are produced by multiplying the scores for each survey item/index (component)/External or Internal Integrity by the weights concerned.

The methodology used to generate integrity scores were as follows:

- First, the score for each survey item was multiplied by its weight, and the products are added up to derive the index (factor) score.
- Second, the score for each index or component score was then multiplied by its weight, and the products are added up, generating the external or Internal Integrity score.
- Finally, the National Integrity score was derived by multiplying the external or internal integrity score by its weight and then adding up the products.

#### The formula for integrity measurement • Formula for External Integrity score

$$Tli = Ai \times W(Ai) + Bi \times W(Bi) + Ci \times W(Ci)$$

$Tli$  =  $i$  agency's External Integrity score

$Ai$  = Corruption Index score       $W(Ai)$  = weight of Corruption Index

$Bi$  = Transparency Index score       $W(Bi)$  = weight of Transparency Index

$Ci$  = Accountability Index score       $W(Ci)$  = weight of Accountability Index

#### • Formula for Internal Integrity score

$$Tli = Ai \times W(Ai) + Bi \times W(Bi)$$

$Tli$  =  $i$  organization Internal Integrity

$Ai$  = Integrity Culture Index score       $W(Ai)$  = weight of Integrity Culture Index

$Bi$  = Work Integrity Index score       $W(Bi)$  = weight of Work Integrity Index (  $1 - W(Ai)$  )

#### • Formula for score calculation by index

$n$

$$Ci = \sum_{i=1}^n (Xi \times Wi)$$

$i=1$

$Ci$  =  $i$  index score,       $Wi$  = weight by survey item

$Xi$  = score by survey item,       $n$  = number of items

#### • Weight of target service

In assessing the integrity, the same weight was assigned to each service irrespective of the nature of the services and the mandates of the agencies. In the absence of objective criteria or data to provide exact weight to each item, this assessment provided equal weight to each item to generate an organizational integrity score.

- **Calculation of scores for each survey item**

To generate the integrity score, the score for each survey item was calculated first. Different score calculation methods were used for individual respondent assessment and integrated organization assessment. The score for each survey item using the different methods was as follows:

1. **Individual respondent assessment:** It is called individual respondent assessment because scores are produced for individual respondents.

#### Score calculation:

Survey items of the individual respondent assessment were rated on a 7-point scale (“Strongly Disagree”, “Disagree”, “Slightly Disagree”, “Neutral”, “Slightly Agree”, “Agree” and “Strongly Agree”) and 5-point scale (“Very often”, “Often”, “Neutral”, “Hardly” and “Never”) from which the respondents were asked to choose only one response. The full score for the survey item is 10. All survey items for external integrity, except for the experience of corruption and internal integrity, the experience of corruption in personnel affairs, budget execution, and fairness in assignment of work fall under this category.

- ✓ **Calculation of scores for individual respondents**

First, the scores for individual respondents were generated by converting the scores of each response from a 7-point scale or 5-point scale to a 10-point scale. The formulae to convert 7-point and 5-point scales in 10-point scale are as follows:

Formula to convert 7-point scale into 10-point and scores assigned to each scale

$$\text{10-point score} = (\text{7-point score} - 1 / 6) \times 10$$

**Table 10** Conversion of 7-point scale into 10-point

Response	10-point score conversation		
	Scale	Positive Item	Negative Item
Strongly disagree	1	0	10
Disagree	2	1.67	8.33
Slightly disagree	3	3.33	6.67
Neutral	4	5	5
Slightly agree	5	6.67	3.33
Agree	6	8.33	1.67
Strongly agree	7	10	0

**Note.** Source (ACRC, 2017)

**Formula to convert 5-point scale in 10-point and scores assigned to each scale 10-point score = (5-point score – 1 / 4) \* 10**

**Table 11** Conversion of 5-point scale into 10-point

Response	10-point score conversation		
	Scale	Positive Item	Negative Item
Very often	1	0	10
Often	2	2.5	7.5
Neutral	3	5	5
Hardly	4	7.5	2.5
Never	5	10	0

**Note.** Source (ACRC, 2017)

Negative and positive items have been assigned different scores. For example, on a 7-point scale, for a positive item, if the response is negative for example, “Strongly Disagree” (1-point on a 7-point scale) then the score is 0 and 10 for “Strongly Agree”. In the case of a negative item, the score is calculated the other way round.

✓ **Calculation of scores for each/service work by averaging individual respondents’ scores**

Survey item A’s score for each work/service is generated after the calculation of scores for each respondent. Scores for each work/service are generated by averaging the individual respondent’s scores for each work/ service.

Score of “work a” in survey item A = sum of scores of “work a” respondents / number of “work a” respondents

✓ **Calculation of scores for each survey item by averaging the scores for each work/service**

The average scores for each work/service generate a score for survey item A. For example, the score for survey item A is calculated by adding up the scores for work/service a, work/service b, work/ service c, and then dividing the aggregate number by 3 (the number of work/service).

Score of survey item A = score of work a + score of work b + score of work c / 3 (the number of work)

## 2. Integrated organization assessment (IOA)

IOA type items are survey items that contain questions about the experience of corruption/frequency of payments/size of payments rather than presenting questions with a 7-point scale or a 5-point scale. Survey items that fall under this category comprise of experience of corruption in **External Integrity** survey items and experience of corruption concerning personnel affairs, budget execution, and fairness of work assignment in **Internal Integrity** survey items.

**Score calculation:**

Individual respondent's experience/frequency/amount of payment in cash or kind, entertainment, and gratifications are added up by an agency and then the formula is applied to derive scores for each agency (scores for individual respondents are not produced).

✓ **Calculation of agencies' total frequency and the total amount of corruption experience**

First, total frequency and the total amount of the agencies experience of corruption (gratuities/entertainment/convenience, illegal and unfair Execution of budget, undermining the fair performance of duties, etc.) are calculated using the formula given below:

Total frequency or amount of agency A's experience of corruption = the sum of scores for each respondent's corruption experience size (or frequency)

✓ **Calculation of agencies' average frequency and the average amount of corruption**

After the total frequency/total amount of payments are calculated, based on these total values, average frequency and amount of payments were generated. The average frequency and amount of payments are generated by dividing total frequency or the total amount by the total number of respondents.

In this case, the respondents refer to the total number of respondents of the survey and are not confined to the respondents who reported experience of corruption.

Agency A's average frequency or amount of payments = agency A's total frequency or total amount of payments / total number of respondents

✓ **Calculation of scores for each survey item**

Scores for survey items in integrated organization assessment are calculated by using the average frequency of payments by applying the formula given below:

▪ **The score calculation formula for *External Integrity* for IOA-type survey items**

Score by agency for frequency of gratuities or entertainment or convenience offered =  $10 \times (1 - \text{average frequency of offers} / \text{UCP}_1)$

\*  $\text{UCP}_1$  = the value at 95% of cumulative gamma distribution of average frequency of offer by organization

Score by agency for size of gratuities or entertainment or convenience offered =  $10 \times (1 - \text{average frequency of offers} / \text{UCP}_2)$

\*  $\text{UCP}_2$  = the value at 95% of the cumulative gamma distribution of the average size of the offer by the agency.



▪ **The score calculation formula for *Internal Integrity* IOA-type survey items**

Score by agency for frequency of gratuities or entertainment or convenience offered or frequency of unreasonable work instruction and score for frequency of unjustifiable manipulation of budget experienced

$$= 10 \times (1 - \text{average frequency of offers (experience)}) / \text{UCP}_1$$

\*  $\text{UCP}_1$  = value is equivalent to 95% of cumulative gamma distribution of average frequency of offers for all organizations assessed by the survey.

Score by agency for size of gratuities or entertainment or convenience offered and score for size of unjustifiable manipulation of budget experienced

$$= 10 \times (1 - \text{average size of offers (experience)}) / \text{UCP}_2$$

\*  $\text{UCP}_2$  = value is equivalent to 95% of the cumulative gamma distribution of the average amount of offers for all agencies assessed by the survey.

(The values or numbers after 95% or 97% in a graph virtually do not have any meaning statistically. Thus, they are regarded as zero (0). Hence UCP exists).

## 2.11 Reliability and Score Deduction

Any acts that lower the reliability of the assessment may result in deducting scores from **National Integrity**. Both *External* and *Internal Integrity* surveys contained a question about whether the respondents were asked to give favourable responses about the public agencies subject to the assessment. If the respondent/s was/were asked to give favourable responses, then the score was deducted from the national score. For the score deduction, a constant was set, which was multiplied by the total favourable responses (both external and internal) and divided by the square root of total sampled responses of external and internal clients. As per ACRC's standard, the maximum constant is 0.70. For NIA 2019, the constant was set to 0.04 to have minimal impact to score as well as to get a reliable data representation. The formula presented below was used to deduct from the comprehensive integrity score.

$$\text{Score Deduction} = \text{Constant} * \frac{\text{The number of requests for favourable responses (External + Internal)}}{\sqrt{\text{External + Internal Survey samples}}}$$

$$\text{Score deduction for NIA 2019} = 0.04 * \frac{(99 + 153)}{\sqrt{(4008 + 9861)}}$$

$$= 0.04 * 152 / 117.77$$

$$= 0.09$$

Therefore, the score deduction for NIA 2019 is 0.09, which has to be deducted from national score.



The agency disciplinary action taken report was also reviewed to check whether that particular employee was included in the sampled list or not. If the employee was included in the sampled list, the responses were checked for consistency with that of general ratings. In case of any inconsistencies, the data was treated to limit distortion due to the responses that may arise out of personal grudges and grievances.

## 2.12 Score Interpretation of NIA 2019

For NIA, as in the case of ACRC's Integrity Assessment, a floating score scale is used instead of the traditional fixed scale to define the score. In other words, the scores are categorized into levels (Outstanding, Very Good, Good, Satisfactory, and Need Improvement) based on the performance of all the categories of agencies that were assessed instead of having a fixed scale. While there were suggestions to change this to a fixed scale owing to ease of comparison to past years from some stakeholders, the initial system of the floating scale was retained considering its advantages of preventing complacencies and encouraging public agencies in initiating preventive measures. On a floating scale, the average and the standard deviation of the scores of all the categories of agencies assessed are taken into consideration to fix the scale for level 'Good', and accordingly, the other levels are defined. Therefore, taking into consideration the performance both at the individual and national level. Further, this scale will automatically set higher benchmarks as the scores improve and address issues of complacency at least in terms of score levels.

Accordingly, for NIA 2019, the scores are interpreted as given in the **Table 12**:

**Table 12** Score interpretations for NIA 2019

Score	Level (ACRC)	Level (Bhutan)
Above 8.21	I	Outstanding
8.07 – 8.21	II	Very Good
7.90 – 8.06	III	Good
7.74 – 7.89	IV	Satisfactory
Below 7.74	V	Need Improvement

**Note.** Source (ACRC, 2017)

## CHAPTER 3: FINDINGS

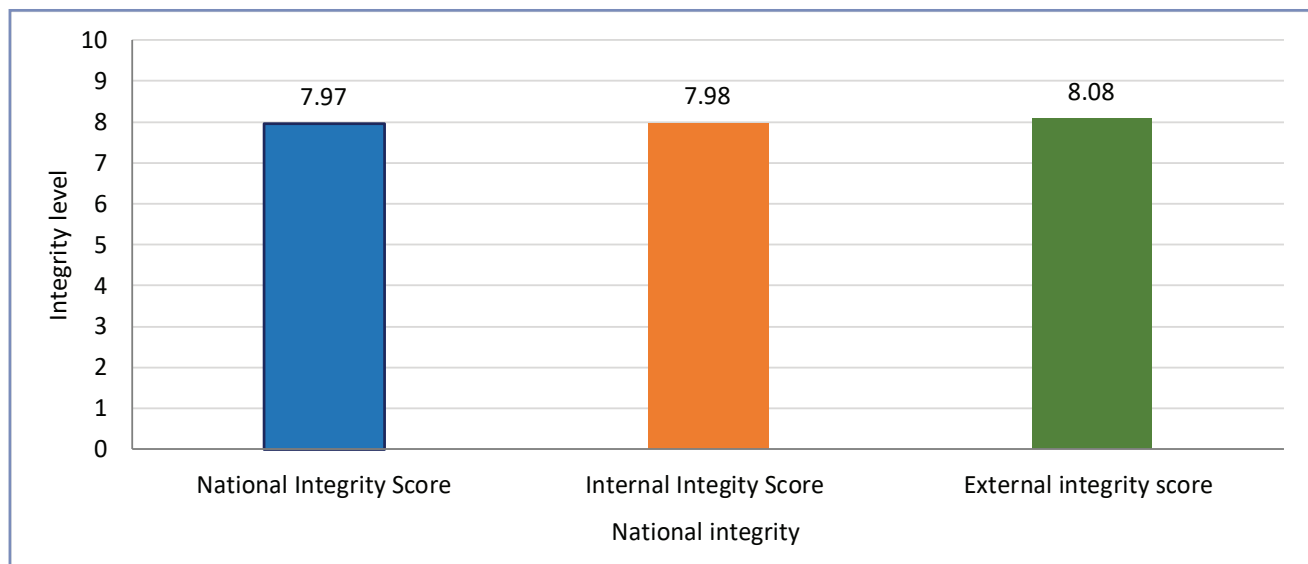
**Chapter 3** presents the findings of the assessment, focusing on the three-key integrity indexes, such as national, external, and internal integrity. It also includes experiences of corruption by external clients or service users and internal clients or service providers and integrity by category of the public agency.

The scores reflected in this chapter are the scores of NIA 2019. However, these scores cannot be compared to the scores of the past NIAs considering the addition of *Ethical Leadership Index* in *Internal Integrity* and the subsequent changes in weights. For the purpose of comparison, separate scores were generated as discussed in **Chapter 5**.

### 3.1 National Integrity

The national integrity score for the country was calculated at 7.97, indicating a Good Level of integrity as depicted in **Figure 2**.

**Figure 2** National Integrity score with an External and Internal Integrity score



**Note.** The score deduction for NIA 2019 is 0.09 which was deducted from National Integrity; Source (n=13869, NIA 2019)

The score for *Internal Integrity* and *External Integrity* are 7.98 and 8.08 respectively. The *External Integrity* score contributed more (0.11 points) to *National Integrity* as compared to *Internal Integrity* (0.01 points).

The *External Integrity* score of 8.08 is interpreted as Very Good integrity indicating that the service users are able to avail services in transparent, accountable, and less corrupt. This could be attributed to the initiatives taken by the agencies to provide better services. For example, following up on the recommendations of NIA 2016 through the implementation of OIP. Similarly, the *Internal Integrity*

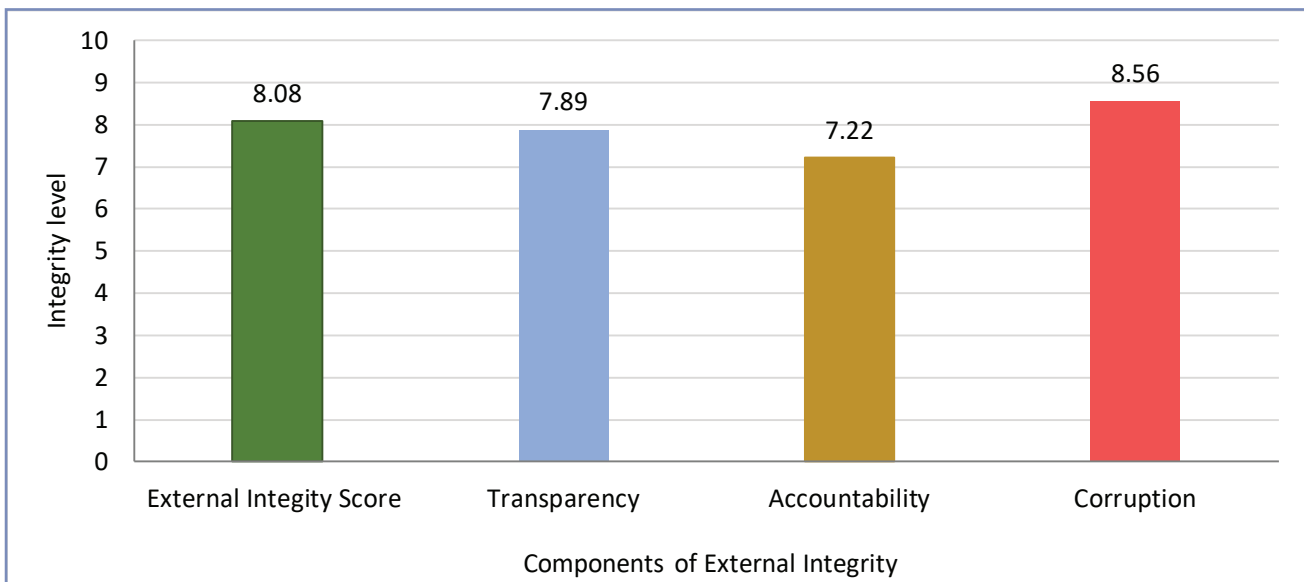
score of 7.98 is interpreted as a Good Level of integrity, indicating that the employees in the agencies are generally experiencing good integrity culture, leadership, and work environment.

However, the score also indicates that the agencies have several specific areas for improvement in terms of service delivery and organizational culture, which are discussed in the following sections.

### 3.2 External Integrity and Its Indexes and Components

The **External Integrity** is defined as the integrity level of the employees of the public agencies in discharging their duties in a transparent and accountable manner without indulging in acts of corruption or misconduct as assessed by the service users. It encompasses transparency, accountability, and corruption indexes.

**Figure 3** External Integrity score



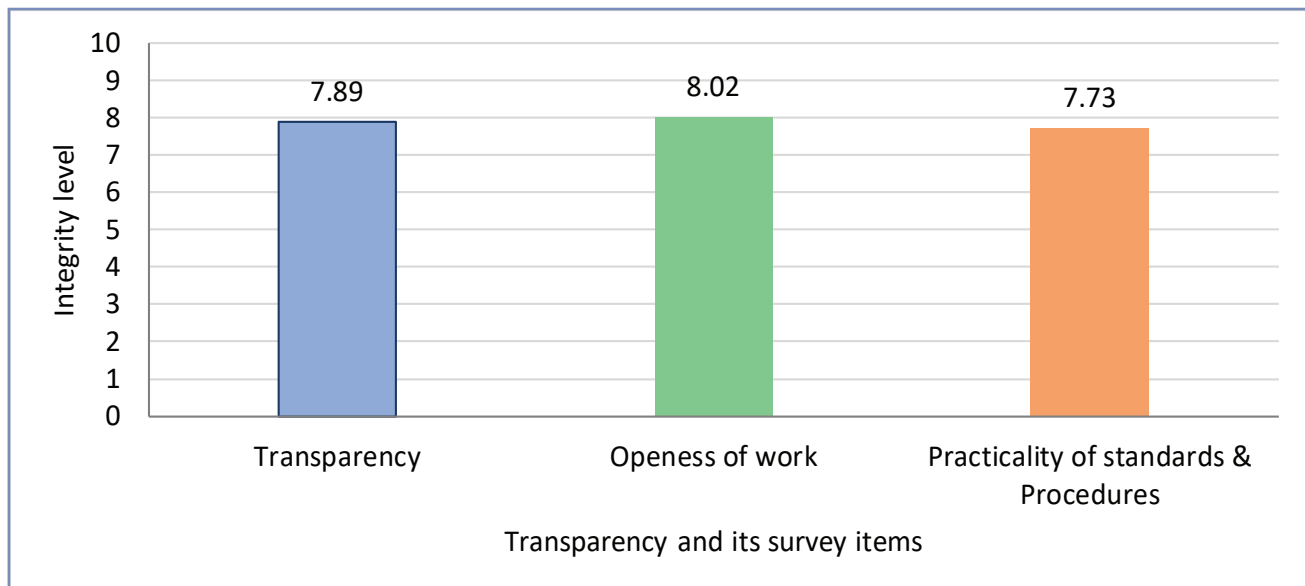
**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=9861, NIA 2019)

As can be seen from **Figure 3**, the Integrity score for **External Integrity** is 8.08 indicating a Very Good Level of integrity. This score is contributed by transparency, accountability, and corruption indexes which are 7.89, 7.22, and 8.56 respectively. A transparency index score of 7.89 is interpreted as a Satisfactory Level which is attributed to low scores in administrative procedures for services which indicates that the procedures are complex and less user friendly. Likewise, the accountability index score of 7.22 indicates a Need Improvement Level mainly due to a low score in the efforts to accomplish duties by the public officials. Lastly, corruption index score of 8.56 indicates an Outstanding Level of integrity which was mainly contributed by the high score in experienced corruption as only 0.26% of the respondents had to make payment in cash or kind to avail the services. However, it is impressive to note that 96.99% of the service users were able to get the services of the 2018-2019 FY (see **Table 17**).

### 3.2.1 Transparency Component and Its Survey Items

Effective public service delivery requires transparency, which strengthens public sector accountability and promotes fairer and more effective and efficient governance. Widely varying definitions of transparency have emerged (e.g. Hood, 2010; Vian, 2020; Vian, Kohler, Forte, & Dimancesco, 2017). Transparency is defined by Hood (2010) as ‘the conduct of business in a fashion that makes decisions, rules, and other information visible from outside’ (p. 989). A further definition of transparency is given by Vian (2020) and Vian, et al. (2017). They define transparency as a public value which requires citizens be informed about how and why decisions are made, including procedures, criteria applied by government decision-makers, the evidence used to reach decisions, and results. In the NIA 2019, the term transparency has been used to refer to whether or not the procedures for services are simple and effective and disclosed transparently to the service users. It encompasses openness of work and practicality of standards and procedures.

**Figure 4** Transparency component with its survey items



**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=9861, NIA 2019)

**Figure 4** presents the **Transparency Component** score (7.89) and its survey items, such as openness of work (8.02) and practicality of standards and procedure (7.73). Transparency score of 7.89 indicates that there is a Satisfactory Level of transparency in terms of openness of work and practicality of standards, and procedures related to service by the public agencies.

The openness of a work score of 8.02 indicates a Good Level where the procedures for the service availed are disclosed transparently. On the other hand, the practicality of standards and procedures score of 7.73 indicates that there is only a Satisfactory Level in the standards and procedures for the service availed.

**Table 13** Percentage of respondents on items of transparency

Transparency survey items	Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree	Don't know
The procedures for the service availed are disclosed in a transparent manner	0.82	3.11	2.2	1.68	6.96	70.12	14.7	0.4
The administrative procedures for the service availed are simple and effective.	0.88	4.43	4.12	1.65	10.03	66.54	11.83	0.51

**Note.** Source (n=9861, NIA 2019)

Of the 9861 respondents, 70.12% agreed that the procedures for the service availed are disclosed transparently. However, only 66.54% agreed that the administrative procedures for the availing service are simple and effective as shown in **Table 13**.

**Table 14** Sources of information used by external clients to get information on services

Sources of information	Number of responses	Percentage of response
Websites	2048	8.80
Television	1051	4.52
Newspaper	867	3.73
Radio	152	0.65
Published material (brochure, guideline, etc.)	259	1.11
Public meeting/gathering	3828	16.45
Social media	1707	7.33
Word of mouth	6226	26.75
Service counter	2847	12.23
Reminder/notification by the office	4180	17.96
Others	109	0.47
Total*	<b>23274</b>	<b>100.00</b>

**Note.** Source (n=9861, NIA 2019) \*Total indicates the sum of all the responses to a multiple-response item

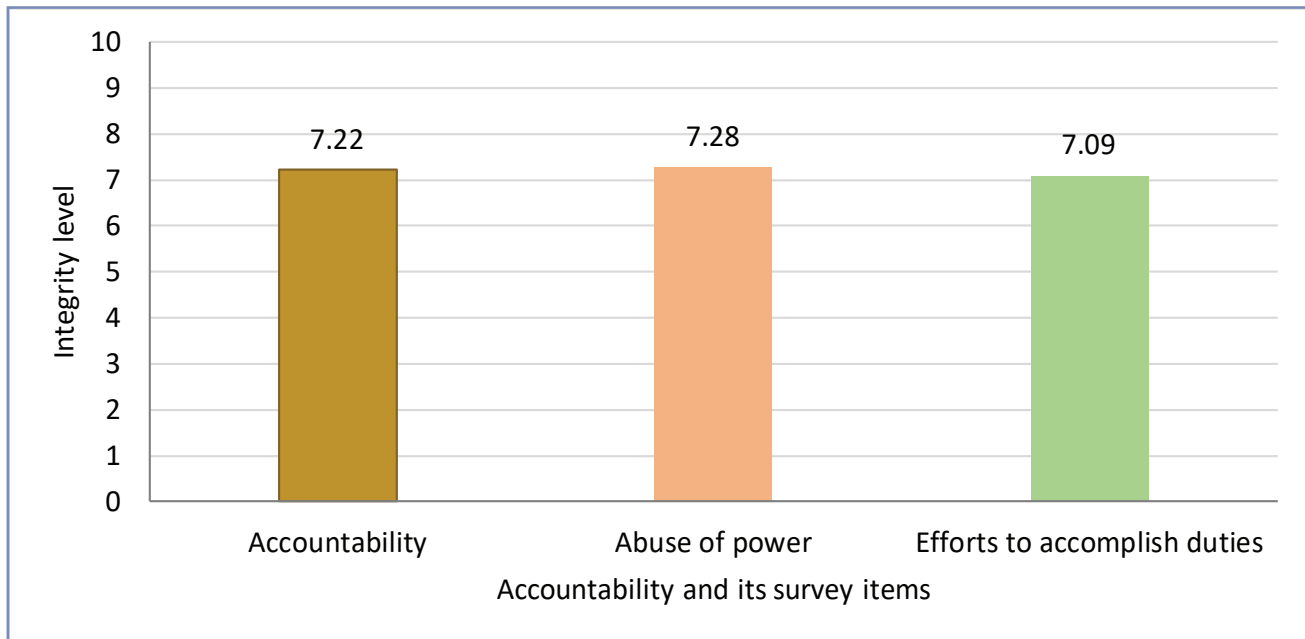
As can be seen from **Table 14**, the Satisfactory Level of the score in transparency was attributed due to significant progress in access to information related to public service delivery by the service users through websites, social media, and reminder/notification by the office as compared to other sources of information. Of the total 23274 responses, 8.80% preferred for website, 7.33% social media, and 17.96% reminder/notification by the office as sources of information related to public service delivery. Therefore, word of mouth is one of the main sources of information on services (26.75%), despite the advancement in information and communication technology.

### 3.2.2 Accountability Components and Its Survey Items

Accountability is an important element of good governance. It is about the relationship between the state and its citizens, and the extent to which the state is answerable for its actions. According to a definition provided by Rutkowski and Steelman (2005), accountability is an individual responsibility

towards another individual for their action and cause. Similarly, Bovens (2007) and O’Dwyer and Unerman (2007) defined accountability as people’s responsibilities to demonstrate, perform, and examine the results achieved in light of agreed expectations and the means used. While a variety of definitions of the term accountability have been suggested, NIA 2019 will use the term accountability to refer to the degree of whether or not the public officials involved in providing the services abuse their power or unnecessarily delay the services. There are two important accountability survey items, such as abuse of power and efforts to accomplish duties. These survey items are used to generate an accountability score.

**Figure 5** Accountability component with its survey items



**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=9861, NIA 2019)

As presented in **Figure 5**, the **Accountability Component** score of 7.22 indicates a Need Improvement Level mainly due to a low score in the efforts to accomplish duties by the public officials. Abuse of power with a score of 7.28 falls in the Need Improvement Level. This shows that some of the officials are abusing power in service delivery as evident from **Table 15** where 17.25% of the respondents rated Slightly Agree to Strongly Agree.

**Table 15** Percentage of respondents on items of accountability component

Accountability items	Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree	Don't know
The public officials involved in providing the service abuse their authority while processing this service.	11.47	62.42	3.29	3.13	7.51	7.92	1.82	2.44
The official on duty delivered the service without unnecessary delay.	2.29	10.84	5.56	1.72	9.93	58.44	10.84	0.38

**Note.** Source (n=9861, NIA 2019)

To substantiate further, the analysis of complaints received by the ACC (July 2018 to June 2019) indicates that 52% of the complaints were related to accountability as stated in **Table 16**.

**Table 16** Percentage of complaints by issues

Issues	Frequency	Percentage
Accountability	175.00	52.24
Corruption	27.00	8.06
Transparency	113.00	33.73
Others	20.00	5.97
<b>Total</b>	<b>335.00</b>	<b>100.00</b>

**Note.** Source (Analysis of the complaints received in the FY 2018-2019)

Similarly, public officials are not putting in the required efforts to accomplish duties as indicated by a score of 7.09. In other words, public service delivery is characterized by the prevalence of complacency, non-responsiveness to client needs, and unnecessary delay by public officials. This is evident as 154 out of 297 who did not get the services were not given any reasons as set out in **Table 17**.

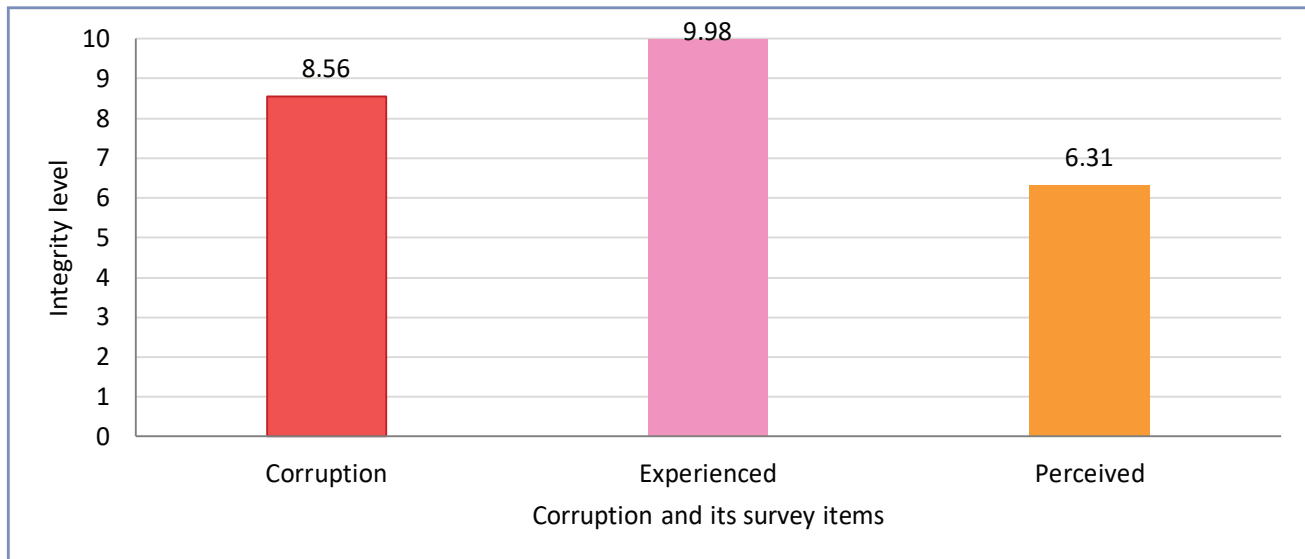
**Table 17** Percentage of responses on items related to service delivery

Items		Responses		Total
		Yes	No	
Were you able to get the services?	Percentage	96.99	3.01	<b>100</b>
	Frequency	9564	297	<b>9861</b>
Were you informed the reasons for not getting the services?	Percentage	48.15	51.85	<b>100</b>
	Frequency	143	154	<b>297</b>

**Note.** Source (n=9861, NIA 2019)

### 3.2.3 Corruption Index and Its Components

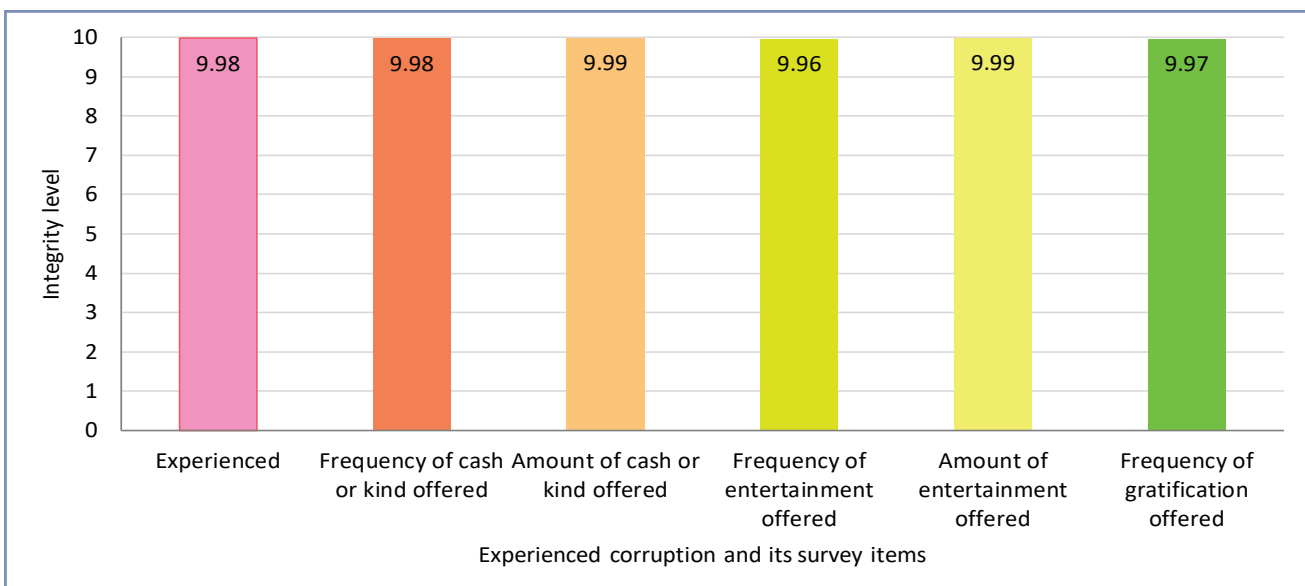
The corruption index assesses whether the respondents, in the process of availing service from a particular agency, sensed any corruption taking place in that agency, as well as whether the respondents made payments in cash, kind, services, or other forms of gratification to public officials while processing services. The corruption index comprises of experienced and perceived corruption.

**Figure 6** Corruption index and its Components

**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean Source (n=9861, NIA 2019)

The highest score in **External Integrity** is **Corruption Index** (8.56) as shown in **Figure 6** indicates the existence of a low level of corruption. This could also be attributed to people not willing to share their own experiences due to fear of repercussions. The experienced corruption score of 9.98 indicates that one in 379 service users provided cash or kind to the public officials in processing services.

Whereas, the perceived corruption score of 6.31 indicates that the respondents sensed or felt some forms of corruption taking place in the agencies where they availed the services. For instance, when asked whether knowing the public official is beneficial in having the service processed faster, 44.98% and 20.48% of the respondents indicated agree and strongly agree respectively. These results corroborate with BTI's (2016) findings which showed that 52.4% agreed that favouritism was one of the most prevalent forms of corruption in the country.

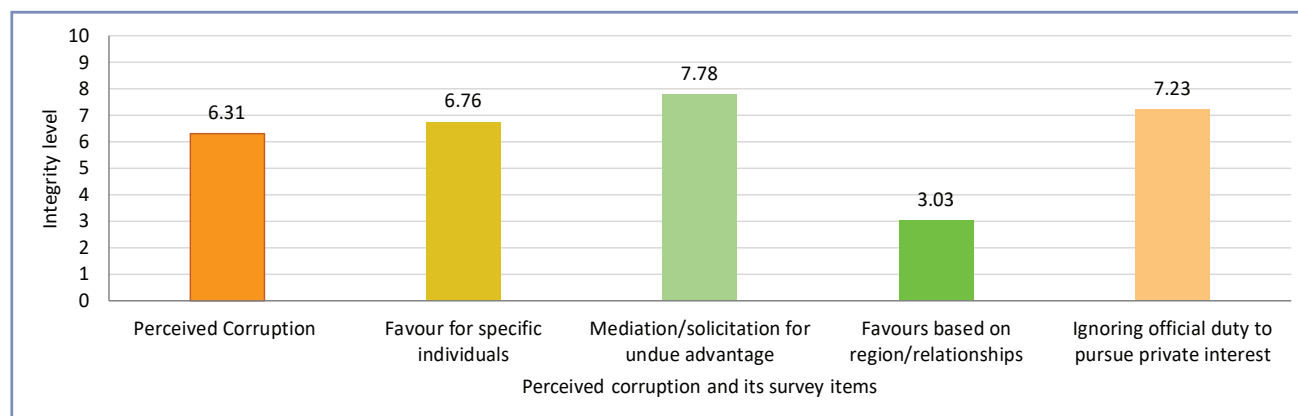
**Figure 7** Experienced corruption and its survey items

**Note.** Source (n=9861, NIA 2019)



**Figure 7** presents scores of experienced corruption and its survey items. It is apparent that few service users had to make payment in the form of cash or kind and entertainment as indicated by the highest scores in items of experienced corruption. Similar results are found in the amount paid in cash or kind, entertainment, and other forms of gratification. The details of corruption experiences are discussed in **Section 3.6**.

**Figure 8** Perceived corruption and its survey items



**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean Source (n=9861, NIA 2019)

**Figure 8** shows the scores of perceived corruption and its survey items. The most striking results emerging from the data is that there is an existence of favouritism and nepotism in public service delivery based on regions and relationships with the score of 3.03. This shows that the service delivery is faster if service users are from the same region or acquaintances of the service provider, followed by favours for specific individuals. These results corroborates with BTI's (2016) findings, which showed that nepotism and favouritism (28%) are the topmost forms of widespread corruption in Bhutan. To illustrate further, some of the complaints received by the ACC on nepotism and favouritism were selection and recruitment process, nomination, evaluation and award of the tender, and procurement services bidding.

**Table 18** Types of a personal relationship

Types of a personal relationship	Percentage of responses
Family relationship	26.60
Friendship	26.40
Same region/ <i>Dzongkhag</i>	13.10
Instruction from supervisors	10.20
School/college/training mates	9.42
Influential person	8.80
Others	4.40
<b>Total</b>	<b>100.00</b>

**Note.** Source (n=9861, NIA 2019)

Respondents were also asked on what kind and level of personal relationship was beneficial in having the service processed faster. It can be seen from **Table 18** that 26.60% of the respondents reported that family relationships were beneficial in processing services faster. This was followed by personal relationships (26.40%) and being from the same region/*Dzongkhag* (13.10%).

Moreover, respondents felt that personal relationships, such as the school/college/training mates, instruction from the supervisors, having an influential person, and instructions from the central government also play an influential role in processing the services faster. Overall, these results indicate that friendship, family relationships, and the same region play an influential role in availing and speeding up service delivery in the country.

### 3.3 Summary of the Scores for External Integrity

**Table 19** Overview of survey items for External Integrity

Components and Survey Items for External Integrity	Score	Level
<b>External Integrity</b>	<b>8.08</b>	<b>Very Good</b>
<b>Perceived Corruption</b>	<b>6.31</b>	<b>Need Improvement</b>
Favour for specific individuals	6.76	Need Improvement
Mediation or solicitation for undue advantage	7.78	Satisfactory
Favours based on region/relationships	3.03	Need Improvement
Ignoring official duty to pursue private interest	7.23	Need Improvement
<b>Experienced Corruption</b>	<b>9.98</b>	<b>Outstanding</b>
Frequency of cash or kind offered	9.98	Outstanding
Amount of cash or kind offered	9.99	Outstanding
Frequency of entertainment offered	9.96	Outstanding
Amount of entertainment offered	9.99	Outstanding
Frequency of gratification offered	9.97	Outstanding
<b>Accountability</b>	<b>7.22</b>	<b>Need Improvement</b>
Abuse of power	7.28	Need Improvement
Efforts to accomplish duties	7.09	Need Improvement
<b>Transparency</b>	<b>7.89</b>	<b>Satisfactory</b>
Openness of work	8.02	Good
Practicality of standards & Procedures	7.73	Need Improvement

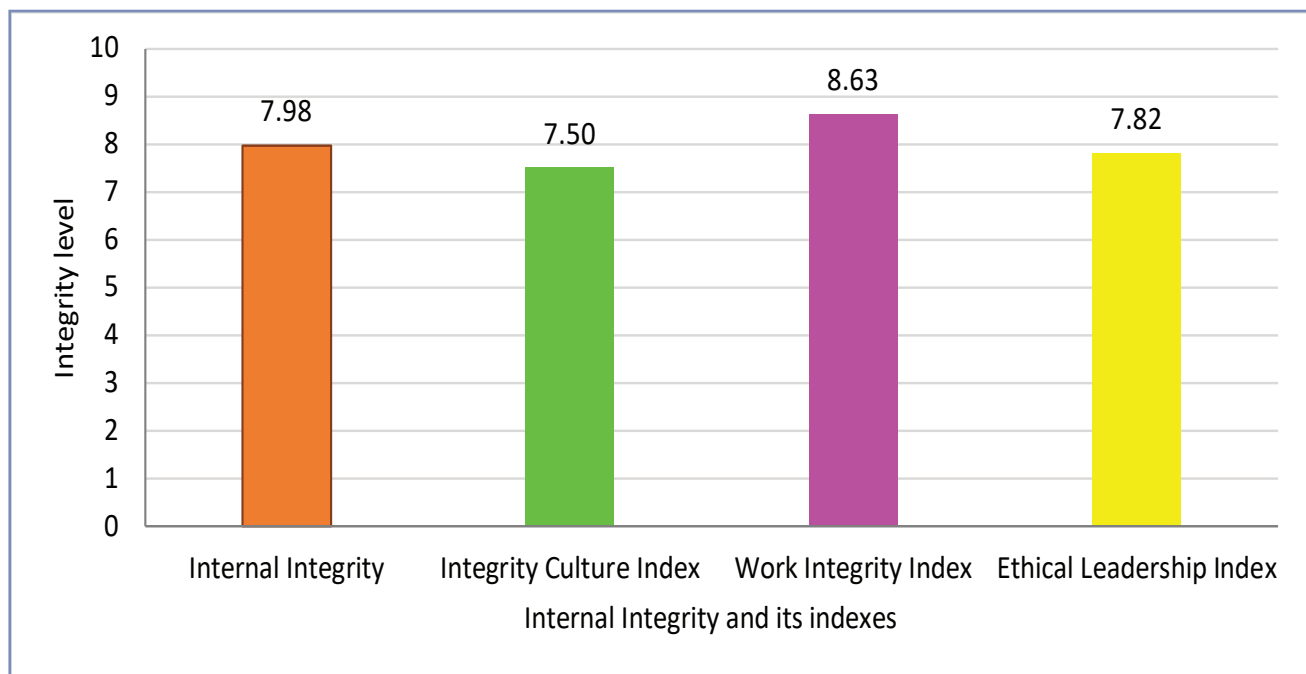
**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=9861, NIA 2019)

**Table 19** presents the *External Integrity* scores generated from the 13 survey items. Closer scrutiny of the table shows that the survey items which scored above nine are the frequency and amounts of payments in cash or kind, entertainment, and other forms of gratification. The observed increase in integrity scores indicates a decrease in the level of corruption in the agencies. In contrast, favours based on region or relationships and favour for specific individuals scored the least. Taken together, this indicates that favouritism, nepotism, and preferential treatment still exist while availing public services.

### 3.4 Internal Integrity and Its Indexes

**Internal Integrity** is assessed from the perception and experiences of the employees in public agencies and measures the level of organizational integrity, such as **Integrity Culture**, **Work Integrity**, and **Ethical Leadership**. With a score of 7.98, **Internal Integrity** has a Good Level of the score (see **Figure 9**). The score is mostly contributed by the work integrity index with 8.62. Work integrity measures the experiences and perceptions of corruption by employees in terms of personnel management, budget execution, and fairness in the assignment of work. **Integrity culture** contributed the least with a score of 7.50. It measures the integrity culture and checks the presence of corruption control systems in the agencies. The **Ethical Leadership Index** scored a Satisfactory Level of integrity with 7.82.

**Figure 9** Internal Integrity score



**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=4008, NIA 2019)

#### 3.4.1 Integrity Culture Index

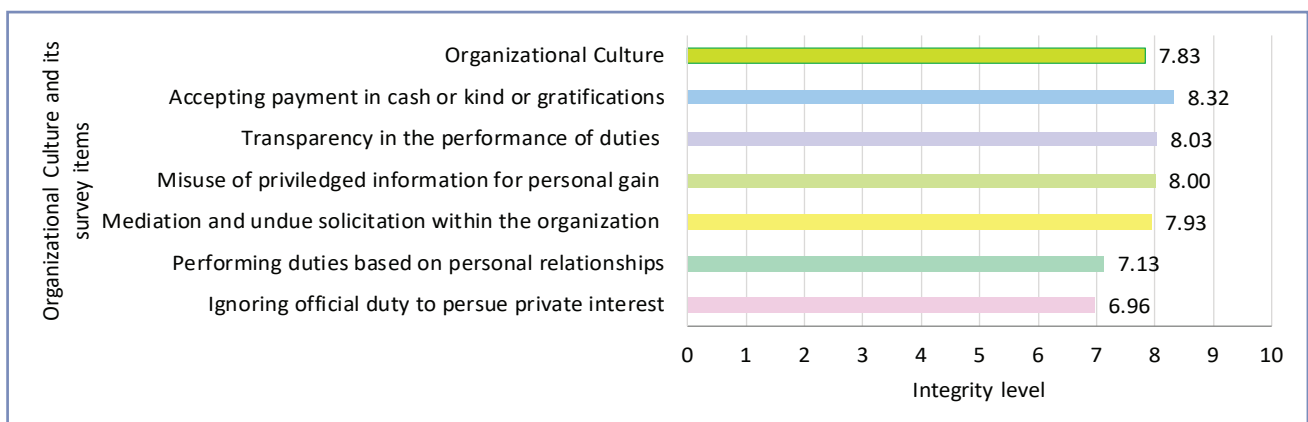
Integrity culture index assesses the organizational culture from the perspective of employees performing their duties and validates the presence of corruption control systems in the agencies. It comprises of organizational culture and corruption control system. Integrity culture accords a Satisfactory Level of integrity with a score of 7.50. This is mainly due to weak corruption control systems put in place in the public agencies as indicated by the score of 6.95, which falls in Need Improvement Level. However, organizational integrity culture scored a Satisfactory Level with 7.83 (see **Figure 10**). This is substantiated by the Need Improvement level of score in the fair assignment of works by heads or supervisors as depicted in **Figure 18**.

**Figure 10** Integrity culture index and its components

**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=4008, NIA 2019)

### 3.4.1.1 Organizational Culture

Organizational culture assesses the cultural characteristics within an organization for performing one's duty transparently, without pursuing a private interest, accepting and soliciting bribes, favouring certain sections of society, and corruption. Organizational culture is fundamental in guiding and determining the conduct of the employees. A weak organizational culture tends to encourage employees to involve in corrupt practices.

**Figure 11** Organizational culture and its survey items

**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=4008, NIA 2019)

As presented in **Figure 11**, **Organizational Culture** score is 7.83, which falls in the Satisfactory Level. Accepting payment in cash, kind or any forms of gratification has the highest score of 8.32. This also corroborates with the high score of experienced corruption in **External Integrity** where 1.31% of service users indicated having made payment in cash or kind, entertainment, and other forms of gratification. The survey items such as 'Transparency in the performance of duties', 'Mediation

and undue solicitation within the organization’, and ‘Misuse of privileged information for personal gain’ scored the Good Level of integrity with 8.03, 7.93, and 8.00 respectively. However, ‘Ignoring official duty to pursue private interest’ scored least with 6.96, which falls in Need Improvement Level. This strongly corroborates with the findings in **External Integrity** whereby the efforts to accomplish duties by the public officials, also scored low (7.23). Similarly, ‘Performing duties based on personal relationships’ is also in Need Improvement Level (7.13) indicating the existence of favouritism by the public officials.

**Table 20** shows the factors influential in providing services faster as perceived by the employees of an organization. The instruction from supervisors, friendship or family relationships, and instruction from the central government are the most influential factors to expedite the service delivery processes. Influence from school/college/training mates, influential/powerful person, and the same region/*Dzongkhag* is less as compared to other factors. The existence of favouritism or reciprocity based on a personal relationship in small and close-knit society is also confirmed by Jackson & Walton’s (2020) study entitled “Reciprocity Networks, Service Delivery, and Corruption: The Wontok System in Papua New Guinea”.

**Table 20** Most influential factors in providing service faster as perceived by employees

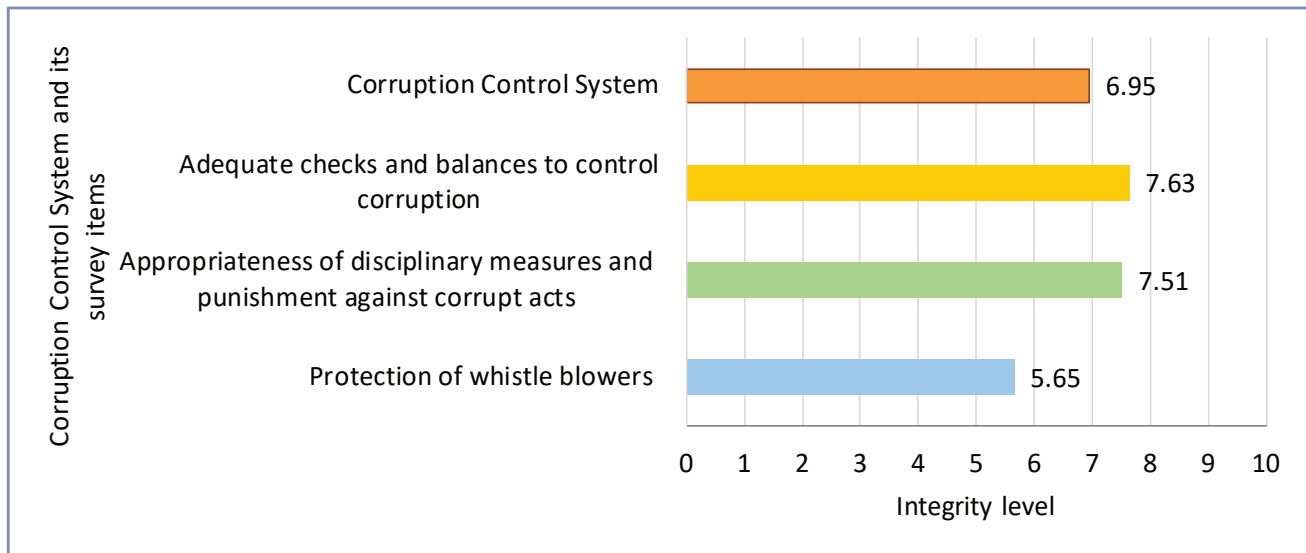
Influential factors in providing service faster	Frequency	Percentage
Instruction from supervisors	1539	21.36
Friendship	1465	20.33
Family relationship	1142	15.85
Instruction from Central Government	964	13.38
School/college/training mates	745	10.34
Influential person	664	9.22
Same region/ <i>Dzongkhag</i>	564	7.83
Others	122	1.69
<b>Total</b>	<b>*7205</b>	<b>100.00</b>

**Note.** Source (n=4008, NIA 2019) \*Total indicates the sum of all the responses to a multiple-response item

### 3.4.1.2 Corruption Control System

Corruption control system assesses whether agencies have instituted anti-corruption measures, such as whistleblowing systems, internal control systems, and those involved in corrupt acts are appropriately dealt with or not. The corruption control system scored 6.95 (see **Figure 12**) indicating low integrity and falls in Need Improvement Level. The score for the corruption control system is adversely affected by a low score in the protection of whistle-blowers with 5.65. This indicates that the agencies have not instituted an appropriate system to protect whistle-blowers. Similarly, the implementation of disciplinary actions against corrupt acts are ineffective.

Figure 12 Corruption control system and its survey items

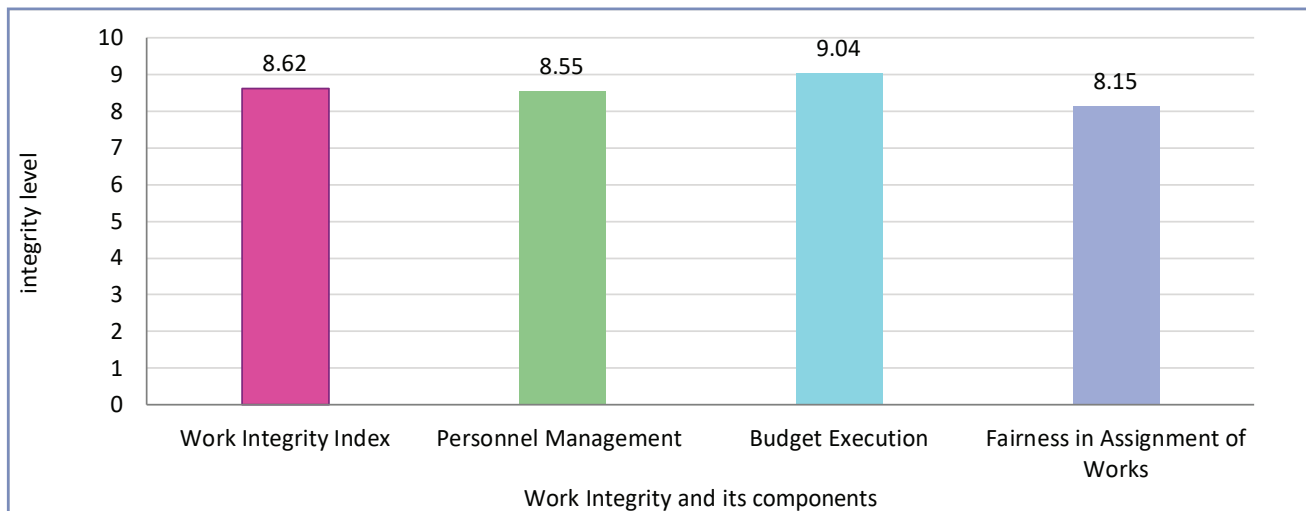


**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=4008, NIA 2019)

### 3.4.2 Work Integrity Index

**Work Integrity Index** assesses the perception and experiences of routine organizational functions, such as **Personnel Management**, **Budget Execution**, and **Fairness in Assignment of Works**.

Figure 13 Work integrity index and its components



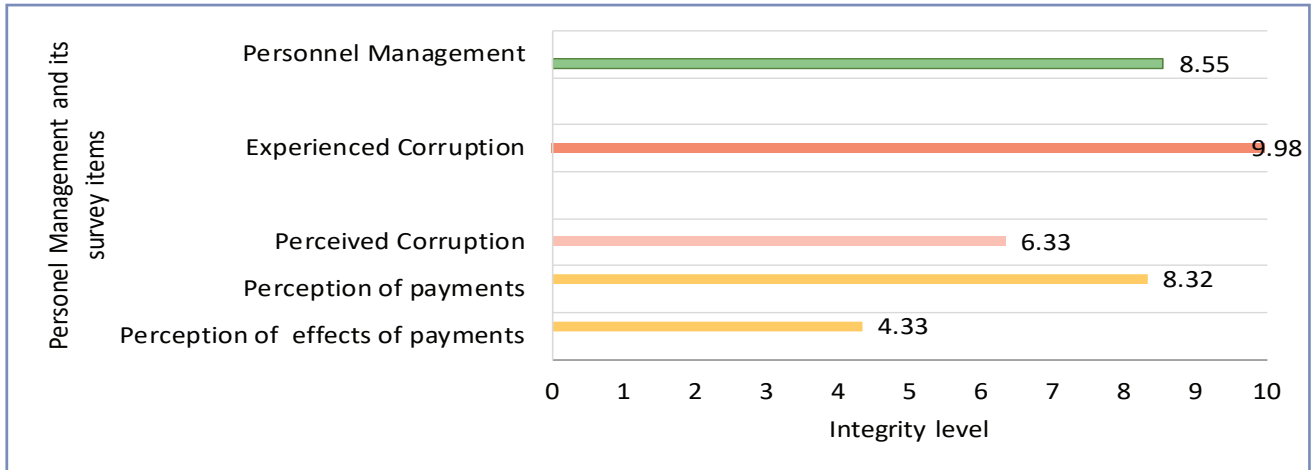
**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=4008, NIA 2019)

As can be seen from **Figure 13**, **Work Integrity** with the score of 8.62 is at an Outstanding Level contributed by the outstanding scores in **Personnel Management** and **Budget Execution**. The score for **Fairness in the Assignment of Works** has a very good score of 8.15. These scores indicate that the public officials have experienced less corruption while availing these services.

### 3.4.2.1 Personnel Management: Perceived and Experienced Corruption

**Personnel Management** refers to services related to human resources management, such as recruitment, training, promotion, and transfer. It assesses the condition of personnel management services based on the perception and experiences of the public officials.

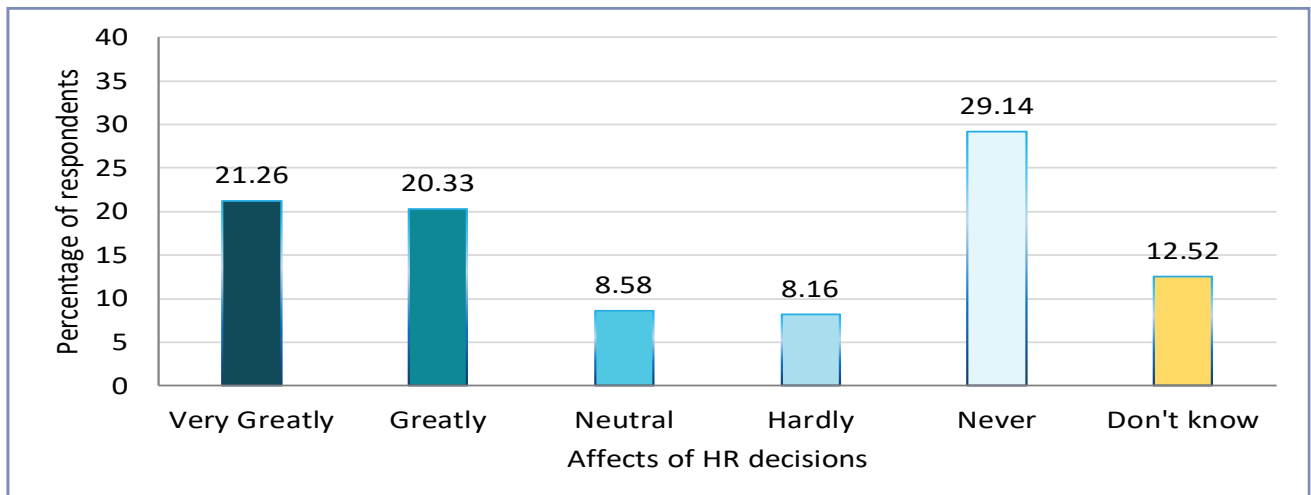
**Figure 14** Personnel management and its survey items



**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=4008, NIA 2019)

The **Personnel Management** integrity score is 8.55. This is mainly due to the outstanding score in the experienced corruption (9.98) concerning HR matters indicating fewer experiences of corrupt practices (see **Figure 14**). However, the score is adversely affected by a low score of perceived corruption in relation to HR matters, such as recruitment, training, promotion, and transfer (6.33). The low score in the perceived corruption is mostly affected by the perception of the effects of making payment in cash or kind and entertainments while making decisions related to HR matters (4.33). This is further confirmed by **Figure 15** where, 41.59% (Very Greatly and Greatly) of the public officials believe that if they make payment in cash or kind and entertainment, it could influence HR decision. Further, there are also 12.52% of the respondents who had no idea related to decisions in HR matters. This indicates that the disclosure of information or transparency related to HR matters is weak.

**Figure 15** Perception of providing payment in cash/kind and entertainment affects decisions related to HR matters

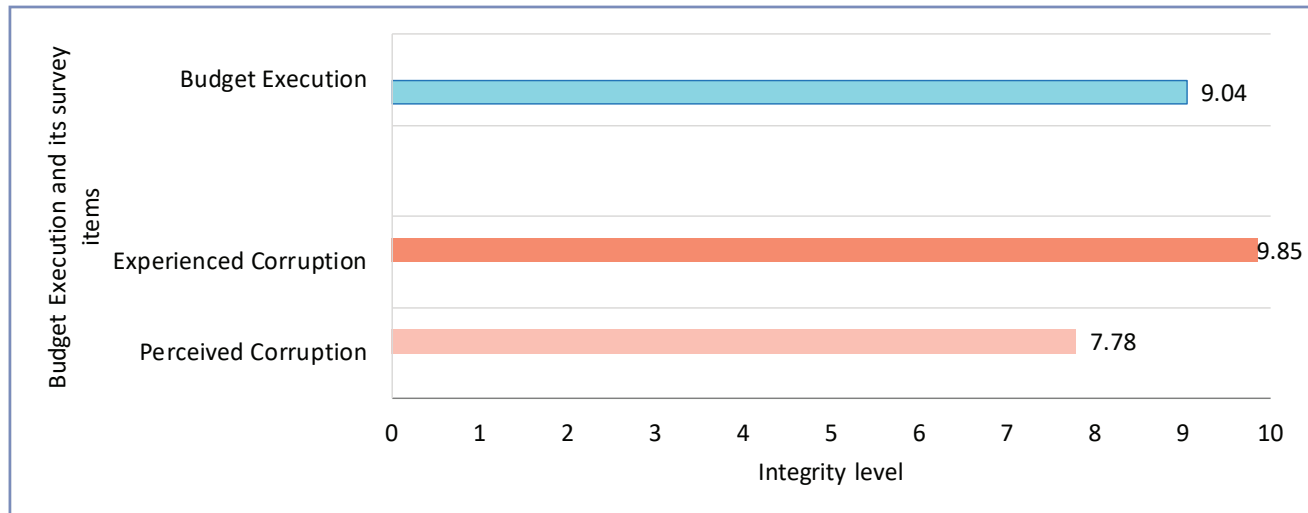


**Note.** Source (n=4008, NIA 2019)

### 3.4.2.2 Budget Execution: Perceived and Experienced Corruption

**Budget Execution** here refers to the utilization of budget including both capital and recurrent budget and travel expenses by the heads or public officials in the agencies. As presented in **Figure 16**, the manipulation of budget either by the heads of the agencies or other public officials are observed to be less. Conversely, the perception of manipulation of the budget for personal gains are high when compared to the experiences of corruption.

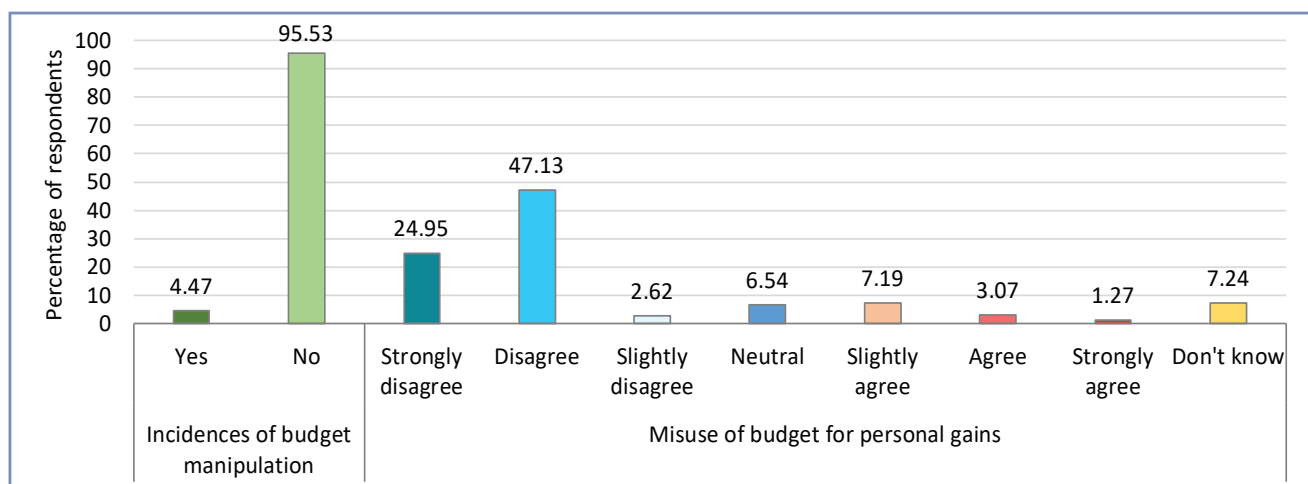
**Figure 16** Budget execution and its survey items



**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=4008, NIA 2019)

**Figure 17** represents the percentage of respondents who have observed manipulation in the execution of budget. At least 4.47% of the respondents reported they have observed manipulation in the execution of budget either by the heads of the agencies or other public officials. Similarly, 4.34% of the respondents revealed that some of their colleagues/public officials have misused budget for personal/family/friend's benefit.

**Figure 17** Percentage of manipulation in budget execution and misuse of the budget for personal



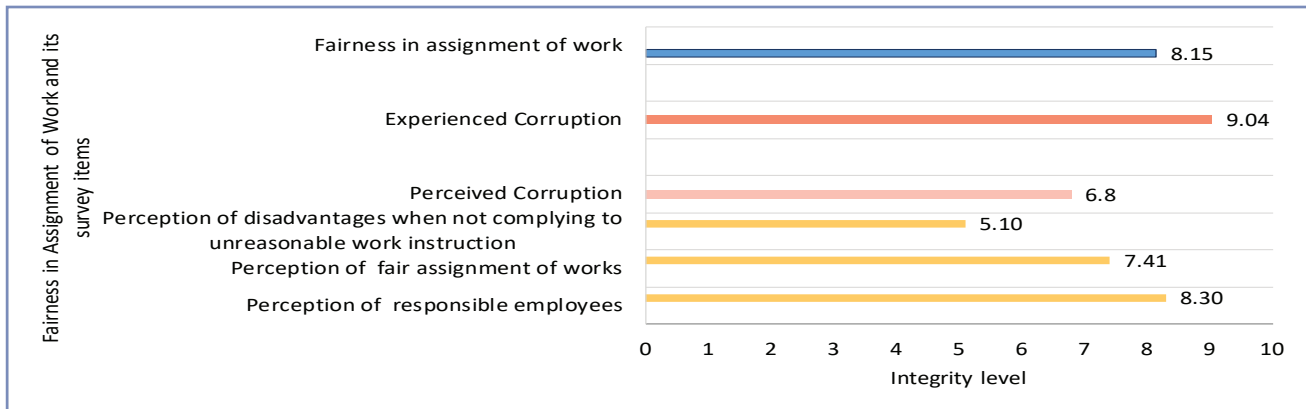
**Note.** Source (n=4008, NIA 2019)



### 3.4.2.3 Fairness in the assignment of work: Perceived and Experienced Corruption

**Fairness in the Assignment of Work** assesses how public officials carry out their duties responsibly and whether work is assigned fairly among the staff members in the agencies or not. As shown in **Figure 18**, the score of 6.80 for the perception of corruption is mainly attributed to the belief that public officials are disadvantaged when they do not comply with unreasonable work instructions from head/supervisors (5.10). The perception of fairness in the assignment of work with a score of 7.41 indicates that there is unfair assignment of works among the staff. On the other hand, the experienced corruption score of 9.04 shows that one in eight public officials have experienced unreasonable work instructions from the heads or supervisors (see **Table 38**).

**Figure 18** Fairness in the assignment of works and its survey items

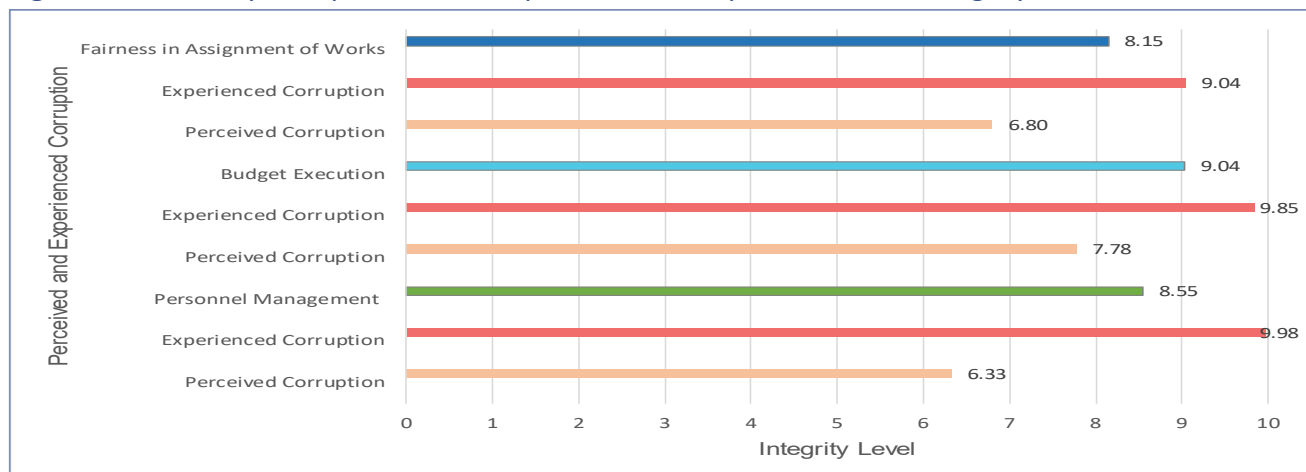


**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=4008, NIA 2019)

### 3.4.2.4 Comparative summary of Work Integrity Index

From **Figure 19**, the experience of corruption scored highest compared to the perception of corruption. The low scores in the perception of corruption indicate the existence of corruption in the public agencies as perceived by the public officials. The perception of the existence of corruption is highest in personnel management with a score of 6.33 as compared to fairness in the assignment of work (6.80) and budget execution (7.78). This confirms that public officials are experiencing unreasonable work instructions from heads or supervisors as in the case of NIA 2016.

**Figure 19** Summary of experienced and perceived corruption for work integrity index



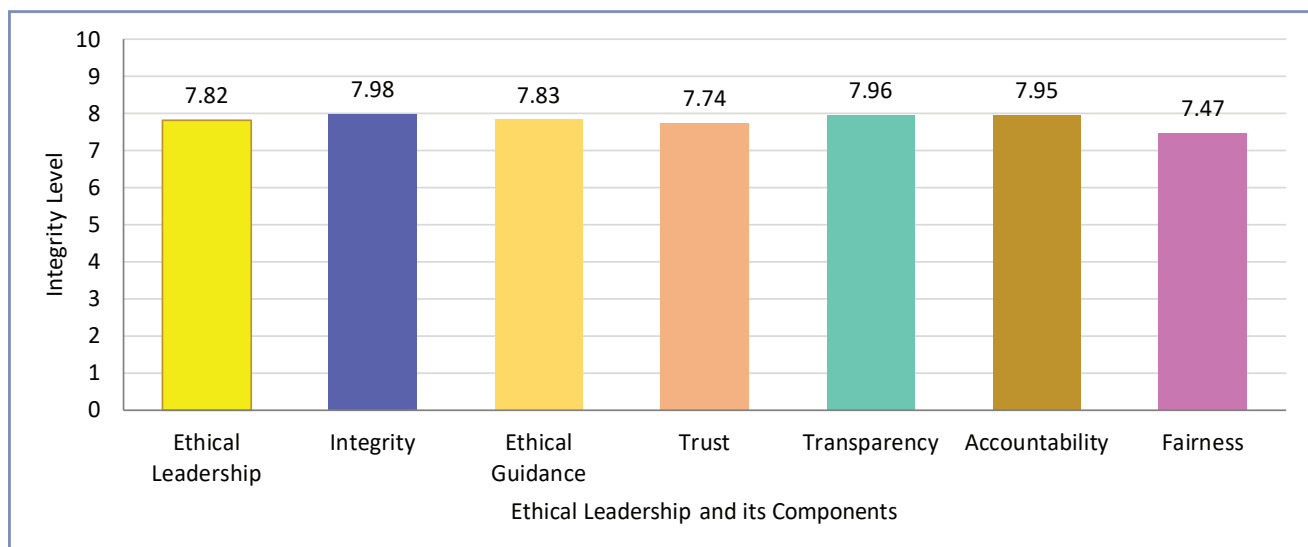
**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=4008, NIA 2019)

### 3.4.3 Ethical Leadership Index and its Components

There is a growing body of literature that recognizes the importance of ethical leadership as essential for the well-being of the organization and society. Advocates of ethical leadership argue that if the organizations fail due to illegal or improper conduct, everyone points to the ethical failure of leadership (Brown, 2005; Brown, Trevino, & Harrison, 2005; Trevino & Brown, 2014). Therefore, ethical leadership makes a strong normative assumption that should be pursued and valued in organizations.

The definition of ethical leadership by Brown et al. (2005) is widely used in the literature. Brown et al. (2005) defined ethical leadership as “the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making” (p. 120). Based on this literature (Brown et al, 2005; Trevino & Brown, 2014), the **Ethical Leadership Index** for NIA 2019 was developed. The **Ethical Leadership Index** is assessed in terms of leadership integrity, ethics, trust, transparency, accountability, and fairness.

**Figure 20** Ethical Leadership Index and its components



**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=4008, NIA 2019)

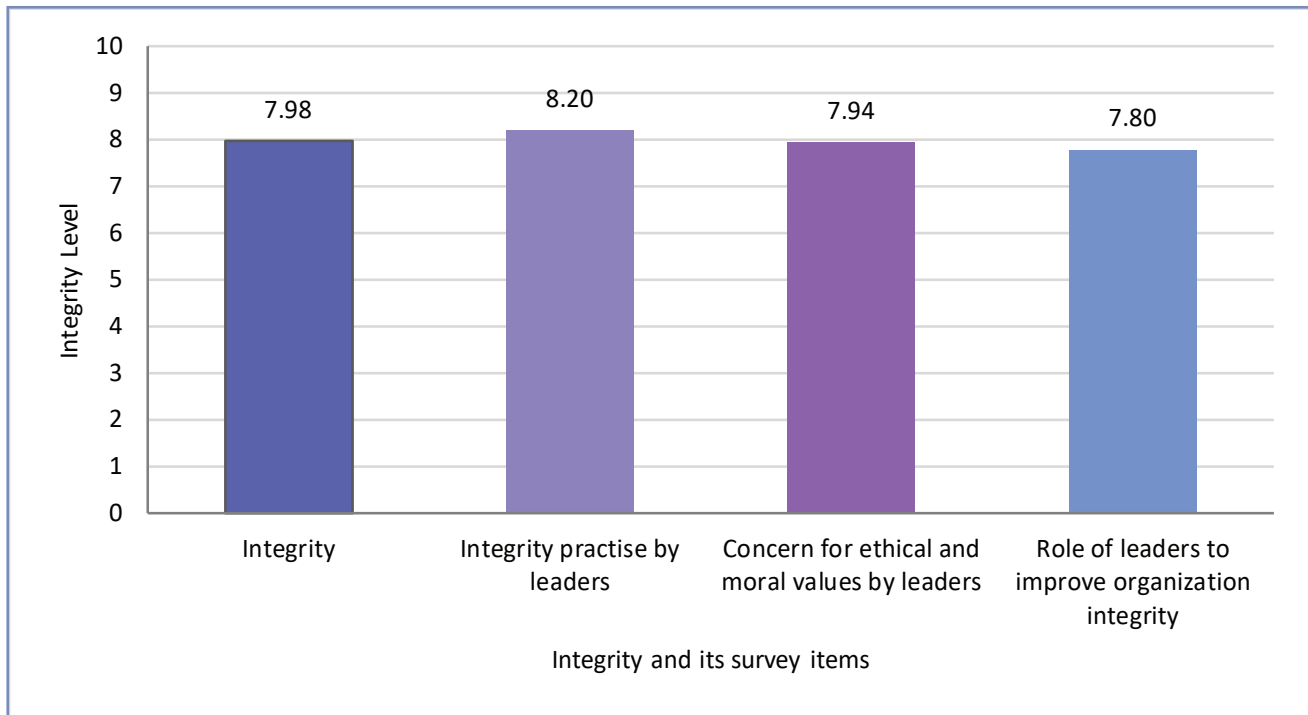
As shown in **Figure 20**, the **Ethical Leadership Index** score is generated based on the six components: integrity, ethics, trust, transparency, accountability, and fairness. It can be seen that **Ethical Leadership** scored 7.82, indicating a Satisfactory Level of integrity. The scores for integrity (7.98), transparency (7.96), and accountability (7.95) indicate a Good Level of **Ethical Leadership**. On the other hand, the scores for ethics (7.83) and trust (7.74) indicate satisfactory whereas the fairness (7.47) indicates need improvement.

#### 3.4.3.1 Integrity

For Yukl (2013), integrity is ‘trustworthiness and consistency between a person espoused values and behaviour’ (p.331). Furthermore, Colquitt et al. (2017) defined integrity as a feeling of fairness and moral charisma that helps individuals to cope with uncertainty and doubt. As integrity describes and

directs the moral values and behaviours of a leader (Becker, 1998), public officials begin to value the leaders' integrity to develop the working environment which in turn enhances the service delivery. In NIA 2019, integrity in **Ethical Leadership** assesses leaders' integrity in terms of integrity practices and concern for ethical and moral values by leaders, and the roles of leaders to improve organizational integrity.

**Figure 21** Integrity and its survey items



**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=4008, NIA 2019)

**Figure 21** shows that leadership integrity varied among the three survey items. The scores for integrity (7.98) and the role of leaders to improve organizational integrity (7.80) indicate a good and satisfactory leadership integrity level. On the other hand, the scores for integrity practice by leaders (8.20) and concern for ethical and moral values by leaders (7.94) indicate a very good and Good Level of leadership integrity.

The good leadership integrity practices were further substantiated as 87.27% (Slightly Agree to Strongly Agree) of the employees agreed that the head of the organization practices integrity. For example, 87.40% (Slightly Agree to Strongly Agree) of the employees agreed that their leaders do the right thing in everyday work as shown in **Table 21**.

As for the ethical and moral values, 82.99% (Slightly Agree to Strongly Agree) of the employees considered the leaders as honest in discussing matters with them. Likewise, 85.33% (Slightly Agree to Strongly Agree) of employees agreed that the actions of the leaders are guided by the principles of *Thadamtse and Layjumdrey*. Likewise, 88.27% (Slightly Agree to Strongly Agree) and 88.22% (Slightly Agree to Strongly Agree) agreed that the leaders and head of the organizations were good in keeping his/her actions consistent with the organization's values.

**Table 21:** Percentage of leadership integrity items in Ethical Leadership

Leadership Integrity Items	Strongly Disagree	Disagree	Slightly Disagree	Neutral	Slightly Agree	Agree	Strongly Agree	Don't know
The head of your organization practices integrity i.e. does the right thing in everyday work.	0.90	2.30	2.17	5.26	7.19	53.14	26.94	2.05
Leaders in your organization practice integrity i.e. do the right thing in everyday work.	0.62	2.20	2.37	6.09	9.95	58.71	18.74	1.32
The head of your organization keeps his/her actions consistent with the organization's values.	0.58	1.92	1.80	5.41	8.88	60.13	19.21	2.07
Leaders in your organization keep his/her actions consistent with the organization's values	0.45	1.70	1.62	6.06	9.61	63.99	14.67	1.90
Leaders in your organization are honest in discussing matters with the employees.	1.65	4.24	3.39	6.26	11.68	53.32	17.99	1.47
Leaders in your organization are guided by the principles of <i>Thadamste</i> and <i>Leyjumdrey</i> in their actions	0.82	2.47	2.40	7.01	10.63	56.23	18.49	1.95
Leaders in your organization abuse authority for personal gain.	15.69	51.05	3.94	8.18	8.11	6.19	1.40	5.44

**Note.** Source (n=4008, NIA 2019)

However, it is a matter of concern when almost 16% (Slightly Agree to Strongly Agree) of the employees reported that the leaders abuse their authority for personal gain. This is substantiated by the complaint analysis whereby most of the complaints were related to abuse of function by the heads or leaders as depicted in **Table 22**.

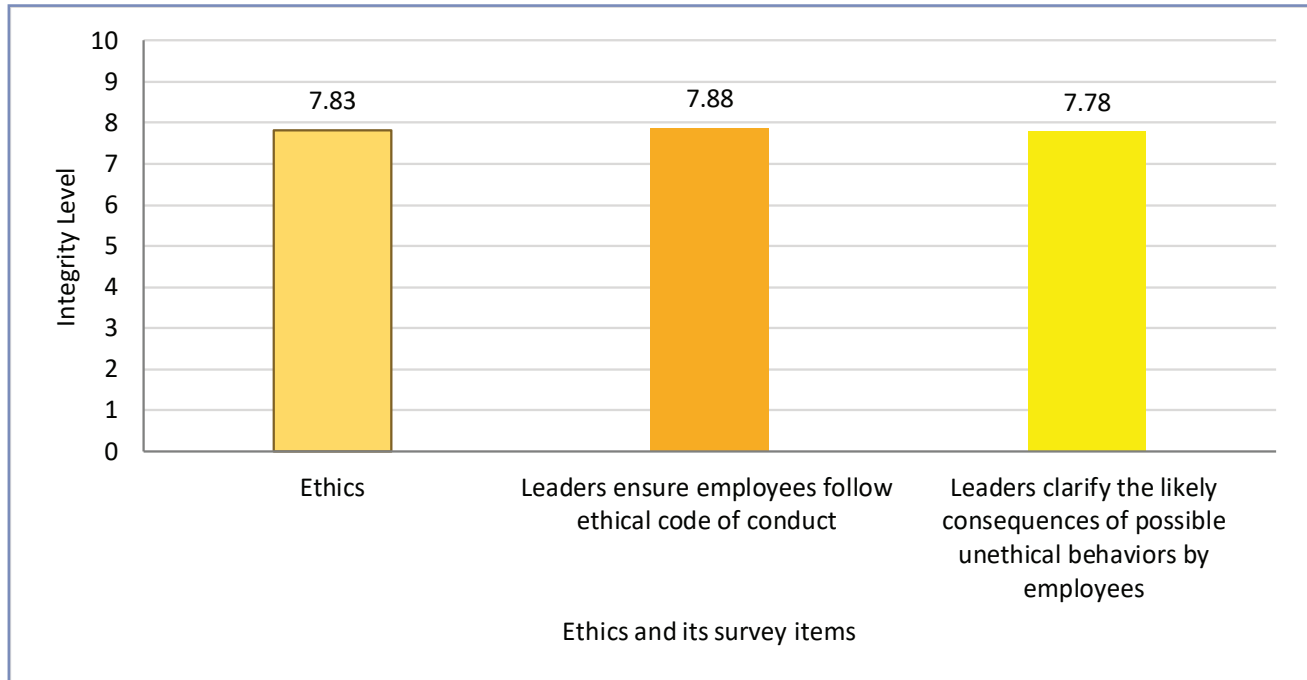
**Table 22** Percentage of complaints against an alleged position by alleged offence

Position of Alleged	Alleged Offence									
	Abuse of Function	Bribery	Conflict of Interest	Disproportionate Assets	Embezzlement	False Claim	Protection of Public Property and Revenue	Non-Pursuable Complaints	Others	Total
Head	65.12	0.00	1.16	0.00	3.49	0.00	0.00	24.42	5.81	100.00
Head & Leader	66.67	16.67	0.00	0.00	0.00	0.00	0.00	16.67	0.00	100.00
Head & Private Individual	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
Head & Staff	40.00	0.00	0.00	0.00	20.00	0.00	0.00	20.00	20.00	100.00
Head, Leader & Staff	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
Head, Staff & Private Individual	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
Leader	52.05	2.74	1.37	0.00	0.00	0.00	0.00	21.92	21.92	100.00
Leader & Private Individual	50.00	0.00	50.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
Leader & Staff	60.00	0.00	0.00	0.00	20.00	0.00	0.00	20.00	0.00	100.00
Leader, Staff & Private Individual	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	100.00
Not Specified	50.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	0.00	100.00
Private Individual	16.18	7.35	0.00	5.88	1.47	1.47	1.47	33.82	32.35	100.00
Staff	49.25	0.00	1.49	0.00	8.96	4.48	1.49	29.85	4.48	100.00
Staff & Private Individual	55.56	11.11	0.00	0.00	11.11	0.00	11.11	0.00	11.11	100.00
<b>Total</b>	<b>49.25</b>	<b>2.69</b>	<b>1.19</b>	<b>1.19</b>	<b>3.88</b>	<b>1.19</b>	<b>0.90</b>	<b>25.37</b>	<b>14.33</b>	<b>100.00</b>

**Note.** Source (Analysis of the complaints received in the FY 2018-2019)

### 3.4.3.2 Ethics

Leadership ethics refers to communication about ethics, explanation of code of conduct, discussion and promotion, and reward for ethical conduct among subordinates. It assesses the leader's role in promoting an ethical code of conduct and clarifying the likely consequences of unethical behaviours of employees in the agencies.

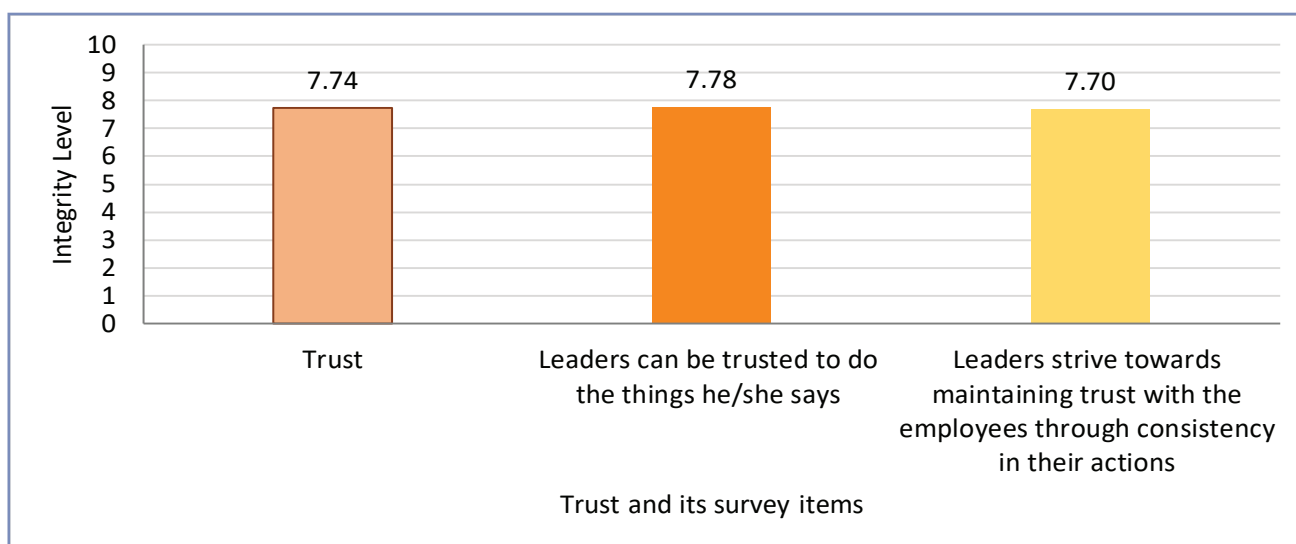
**Figure 22** Ethics and its survey items

**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=4008, NIA 2019)

The score for leadership ethics (7.83) is contributed by survey items, such as leaders ensure employees follow the ethical code of conduct (7.88) and leaders clarify the likely consequences of possible unethical behaviour by employees (7.78) as shown in **Figure 22**. This shows that leaders do not adequately ensure employees to follow the ethical code of conduct and clarify the likely consequences of possible unethical behaviour.

### 3.4.3.3 Trust

In the field of ethical leadership, various definitions of trust are found. According to a definition provided by Norman (2006) and Rousseau et al. (1998), trust is a mutual understanding that consists of respect and value between two persons. Likewise, Doney et al. (1998) defined trust as “a willingness to rely on another party and to take action in circumstances where such action makes one vulnerable to the other party”. While a variety of definitions of the term trust have been suggested, for NIA 2019, trust is defined as a generalized expectancy held by the employees of an organization towards the leaders’ word, promise, verbal, written statement or actions that can be relied on (Rotter, 1971 & 1990). The leadership trust is assessed in terms of honouring commitments and consistency in words and actions by the leaders.

**Figure 23** Trust and its survey items

**Note:** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=4008, NIA 2019)

With a score of 7.74 as in **Figure 23**, the employees' trust in leaders across the agencies is at a Satisfactory Level. The finding indicates that generally leaders can be trusted to do things he/she says as 86.93% (Slightly Agree to Strongly Agree) of the employees agreed on the same as shown in **Table 23**. Moreover, 86.92% (Slightly Agree to Strongly Agree) of the employees were confident about the skills, such as leadership and management skills in leaders. A majority of the employees, 86.92% (Slightly Agree to Strongly Agree), agreed that the leaders trust their employees in doing the work. Similarly, 83.84% (Slightly Agree to Strongly Agree) of the employees agreed that the actions of their leaders are consistent with the decisions made. However, leaders are weak in striving towards maintaining trust with employees through consistency in their actions as a score of 7.70 falls in Need Improvement Level.

**Table 23** Percentage of leadership trust items in Ethical Leadership

Leadership Trust Items	Strongly Disagree	Disagree	Slightly Disagree	Neutral	Slightly Agree	Agree	Strongly Agree	Don't know
The head of your organization can be trusted to do the things he/she says.	0.97	3.09	2.00	5.39	10.23	54.47	22.23	1.62
Leaders in your organization can be trusted to do the things he/she says.	0.67	2.82	2.2	6.16	13.42	59.16	14.35	1.22
Leaders in your organization trust you in doing your work.	0.55	1.05	1.22	5.34	6.84	62.07	19.14	3.79
You are confident about the skills (e.g. leadership skills, management skills) of leaders in your organization.	0.65	3.02	2.3	6.29	11.7	57.68	17.54	0.82
The actions of leaders in your organization are consistent with the decisions made.	0.82	2.94	3.77	7.41	13.3	59.31	11.23	1.22

**Note.** Source (n=4008, NIA 2019)

Therefore, trust in leaders ensures effective individual employees (Chughtai, Byrne, & Flood, 2014) and improves organizational performance as employees begin to display organizational commitment (Caldwell, 2008; Dirks, 2002; Gillespie & Mann, 2004).

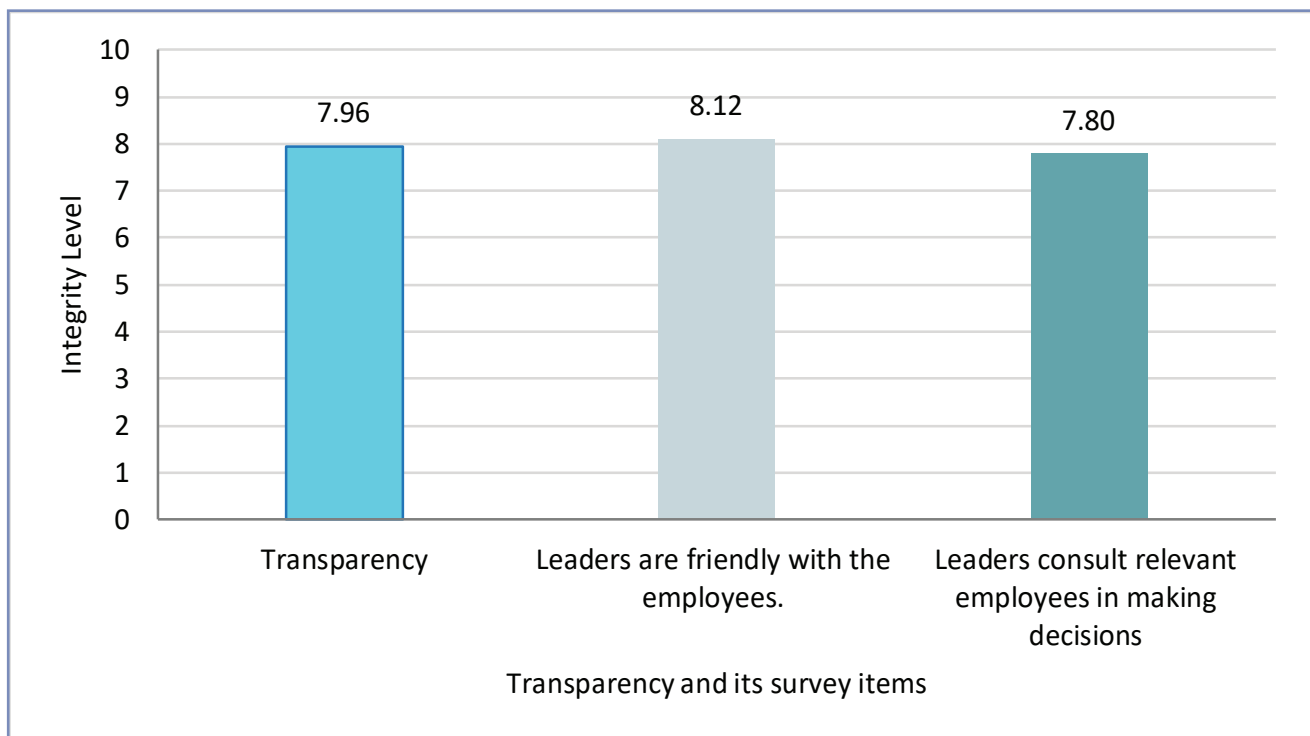
### 3.4.3.4 Transparency

Leadership Transparency is an important feature of ethical leadership even though the word is used explicitly. Since transparency has several meanings, the main aspects of transparency in the context of ethical leadership are clarity, accessibility, integration, logic, and rationality (Kim, 2008). Therefore, public officials must have fair access to information so that they can participate meaningfully in the public decision-making process.

Hood (2010) writes that transparency is ‘the conduct of business in a fashion that makes decisions, rules, and other information visible from outside’ (p. 989). In NIA 2019, Transparency refers to open decision-making based on sufficient information so that employees and the public can assess whether the relevant procedures are followed or not.

Transparency scored 7.96 (see **Figure 24**), indicating good leadership transparency which is mainly due to a Very Good score (8.12) for the friendliness of leaders with the employees. However, the score of leaders consulting relevant employees in making decisions (7.80) indicates a Satisfactory Level only.

**Figure 24** Transparency and its survey items



**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=4008, NIA 2019)

The good leadership transparency level is further demonstrated as 86.88% (Slightly Agree to Strongly Agree) of the employees agreed that the head of the organization communicates openly



with employees. In addition, 89.17% (Slightly Agree to Strongly Agree) of the employees agreed that leaders communicate openly with the employees as shown in **Table 24**. To illustrate, 85.07% (Slightly Agree to Strongly Agree) of the employees believed that the head of the organization consults relevant employees in making decisions.

**Table 24** Percentage of leadership transparency items in Ethical Leadership

Leadership Transparency Items	Strongly Disagree	Disagree	Slightly Disagree	Neutral	Slightly Agree	Agree	Strongly Agree	Don't know
The head of your organization communicates openly with employees.	1.07	3.97	2.62	4.39	9.66	52.34	24.88	1.07
Leaders in your organization communicate openly with employees.	0.68	3.24	2.45	3.74	12.3	57.61	19.26	0.72
The head of your organization consults relevant employees in making decisions.	1.11	3.49	2.82	5.11	10.00	56.21	18.86	2.40
Leaders in your organization admit their mistakes openly.	3.35	13.87	5.97	13.12	16.84	33.13	6.26	7.46

**Note.** Source (n=4008, NIA 2019)

However, 23.19% of the employees disagree that the leaders admit their mistakes openly. This is further supported by the complaints analysis, wherein a substantive portion of the complaints against heads and leaders were related to transparency issues as depicted in **Table 25**.

**Table 25** Percentage of complaints against an alleged position by issues

Position of Alleged	Main Issues				Total
	Accountability	Corruption	Transparency	Others	
Head	52.33	3.49	40.70	3.49	100.00
Head & Leader	66.67	0.00	33.33	0.00	100.00
Head & Private Individual	50.00	0.00	50.00	0.00	100.00
Head & Staff	40.00	20.00	40.00	0.00	100.00
Head, Leader & Staff	66.67	33.33	0.00	0.00	100.00
Head, Staff & Private Individual	75.00	0.00	25.00	0.00	100.00
Leader	50.68	5.48	41.10	2.74	100.00
Leader & Private Individual	50.00	50.00	0.00	0.00	100.00
Leader & Staff	60.00	0.00	40.00	0.00	100.00
Leader, Staff & Private Individual	100.00	0.00	0.00	0.00	100.00
Not Specified	50.00	0.00	0.00	50.00	100.00
Private Individual	57.35	5.88	20.59	16.18	100.00
Staff	46.27	14.93	34.33	4.48	100.00
Staff & Private Individual	44.44	33.33	22.22	0.00	100.00
<b>Total</b>	<b>52.24</b>	<b>8.06</b>	<b>33.73</b>	<b>5.97</b>	<b>100.00</b>

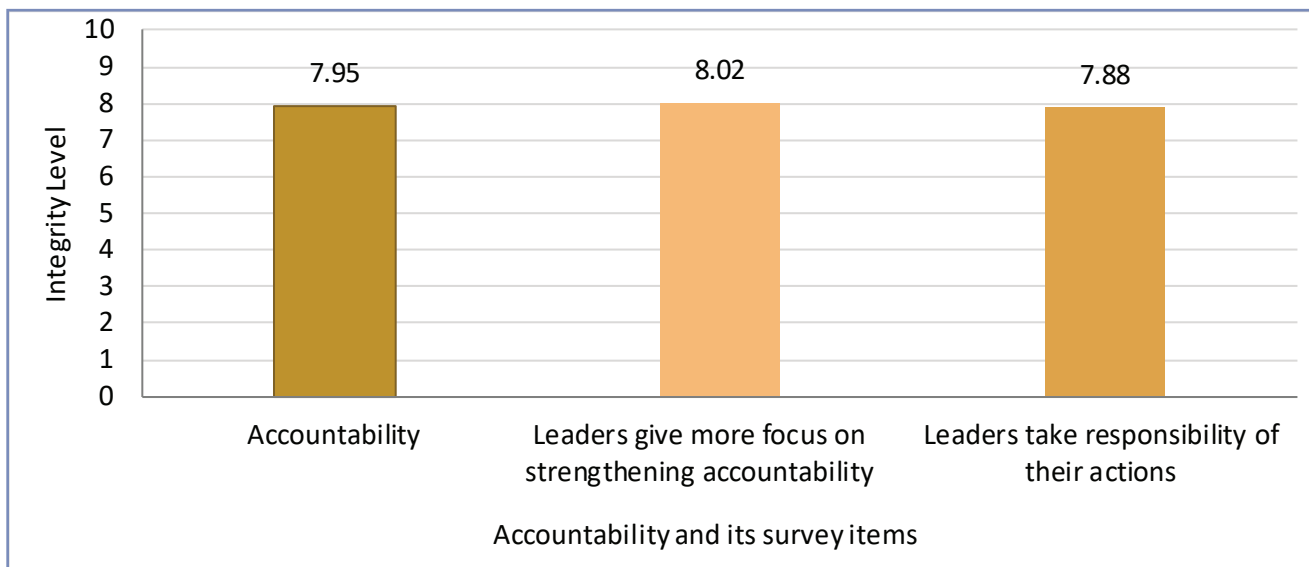
**Note.** Source (Analysis of the complaints received in the FY 2018-2019)

Collectively, these results indicate that leaders with ethical values promote transparency within organizations.

### 3.4.3.5 Accountability

Accountability refers to the ethical leaders' moral obligations to explain, make fair, and take responsibility for their decisions, actions, and execution. Moreover, the leader must behave according to standards and obligations opened up as regulations, guidelines, rules, techniques, and arrangements (Hussmann, 2011). Similarly, Hunt (2016) explains accountability as the readiness to explain pertinent gatherings for one's evaluation, demonstrations, goals, and prohibition when reasonably required in that capacity. For NIA 2019, leadership accountability refers to the degree of responsibility taken by leaders for their plans of action, behaviour, and results to strengthen accountability in the organizations.

**Figure 25** Accountability and its survey items



**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=4008, NIA 2019)

A leadership accountability score of 7.95 (see **Figure 25**) indicates a good accountability level. The findings indicate that leaders are good at focusing on strengthening accountability in organizations (8.02). Moreover, 92.06% and 92.51% (Slightly Agree to Strongly Agree) of the employees agreed that the head and the leaders of the organizations ensure that the activities are implemented in conformity with relevant laws and regulations respectively as shown in **Table 26**.

**Table 26** Percentage of leadership accountability items in Ethical Leadership

Leadership Accountability Items	Strongly Disagree	Disagree	Slightly Disagree	Neutral	Slightly Agree	Agree	Strongly Agree	Don't know
The head of your organization ensures that the activities of the organization are implemented in conformity with relevant laws and regulations.	0.37	1.00	1.15	3.92	6.39	61.84	23.83	1.50
Leaders in your organization ensure that the activities of the organization are implemented in conformity with relevant laws and regulations.	0.20	0.85	1.57	3.87	7.76	64.76	19.99	1.00
The head of your organization takes responsibility for his/her actions.	0.45	1.87	2.10	5.51	8.36	61.15	17.34	3.22
Leaders in your organization take responsibility for his/her actions.	0.40	1.97	2.07	6.04	10.95	63.90	12.33	2.35
Leaders in your organization hold employees accountable for their actions at work.	1.22	6.76	1.95	7.53	8.58	60.88	9.76	3.32

**Note.** Source (n=4008, NIA 2019)

In terms of leaders taking responsibility for their actions, the score 7.88 indicates a Satisfactory Level as almost 87% (Slightly Agree to Strongly Agree) of the employees agreed that both head and leaders take responsibility for his/her actions. However, only 79.22% (Slightly Agree to Strongly Agree) of the employees agreed that leaders hold employees accountable for their actions at work. Analysis of complaints also indicates that 70% of the complaints related to accountability are against the head, leaders, and staff of the organizations as shown in **Table 27**.

**Table 27** Percentage of issues in complaints by position

Position of Alleged	Main Issues			
	Accountability	Corruption	Transparency	Others
Head	25.71	11.11	30.97	15.00
Head & Leader	2.29	0.00	1.77	0.00
Head & Private Individual	1.14	0.00	1.77	0.00
Head & Staff	1.14	3.70	1.77	0.00
Head, Leader & Staff	1.14	3.70	0.00	0.00

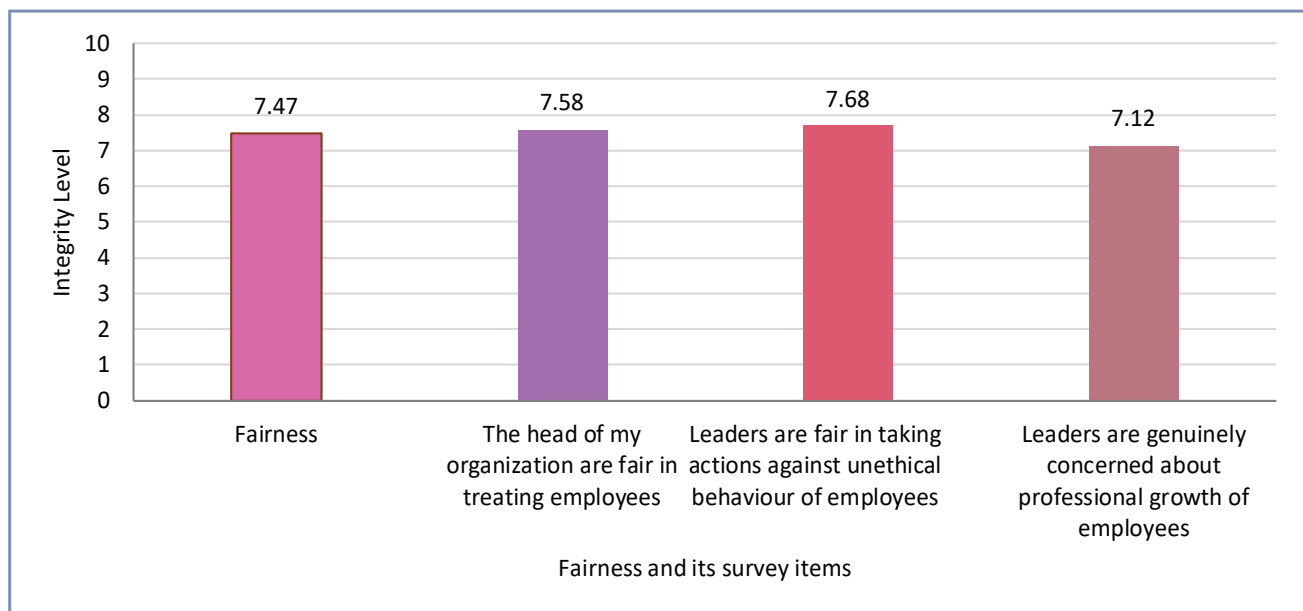
Head, Staff & Private Individual	1.71	0.00	0.88	0.00
Leader	21.14	14.81	26.55	10.00
Leader & Private Individual	0.57	3.70	0.00	0.00
Leader & Staff	1.71	0.00	1.77	0.00
Leader, Staff & Private Individual	0.57	0.00	0.00	0.00
Not Specified	0.57	0.00	0.00	5.00
Private Individual	22.29	14.81	12.39	55.00
Staff	17.71	37.04	20.35	15.00
Staff & Private Individual	2.29	11.11	1.77	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

**Note.** Source (Analysis of the complaints received in the FY 2018-2019)

### 3.4.3.6 Fairness

An advocate of ethical leadership argues that fairness is an important element of perceived ethical leader behaviour (Brown et al., 2005). Leadership fairness refers to the demonstration of fair and just behaviour of leaders in relation to their concern, actions, and decisions in treating the employees.

**Figure 26** Fairness and its survey items



**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=4008, NIA 2019)

The scores for fairness and its survey items show a Need Improvement Level as depicted in **Figure 26**. The Need Improvement Level in this component is mainly attributed to the low score (7.12) on leaders' genuine concern about the professional growth of employees. A study by Den Hartog & De Hoogh (2009) also shows that perceived leader fairness correlates with employees' higher commitment. While 80.04% (Slightly Agree to Strongly Agree) of the employees agreed that the leaders create a conducive working environment for employees to work independently, it is a matter of concern as 23.35% (Slightly Agree to Strongly Agree) of the employees agreed the leaders pursue his/her own interest at the expense of others as depicted in **Table 28**.

**Table 28:** Percentage of leadership fairness items in Ethical Leadership

Leadership Fairness Items	Strongly Disagree	Disagree	Slightly Disagree	Neutral	Slightly Agree	Agree	Strongly Agree	Don't know
Leaders in your organization create a conducive work environment for employees to work independently.	1.50	5.46	3.87	7.81	13.67	53.52	12.85	1.32
Leaders in your organization pursue his/her interests at the expense of others.	10.38	42.42	4.24	12.00	8.58	13.30	1.47	7.61

*Note.* Source (n=4008, NIA 2019)

### 3.5 Summary of the Scores for Internal Integrity

**Table 29** Overview of survey items for Internal Integrity and its scores

Survey items for Internal Integrity	Score	Level
<b>Internal Integrity</b>	<b>7.98</b>	<b>Good</b>
<b>Organizational Culture</b>	<b>7.83</b>	<b>Satisfactory</b>
Transparency in the performance of duties	8.03	Good
Mediation and undue solicitation within the organization	7.93	Good
Ignoring official duty to pursue a private interest	6.96	Need Improvement
Accepting payment in cash or kind or gratifications	8.32	Outstanding
Performing duties based on personal relationships	7.13	Need Improvement
Misuse of privileged information for personal gain	8.00	Good
<b>Corruption Control System</b>	<b>6.95</b>	<b>Need Improvement</b>
Protection of whistleblowers	5.65	Need Improvement
Appropriateness of disciplinary measures and punishment against corrupt acts	7.51	Need Improvement
Adequate checks and balances to control corruption	7.63	Need Improvement
<b>Personnel Management</b>	<b>8.55</b>	<b>Outstanding</b>
Perception of payment in cash or kind or entertainment	8.32	Outstanding
Effects of payment in cash or kind or entertainment in HR matters	4.33	Need Improvement
Frequency of payment in cash/kind offered in relation to HR matters	9.98	Outstanding
Amount of payment in cash/kind offered in relation to HR matters	9.99	Outstanding
Frequency of entertainment /gratifications offered in relation to HR matters	9.96	Outstanding
Amount of entertainment/gratifications offered in relation to HR matters	9.99	Outstanding
<b>Budget Execution</b>	<b>9.04</b>	<b>Outstanding</b>
Perception of misuse of the budget for personal gains	7.78	Satisfactory
Frequency of unjustifiable manipulation in the execution of the budget for personal gains	9.71	Outstanding

Amount of unjustifiable manipulation in the execution of the budget for personal gains	9.96	Outstanding
Frequency of unjustifiable manipulation in the execution of budget to favor family and friends	9.81	Outstanding
Amount of unjustifiable manipulation in the execution of budget to favor family and friends	9.96	Outstanding
<b>Fairness in Assignment of Work</b>	<b>8.15</b>	<b>Very Good</b>
Perception of responsible employees	8.30	Outstanding
Perception of fair assignment of work	7.41	Need Improvement
Perception of the disadvantages of not complying to unreasonable work instructions	5.10	Need Improvement
Frequency of unreasonable work instructions	9.04	Outstanding
<b>Ethical Leadership</b>	<b>7.82</b>	<b>Satisfactory</b>
<i>Integrity</i>	7.98	Good
Integrity practice by leaders	8.20	Very Good
Concern for ethical and moral values by leaders	7.94	Good
Role of leaders to improve organizational integrity	7.80	Satisfactory
<i>Ethics</i>	7.83	Satisfactory
Leaders ensure employees follow an ethical code of conduct	7.88	Satisfactory
Leaders clarify the likely consequences of possible unethical behaviors by employees	7.78	Satisfactory
<i>Trust</i>	7.74	Satisfactory
Leaders can be trusted to do the things he/she says	7.78	Satisfactory
Leaders strive towards maintaining trust with the employees through consistency in their actions	7.70	Satisfactory
<i>Transparency</i>	7.96	Good
Leaders are friendly with the employees	8.12	Very Good
Leaders consult relevant employees in making decisions	7.80	Satisfactory
<i>Accountability</i>	7.95	Good
Leaders give more focus on strengthening accountability	8.02	Good
Leaders take responsibility for their actions	7.88	Satisfactory
<i>Fairness</i>	7.47	Need Improvement
The head of my organization are fair in treating employees	7.58	Need Improvement
Leaders are fair in taking actions against the unethical behaviour of employees	7.68	Need Improvement
Leaders are genuinely concerned about the professional growth of employees	7.12	Need Improvement

**Note.** Source (n=4008, NIA 2019)

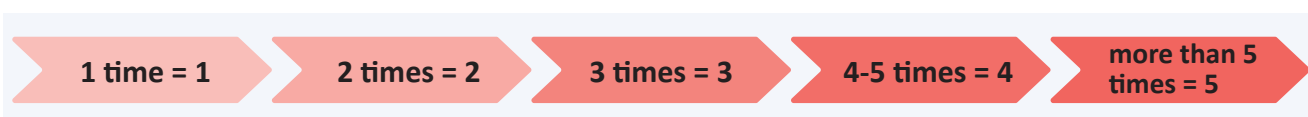
**Table 29** presents the scores for the 38 survey items that contributed to the **Internal Integrity** score. The effects of payments in cash or kind and entertainment scored the least with 4.33. Likewise, the perception of disadvantages of disobeying to unreasonable work instructions (5.10) and the effectiveness of whistleblowing also scored in Need Improvement (5.65).

Low score for the effect of payments in cash or kind and entertainment indicates that providing cash or kind, entertainment, and other forms of gratification in availing HR services, such as recruitment, training, promotion and transfers influence or affect decisions in the agency. However, experienced corruption scored highest in all the three components of **Work Integrity**.

### 3.6 Experience of Corruption

A growing body of literature has defined the experience of corruption in various ways (ACC, 2016; ACRC, 2015). However, while a variety of definitions of the term experience of corruption have been suggested, in NIA 2019 the experience of corruption is used to assess whether respondents make payment in cash or kind, entertainment, and other forms of gratification to public officials while processing services. More importantly, the service users were asked to reveal the frequency and amount of cash or kind, entertainment, and other forms of gratification provided to the public officials in the course of service delivery to ascertain the actual level of experienced corruption in 2018-2019 FY.

Following ACRC's Practical Guide on Integrity Assessment 2015, the average frequency of payments made in cash or kind, entertainment, and other forms of gratification is considered as follows:



#### 3.6.1 Experience of Corruption by External Clients or Service Users

Experience of corruption is assessed through the frequency and amount of payments made by the external clients to the public officials involved in processing the services. **Table 30** shows the average frequency and amount of payments made in cash or kind, entertainment, and other forms of gratification offered by external clients.

**Table 30** Average frequency, amount and ratio of payments in cash or kind, entertainment and other forms of gratification

Payments made in cash or kind, entertainment and other forms of gratification	
The average frequency of payments in cash or kind	2.46
The average amount of payments in cash or kind	Nu. 5,991.15
The ratio of payments made in cash or kind	1:379
The average frequency of entertainments offered (such as food and drinks)	3.09
The average amount of entertainments offered (such as food and drinks)	Nu. 5,594.85
The ratio of entertainments offered (such as food and drinks)	1:147
The average frequency of other forms of gratifications offered	3.5
The ratio of other forms of gratifications offered	1:274

**Note:** Source (n=9861, NIA 2019)

As shown in **Table 30**, an average frequency of payments made in cash or kind is 2.46 based on the responses of 26 respondents who admitted having made payments in cash or kind. A similar trend is also noticeable, whereby 67 respondents offered entertainment and 36 respondents offered other forms of gratification respectively. In other words, 129 (1.31%) respondents had to make payments in cash or kind, entertainment, and other forms of gratifications while availing public services. In terms of ratio, the findings indicate that One in 379 service users have to make payments in cash or kind while availing services. Similarly, One in 147 service users has to offer entertainments and One in 274 has to offer other forms of gratifications while availing services.

This reaffirms that Bhutan is in a better scenario in terms of experiences of corruption in public service delivery as compared to other countries in Asia. For instance, a study by Campbell and Thomas (2019) found that on an average 2 in five people had paid a bribe when they access key public services in Cambodia, Indonesia, Malaysia, Myanmar, Thailand, and Vietnam. Likewise, a public opinion study in South Asia (Bangladesh, India, Maldives, Nepal, Pakistan, and Sri Lanka) by Hardoon and Heinrich (2011) confirmed that 39% of the service users paid a bribe to avail one of the nine services.

Besides, as portrayed in **Table 30**, in terms of the average amount of payments in cash or kind and entertainment provided by the external clients, Nu. 5,991.15 was the average payments made in cash or kind as reported by the 26 respondents and Nu. 5,594.85 was the average amount of entertainment as reported by the 67 respondents. A significant decrease in the average amount of payments in cash or kind, entertainment, and other forms of gratification was recorded as compared to NIA 2016.

### 3.7.1.1 Other Forms of Gratifications

According to a definition provided by the Malaysian Anti-Corruption Commission (2016), the gratification may be money, donation, gift, loan, fee, reward, valuable security, property, any office, dignity, employment, contract of employment or services or any undue advantage. In the same vein, other forms of gratification in NIA 2019 are accommodation, transportation, gifts, lending money (interest-free), and overseas trip.

**Table 31** Other forms of gratification

Forms of Gratifications	Number of responses	Percent of responses
Gifts	17	44.74
Accommodation	3	7.89
Transportation	3	7.89
Lending money (interest-free)	1	2.63
Overseas trip	0	0.00
Others	14	36.84
<b>Total</b>	<b>*38</b>	<b>100.00</b>

**Note.** Source (n=9861, NIA 2019) \*Total indicates the sum of all the responses to a multiple-response item



As shown in **Table 31**, 44.74% of the respondents reported providing gifts. 7.89% reported having provided transportation, 7.89% revealed having provided accommodation, and 2.63% revealed lending money (interest-free). The percentage of gifts offered to public officials by the service users has increased by 11.44% as compared to NIA 2016.

Together these results provide important insights into providing gifts to the public officials has become the most prevalent form of expression of gratitude. With such a deeply embedded culture of gift-giving as an expression of gratitude, it will only increase the expectation of the public officials. Providing gifts to speed up service delivery is not only unethical but also devious when the public officials are mandated to perform their official duties.

### 3.7.1.2 Timing of Payments Made in Cash or Kind, Entertainment, and Other Forms of Gratifications

To better understand the timing of payments made in cash or kind, entertainment, and other forms of gratifications, it is classified into five distinct types as shown in **Table 32**.

**Table 32** Timing for payments in cash or kind, entertainments, and gratifications (in percentage)

When provided?	Cash or kind	Entertainments	Gratifications
Before processing of the work	23.53	22.97	24.44
During the processing of the work	38.24	33.78	33.33
After processing of the work	29.41	32.43	31.11
During Settlement of accounts	5.88	0.00	8.89
On special occasions such as holidays or events	2.94	6.76	2.22
Others	0.00	4.05	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

**Note.** Source (n=9861, NIA 2019)

It can be seen from **Table 32** that 38.24% of the respondents reported making payments in cash or kind while availing the services. Likewise, 29.41 % reported making payments after processing the work and 23.53% indicated making payments before processing the services. Additionally, payments made in cash or kind were also provided during the settlement of the accounts and on special occasions like holidays or events as reported by 5.88% and 2.94% respondents respectively. The payments in the form of entertainment and other forms of gratification also follow similar trends with that of payment in cash or kind.

Payments made in cash or kind, entertainment, and other forms of gratification tend to be high whereas before processing of the work high in the NIA 2016. Taken together, these results suggest that the nature of the timing of payments made has transitioned from before processing to during the processing of the work. This could be due to the nature of services availed by the general public and the introduction of e-services.

### 3.7.1.3 Reasons for Making Payments in Cash or Kind, Entertainment, and Other Forms of Gratifications

There are many reasons why people make payments in cash or kind and entertainment and other forms of gratifications as presented below:

**Table 33** Reasons for making payments in cash or kind, entertainment, and other forms of gratifications

Reasons	Cash/kind (%)	Entertainments (%)	Gratifications (%)
Requested by the public official on duty	6.67	1.23	7.32
To expedite the work process	26.67	20.99	36.59
To avoid paying the penalty	16.67	1.23	2.44
As an appreciation for the service	16.67	34.57	36.59
As a customary practice	13.33	35.80	17.07
Others	20.00	6.17	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

**Note.** Source (n=9861, NIA 2019)

As can be seen from **Table 33**, the highest percentage of respondents (26.67%) made payment in cash or kind to expedite the work process. Similarly, the highest number of respondents (36.59%) have provided other forms of gratification to expedite the work process and as an appreciation for the service respectively. However, the highest number of respondents (35.80%) have provided entertainment, such as food and drinks as a customary practice followed by the appreciation for the service (24.57%). It is evident that the least number of public officials on duty have requested for payment in cash or kind and entertainments (6.67% and 1.23% respectively). Likewise, the least number of respondents have provided other forms of gratifications (2.44%) and entertainment (1.23%) to avoid paying penalties. There is a decrease in the number of respondents who indulge in making payments in cash or kind as compared to NIA 2016. However, to expedite the work process was reported as the main reason for providing cash or kind or other forms of gratification in both studies. Correspondingly, Hardoon and Heinrich (2011) found that in six South Asian countries bribe was paid to access service, avoid the problem with the authorities, and to expedite the process of public service delivery. In the same way, World Bank (2002) also reported that poor bribe to access services whereas rich bribe to speed up the process in availing the services.

## 3.7.2 Experience of Corruption by Internal Client or Service Provider

This section describes the experiences of corruption from the perspective of internal clients who have availed internal services related to HR, budget, and assignment of work in the agencies.

### 3.7.2.1 Personnel Management

**Table 34** illustrates the average frequency and amount of payments in cash or kind, entertainment and other forms of gratification provided by the internal clients in relation to availing HR services such as recruitment, training, promotion, and transfer.

**Table 34** Average frequency, ratio, and amount of payments in cash or kind, entertainment, and other forms of gratification provided in relation to personnel management.

Payments in cash or kind, entertainment and other forms of gratification in relation to HR matters	
The average frequency of payments in cash or kind	2.92
The average amount of payments in cash or kind	Nu. 12,053.85
The ratio of payments in cash or kind	1:308
The average frequency of entertainment & other forms of gratification	2.27
The average amount of entertainment & other forms of gratification	Nu. 2,433.33

**Note.** Source (n=4008, NIA 2019)

From **Table 34**, it is apparent that the average frequency of payments made in cash or kind related to personnel management (2.92) has reduced compared to NIA 2016 (3.67). Also, a similar trend was noticed in the average amount of payments in cash or kind (Nu. 12,053.85), whereby the amount has reduced significantly compared to NIA 2016 (Nu.70,000). The ratio shows that one in 308 employees have to make payments in cash or kind while availing HR services. The result shows that there is no significant reduction in the average frequency of entertainment and other forms of gratification compared with NIA 2016. However, the average amount of entertainment and other forms of gratification have reduced significantly compared to NIA 2016.

### 3.7.2.2 Reasons for Making Payments in Cash or Kind, Entertainment and Other Gratifications in Relations to HR Matters

There are many reasons why respondents resort to making cash or kind, entertainment, and other forms of gratification in availing HR services are set out in **Table 35**.

**Table 35** Reasons for making payments in cash or kind, entertainment and other forms of gratification in relation to personnel management

Reasons	Number of responses	Percentage of responses
Requested by immediate supervisors	550	9.30
Requested by Human Resource Committee members	405	6.85
Requested by Human Resource Officer	226	3.82
To get access to privileged information	951	16.08
As an appreciation for processing HR services	1040	17.59
To obtain an undue advantage	1556	26.31
It is a customary practice	619	10.47
Others	567	9.59
<b>Total</b>	<b>*5914</b>	<b>100.00</b>

**Note.** Source (n=4008, NIA 2019) \*Total indicates the sum of all the responses to a multiple-response item.

As **Table 35** shows, 26.31% of those who made payments agreed that the reason for providing cash or kind, entertainments, and other forms of gratification was to obtain an undue advantage in availing HR services. Similarly, 17.59% of the respondents reported that they made the payment as an appreciation for processing HR services. Furthermore, the respondents also reported to have made payments to access privileged information (16.08%), as a customary practice (10.47%), and as requested by immediate supervisor (9.30%). There were also other reasons as reported by 9.59% of respondents, which includes grabbing an opportunity, lack of strong legal framework, reciprocity, and weak internal control system.

### 3.7.2.3 Budget Execution

The term budget execution is used here to refer to utilization of budget including both capital and recurrent budget and travel expenses by the head or employees in an organization. This definition takes into account the average frequency and amount of unjustifiable manipulation in the execution of the budget for personal gain and favour family or friends.

**Table 36** Average frequency and amount of manipulation in the execution of the budget for personal gain and to favour family and friends

Manipulation in the execution of the budget for personal gain and to favour family and friends	
The average frequency of manipulation in the execution of the budget for personal gain	3.73
The average amount of manipulation in the execution of the budget for personal gain	Nu. 3,10,404.9
The average frequency of manipulation in the execution of the budget to favour family & friends	4.39
The average amount of manipulation in the execution of the budget to favour family & friends	Nu. 1,25,444.6

**Note.** Source (n=4008, NIA 2019)

From **Table 36**, the average frequency of unjustifiable manipulation in the execution of the budget for personal gain is 3.73 and the average amount of unjustifiable manipulation in the execution of the budget for personal gain is Nu. 3,10,404.9. Likewise, the average frequency of unjustifiable manipulation in the execution of budget to favour family and friends is 4.39 and the average amount of unjustifiable manipulation in the execution of budget to favour family or friends is Nu. 1,25,444.6. Taken together, these results suggest that the occurrence of unjustifiable manipulation of the budget for personal gains as well as for family or friends have reduced compared to NIA 2016.

### 3.7.2.4 Reasons for Manipulation in the Execution of the Budget

**Table 37** provides insights for unjustifiable manipulation in the execution of the budget. The results indicate that the head and employees of the organization indulge in unjustifiable manipulation in the execution of budget due to the weak internal control system (22.83%), lack of ethics among individuals (20.20%), poor leadership (16.20%), and insufficient pay and allowances (16.11%). Furthermore, respondents shared other reasons for unjustifiable manipulation in the execution of the budget, such as personal gain, high living standards, and poor management. Similarly, the BTI (2016) found that wants and greed are the main causes of corruption in Bhutan.

**Table 37** Reasons for manipulation in the execution of the budget

Reasons	Number of responses	Percentage of responses
Insufficient pay and allowance	1242	16.11
Established practice	305	3.96
Poor leadership	1249	16.20
Due to external pressure, lobbying, solicitation, etc.	441	5.72
Lack of ethics among individuals	1557	20.20
Inefficient implementation of policies	796	10.33
The weak internal control system	1760	22.83
Others	359	4.66
<b>Total</b>	<b>*7709</b>	<b>100.00</b>

**Note.** Source (n=4008, NIA 2019) \*Total indicates the sum of all the responses to a multiple-response item.

### 3.7.2.5 Fairness in the Assignment of Work

One of the ways to measure **Work Integrity** is to explore fairness in the assignment of work in an agency. A study on fairness in assignment of work (Akech, 2011) found that there is a significant loophole in the institutional framework in which the public servants were not empowered to resist illegal instructions of their senior officials, resulting in grand corruption. This is even more relevant to Bhutan given the cultural acceptance of respecting and accepting the seniors' instruction.

**Table 38** Average frequency and ratio of unreasonable work instructions from heads/supervisors

Unreasonable work instructions from heads/supervisors	
The average frequency of unreasonable work instructions from heads/immediate supervisors	3.66
The ratio of unreasonable work instructions from heads/supervisors	1:8

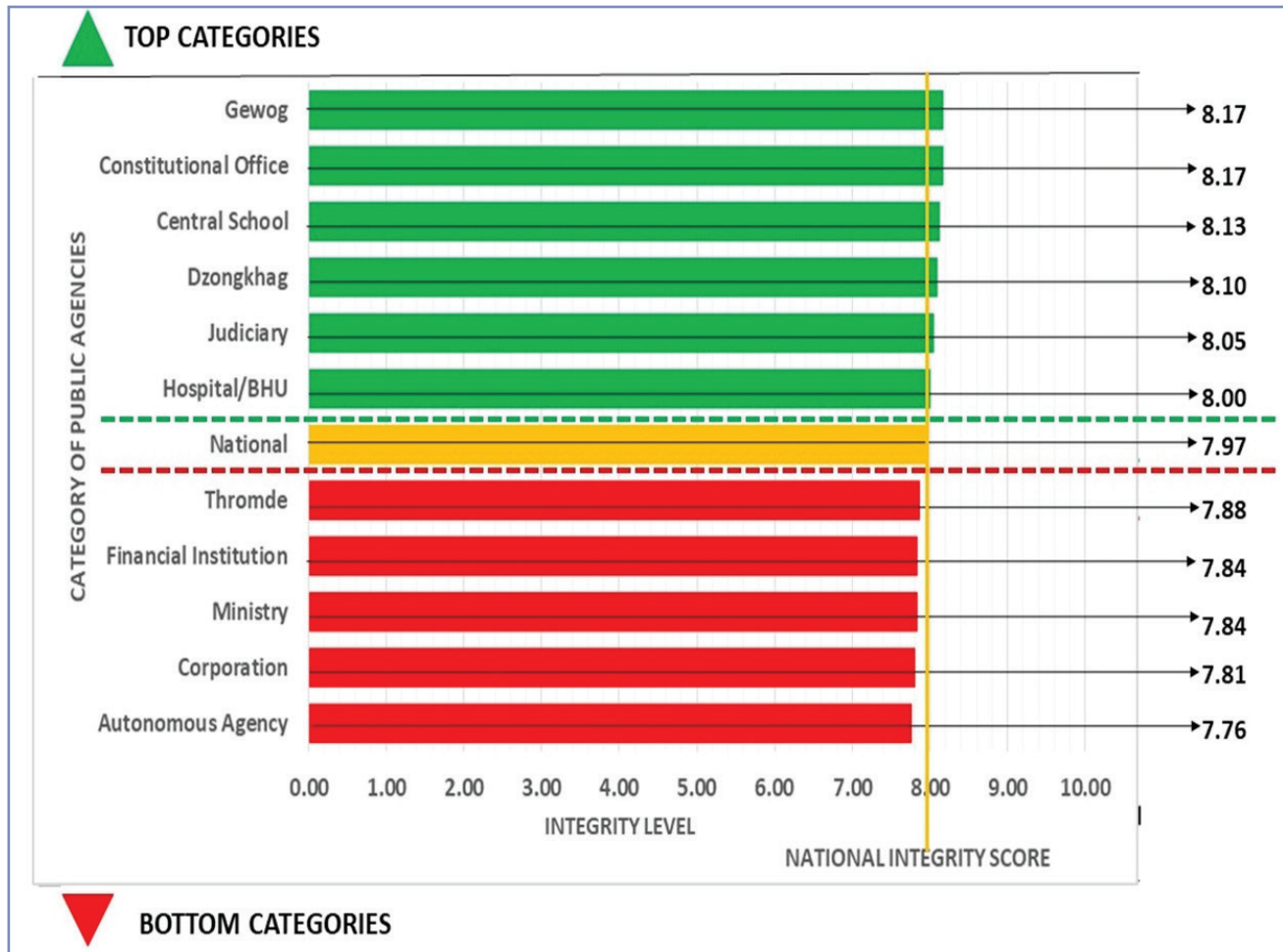
**Note.** Source (n=4008, NIA 2019)

As depicted in **Table 38**, the average frequency of work instructions given to the subordinates by the head/ immediate supervisors is 3.66. This is based on the 535 respondents, who revealed that they were given unreasonable work instructions by the head of the agency or by their immediate supervisors. This indicates that one in every eight employees has received unreasonable work instructions in the 2018-2019 FY as in the case of NIA 2016.

## 3.7 Integrity by Category of Public Agencies

Integrity score comparison among the category of public agencies is aimed at determining the level of integrity and identifying areas for promoting integrity, transparency, accountability, and efficiency of public service delivery in the agencies. It compares the integrity level of the following category of public agencies: Ministry, Constitutional Office, *Dzongkhag*, *Thromde*, *Gewog*, Corporation, Autonomous Agency, Judiciary, Financial Institution, Central School, and Hospital/BHU. **Figure 27** shows the level of integrity by the category of public agencies.

Figure 27 Level of integrity by the category of public agencies



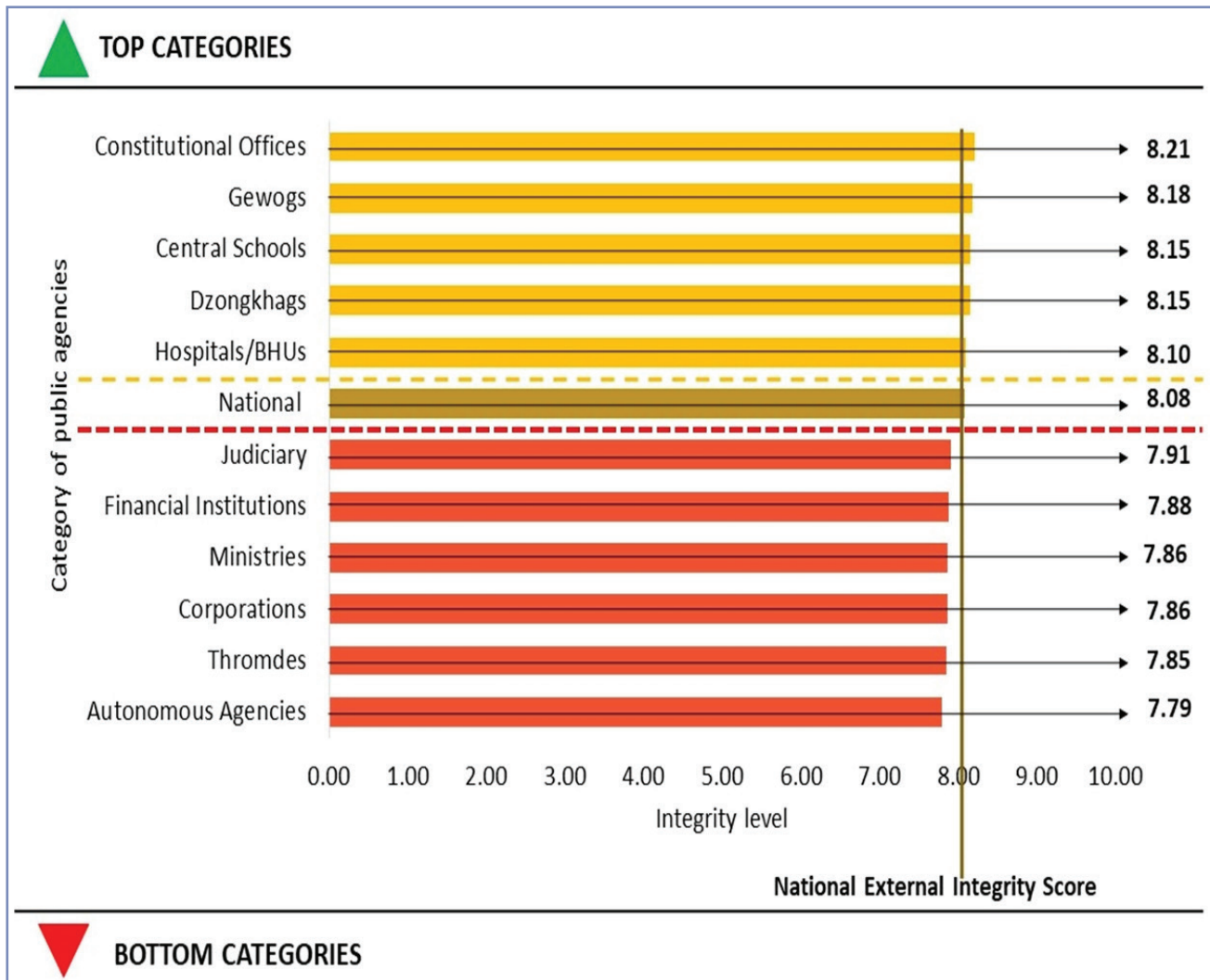
**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=13869, NIA 2019)

Overall, the constitutional office and the *Gewog* scored highest with 8.17 each, while the autonomous agency scored lowest with 7.76. The high scores for constitutional offices and the *Gewogs* are attributed to the Outstanding Level of scores in the corruption index of **External Integrity** and work integrity index of internal integrity. On the other hand, low scores for autonomous agencies are attributed to Need Improvement Level of scores in the accountability index of **External Integrity** and corruption control system of internal integrity.

### 3.8 External Integrity Scores by Category of Public Agencies

As depicted in **Figure 28**, the constitutional offices scored the highest with 8.21 in **External Integrity** while the autonomous agencies scored the least (7.79). This indicates that services provided by the constitutional offices are better in terms of information dissemination related to services, transparency, fairness, and accountability as compared to other categories of public agencies.



**Figure 28** External Integrity Scores by the Category of Public Agencies

**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=9861, NIA 2019)

Furthermore, all the categories of public agencies scored less than 7.74 in their accountability index indicating a Need Improvement Level as shown in **Table 39**. However, it is reassuring to note that all the categories of public agencies have scored an Outstanding Level in the corruption index indicating a low level of corruption in the agencies.

**Table 39** External Integrity scores by category of public agencies

Category of Public Agencies	Transparency Index	Accountability Index	Corruption Index
<i>Gewog</i>	8.01	7.41	8.68
Constitutional Office	7.90	7.16	8.71
Central School	7.96	7.52	8.61
<i>Dzongkhag</i>	7.92	7.40	8.61
Judiciary	7.58	6.96	8.52
Hospital/BHU	8.12	7.17	8.48

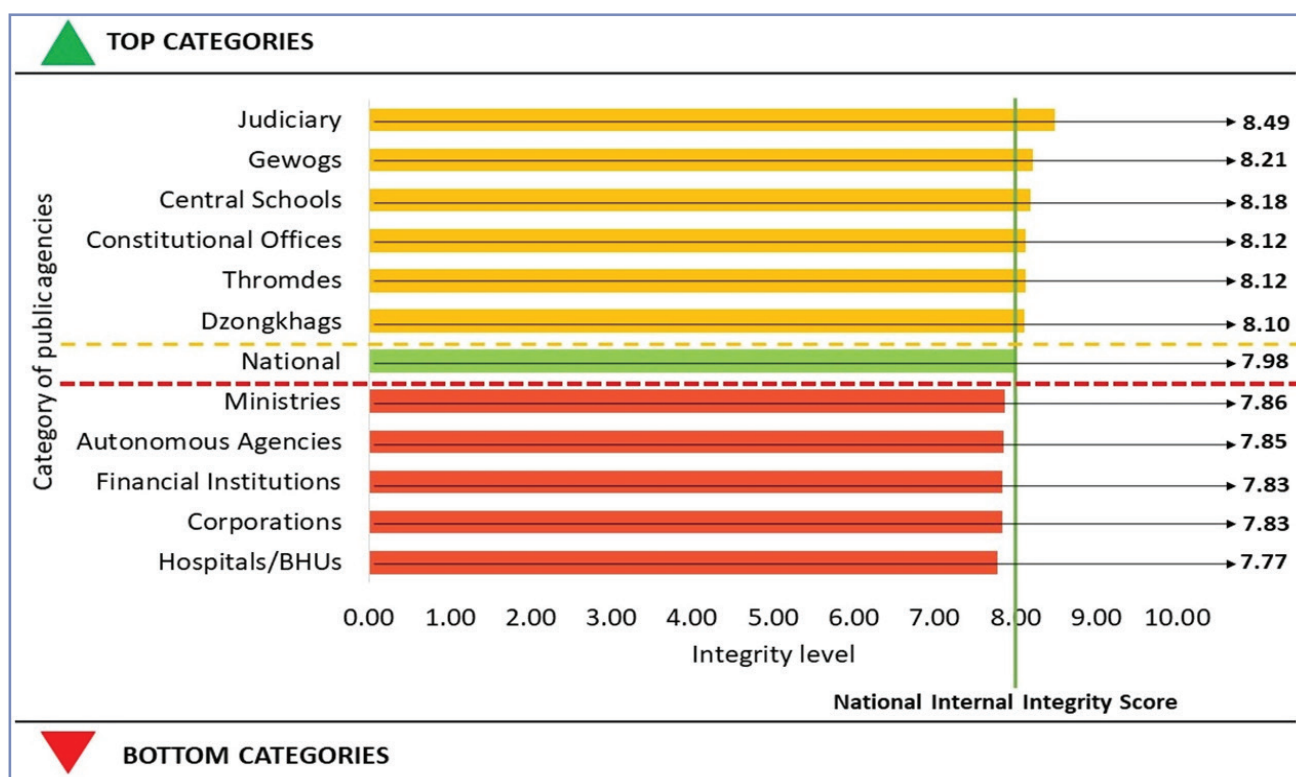
<i>Thromde</i>	7.68	6.92	8.36
Financial Institution	7.83	6.66	8.35
Ministry	7.72	6.93	8.39
Corporation	7.73	6.69	8.44
Autonomous Agency	7.66	6.58	8.37

**Note:** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=9861, NIA 2019)

### 3.9 Internal Integrity Scores by Category of Public Agencies

In internal integrity, judiciary scored 8.49, the highest of all other categories of agencies while the hospitals/BHUs scored the least with 7.77 (see **Figure 29**). The budget execution in Judiciary has contributed more (9.48) to **Internal Integrity** indicating a very low level of misuse of the budget by the head or employees in the agency.

**Figure 29** Internal Integrity by Category of Public Agencies



**Note:** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=4008, NIA 2019)

Similarly, the budget execution component of all the categories of public agencies in **Internal Integrity** achieved a significant score of 8.70 and above. However, the corruption control system in almost all the categories of agencies (hospitals/BHUs, central schools, ministries, *Gewogs*, corporation, and *Dzongkhag*) scored the least (less than 7 points) as presented in **Table 40**. The low scores for the corruption control system indicate the absence or weak implementation of policies and strategies to encourage and protect the whistle-blowers in the public agencies.



**Table 40** Internal Integrity scores for components of Integrity Culture, Work Integrity, and Ethical Leadership indexes

Category of Public Agencies	Integrity Culture Index			Work Integrity Index		Ethical Leadership Index
	Organizational Culture	Corruption Control System	Personnel Management	Budget Execution	Fairness in Assignment of Work	Ethical Leadership
<i>Gewog</i>	8.11	6.95	8.69	9.05	8.50	7.93
Constitutional Office	7.98	7.65	8.93	9.15	8.09	7.89
Central School	7.98	6.75	8.84	9.11	8.46	8.25
<i>Dzongkhag</i>	7.99	6.99	8.49	9.07	8.33	8.03
Judiciary	8.33	7.25	8.91	9.48	8.86	8.45
Hospital/BHU	7.86	6.26	8.55	8.70	8.42	7.49
<i>Thromde</i>	7.86	7.00	8.71	9.12	8.17	7.34
Financial Institution	7.81	7.59	8.37	9.21	8.17	8.02
Ministry	7.71	6.76	8.51	9.02	7.97	7.60
Corporation	7.63	6.82	8.58	8.95	7.87	7.64
Autonomous Agency	7.76	6.90	8.39	8.89	8.00	7.64

**Note:** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=4008, NIA 2019)

In terms of **Ethical Leadership**, the judiciary scored the highest (8.45) compared to other categories of public agencies (see **Table 41**). The high score in **Ethical Leadership** indicates the presence of strong leadership commitments in terms of enhancing integrity, transparency, and accountability. This could be attributed to the smallness of the agencies. In contrast, *Thromdes* scored the least (7.34) in **Ethical Leadership**. This is due to the low score in trust (4.32) which is the least as compared to the scores of other categories of public agencies (see **Table 40**). This indicates a lack of trust between the leaders (head of the agencies and departments/sectors) and employees in the *Thromdes* as a result of leaders not being consistent in their actions and the commitment they made.

**Table 41** Internal Integrity scores for survey items of Ethical Leadership

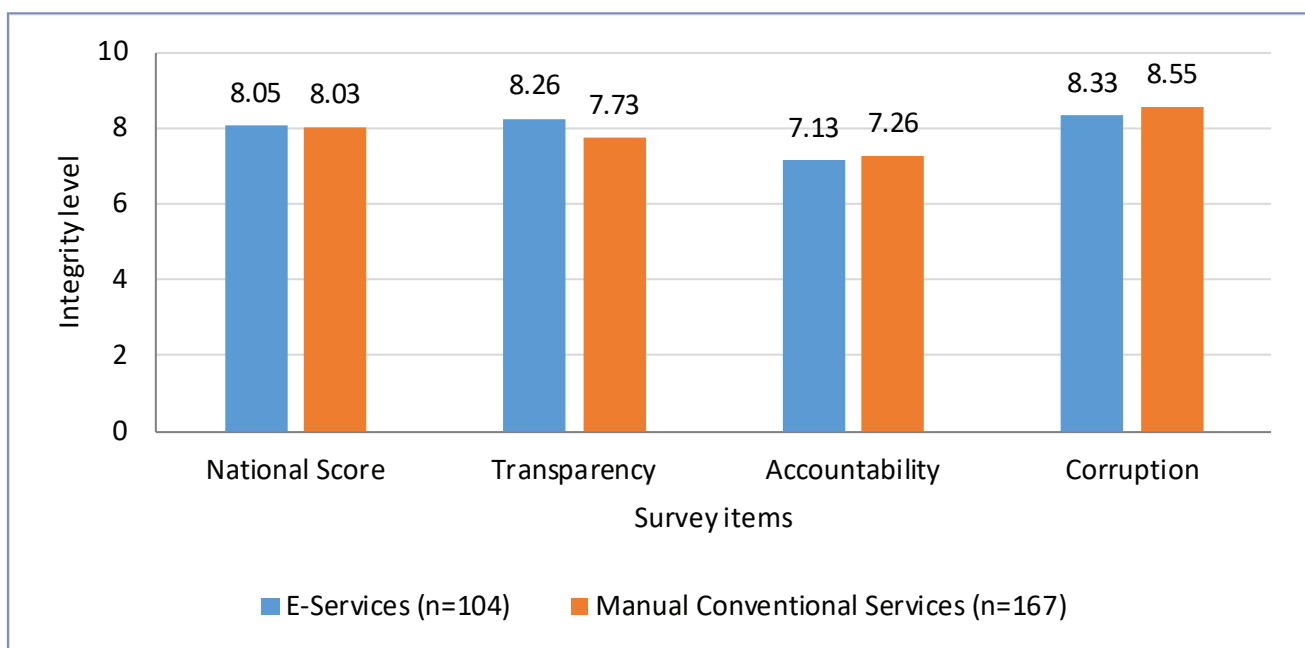
Category of Public Agencies	Components of Ethical Leadership					
	Integrity	Ethics	Trust	Transparency	Accountability	Fairness
<i>Gewog</i>	8.00	7.97	7.78	8.06	8.24	7.50
Constitutional Office	8.09	7.79	7.86	8.24	7.95	7.40
Central School	8.31	8.33	8.11	8.42	8.26	8.06
<i>Dzongkhag</i>	8.23	8	7.97	8.12	8.12	7.75
Judiciary	8.72	8.34	8.42	8.38	8.56	8.24
Hospital/BHU	7.48	7.71	7.44	7.67	7.60	7.04
<i>Thromde</i>	8.09	8.01	4.32	8.14	8.00	7.47
Financial Institution	8.24	8.1	7.82	8.04	8.17	7.73
Ministry	7.76	7.46	7.61	7.75	7.75	7.25
Corporation	7.83	7.69	7.58	7.70	7.79	7.24
Autonomous Agency	7.76	7.63	7.52	7.92	7.81	7.23

**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=4008, NIA 2019)

### 3.10 E-Services and Manual Conventional Services

The services provided by the public agencies are either online, semi-online, or manual conventional services. For better comparison, the services which are being provided fully online are compared against the manual conventional services. The objectives for comparison of e-services and manual conventional services are to examine the differences in terms of transparency, accountability, efficiency, and corruption as assessed by the service users. The e-services considered for the comparison are; security clearance, audit clearance, and electricity bill payment services. These three services are compared against the manual conventional services such as supply of commercial timber, approval and renewable of trade licenses and payment of fines or penalties for traffic rule violations.

**Figure 30** Integrity scores of different components of e-services and manual conventional services



**Note.** 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean; Source (n=271, NIA 2019)

In general, e-services scored higher (8.05) than the manual conventional services (8.03). The major differences in scores are accorded in the transparency index. E-services scored 8.26 in transparency, which is higher by 0.53 as compared to manual conventional services. Since e-services have a minimal interface with the service users, it has a higher opportunity to deliver services in a fair, transparent, and efficient manner. This is also because e-services can be availed in a short duration with less complexity in the process by the service users. The lower scores of **Accountability** and **Corruption Indexes** indicate that the e-services can only be as good as the people who operate them and are not foolproof against wrongdoings. As depicted in **Figure 30**, the **Corruption Index** for e-services is 8.33, which is lower than that of manual conventional services (8.55). Close examination of data reveal that the lower score for **Corruption Index** of e-services is mainly due to incidences of payments in cash or kind and entertainments before processing services indicating collusion between service users and providers to manipulate systems as the risks of being caught is narrow in absence of checks and balances.

The Need Improvement Level score for **Accountability Index** and incidences of corruption in e-services is attributed to a lack of periodic monitoring and auditing of the systems despite ACC's recommendation in NIA 2016. The issue of accountability in e-services is confirmed by RAA (2019b) where "there is neither periodic monitoring or reporting mechanism nor reporting framework instituted to report system status/progress".

**Table 42** Education qualification of service users for e-services and manual conventional services

Education Level	Manual Conventional Services		E-Services	
	Frequency	Percentage	Frequency	Percentage
Post Graduate	1	0.60	12	11.54
Graduate	7	4.19	54	51.92
Diploma/Certificate	4	2.40	21	20.19
High School	47	28.14	17	16.35
Primary	21	12.57	0	0.00
Functionally Literate (able to read, write and understand)	20	11.98	0	0.00
No education	67	40.12	0	0.00
<b>Total</b>	<b>167</b>	<b>100</b>	<b>104</b>	<b>100</b>

*Note.* Source (n=271, NIA 2019)

The closer look into the respondents' education qualification in both the services also varies (see **Table 42**). More than 60% of the online service users were either postgraduates or graduates and not a single service user was below high school education qualification. Whereas, more than 50% of the manual conventional service users were either with no-education or functionally literate. Only about five percent of the service users were graduates or postgraduates. This shows that online services are mostly availed by people with high qualification and on the contrary, manual conventional services are mostly availed by uneducated citizens or people with low qualifications. This could be due to a lack of education and awareness of people on how to use online services.

## CHAPTER 4: COMPARISON OF NIA SCORES

**Chapter 4** compares the scores of **National Integrity**, **External Integrity**, and **Internal Integrity** of the four NIAs (2009, 2012, 2016 & 2019). It also discusses the summary of the comparative analysis of the four NIAs.

The NIAs over the years have undergone improvements and changes in terms of methods, components, and weights. The NIA 2009 had only **External Integrity** which was considered as **National Integrity**. As a result, the **National Integrity** score for NIA 2009 cannot be compared directly with that of NIA 2012, 2016, and 2019. However, the scores for **External Integrity** of NIA 2009 and its component have been compared with that of NIA 2012, 2016 and 2019 in this chapter.

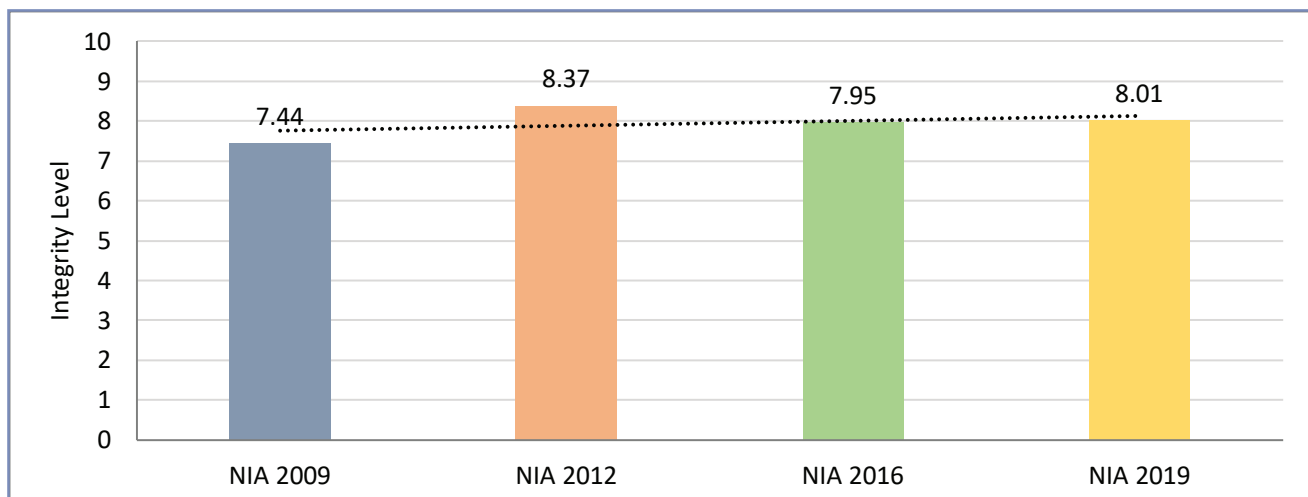
Along with the external integrity, **Internal Integrity** was first included in NIA 2012 for the assessment and acts lowering assessment reliability which was piloted in 2016 has been included for NIA 2019 for deduction of scores.

Besides, for the first time, the new component **Ethical Leadership** has been included for the assessment in NIA 2019 as a part of internal integrity, which resulted to change in the NIA model and overall weight distribution. Thus, to maintain consistency and for direct comparison of the components, the **Ethical Leadership** components are excluded for comparison of integrity scores. Therefore, the NIA 2019 score in this chapter is 8.01.

### 4.1 National Integrity Score Comparison

The **National Integrity** score depicts a fluctuating trend over the years as shown in **Figure 31**. **National Integrity** score for NIA 2009 was calculated at 7.44 which was the lowest as compared with that of NIA 2012, 2016, and 2019. NIA 2012 noted the highest level of **National Integrity** with 8.37. However, the figure fluctuated in NIA 2016 with 7.95, and it again gradually increased to 8.01 in NIA 2019.

**Figure 31** National Integrity scores for NIA 2009, 2012, 2016 and 2019



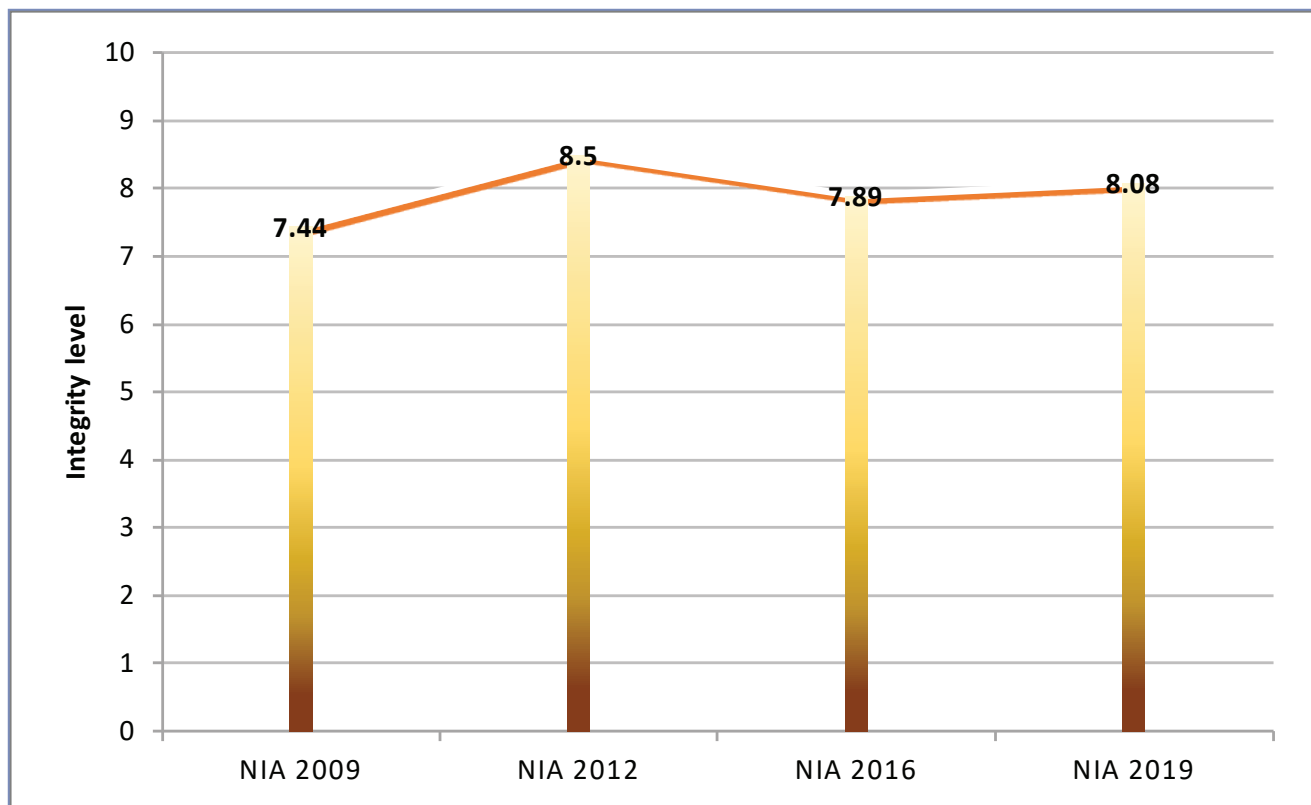
**Note.** Source (n=6155 in NIA 2009; n=9066 in NIA 2012; n=10814 in NIA 2016; and n=13869 in NIA 2019)

The **National Integrity** score for NIA 2019 has increased by 0.06 from NIA 2016 score. The observed increase in the NIA 2019 score is contributed by an increase in the score of external integrity.

## 4.2 External Integrity Score Comparison

As shown in **Figure 32**, the integrity score for **External Integrity** also shows a fluctuating trend with an **External Integrity** score of NIA 2012 (8.50) securing the highest and with the least score (7.44) in NIA 2009. The **External Integrity** score started to fall after reaching a peak of 8.50 in 2012. The **External Integrity** score declined to 7.89 in 2016. From then on, it gradually increased to 8.08 in NIA 2019. This is due to the improvement in the scores of transparency and accountability indexes from NIA 2016 by 0.21 and 0.36 points respectively. The observed increase in transparency and accountability scores was attributed to strengthening the culture of accountability and transparency through rigorous dissemination of information related to public services and the continuous effort of the public officials to accomplish duties.

**Figure 32** External Integrity scores for NIA 2009, 2012, 2016, and 2019



**Note:** Source (n=6155 in NIA 2009; n=9066 in NIA 2012; n=10814 in NIA 2016; and n=13869 in NIA 2019)

In general, the scores for corruption index in all the NIAs secured the highest score as compared with other components of **External Integrity** which are contributed by the highest score in experienced corruption (see **Table 43**). The highest score of experienced corruption indicates a very low level of corruption. It could be due to the sensitive nature of corruption where only a few respondents revealed that they provided cash, kind, or entertainments, and gratifications to the public officials in processing services.

However, the low score in perceived corruption in all the NIAs indicates that the services users perceived the existence of corruption in the agencies where they have availed the services. A possible explanation for these results is the existence of favouritism and nepotism based on the region and relationships while availing services.

**Table 43** Integrity scores of External Integrity components

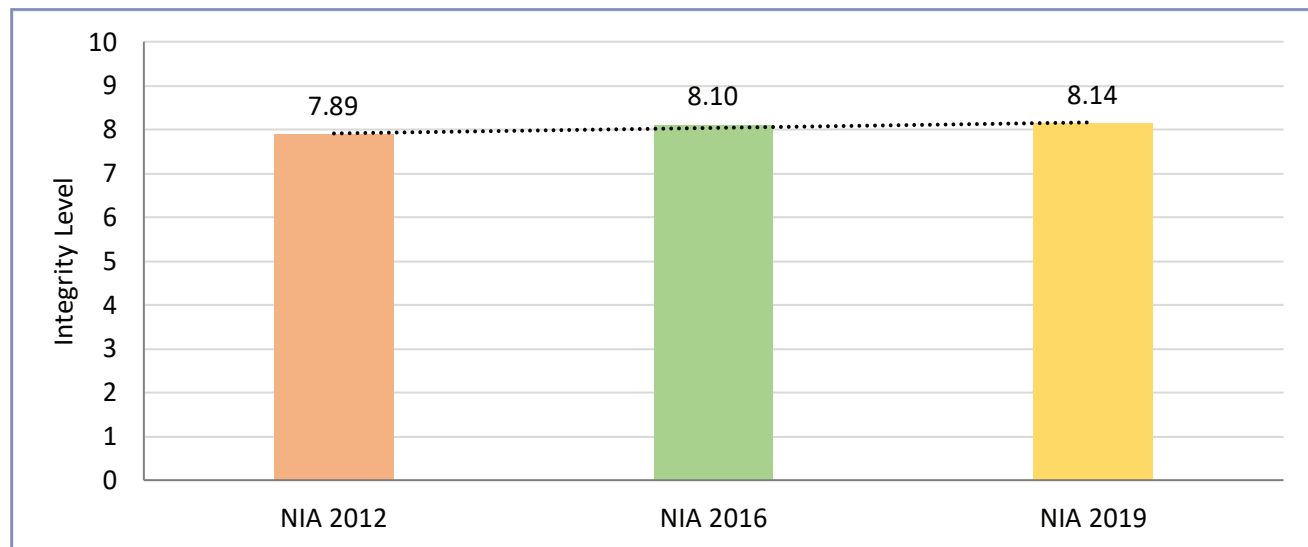
Components of External Integrity	2009	2012	2016	2019
Transparency	7.37	8.35	7.68	7.89
Accountability	6.88	7.66	6.86	7.22
Corruption	8.60	8.95	8.46	8.56
Experienced Corruption	9.89	9.91	9.90	9.98
Perceived Corruption	7.28	7.43	6.18	6.31

**Note:** Source (n=6155 in NIA 2009; n=9066 in NIA 2012; n=10814 in NIA 2016; and n=13869 in NIA 2019)

### 4.3 Internal Integrity Score Comparison

As mentioned earlier, **Internal Integrity** was not assessed in NIA 2009. It was first included for the assessment in NIA 2012 with the view to lend the experiences and perception of service providers while delivering services. Thus, unlike in external integrity, the comparison of **Internal Integrity** scores will be only among the three NIAs: 2012, 2016, and 2019.

**Figure 33** Internal integrity scores for NIA 2012, 2016, and 2019



**Note.** Source (n=6155 in NIA 2009; n=9066 in NIA 2012; n=10814 in NIA 2016; and n=13869 in NIA 2019)

**Figure 33** presents the **Internal Integrity** scores of the three NIAs. The trend line shows a gradual upward movement representing an increase in score over the years. The **Internal Integrity** score of NIA 2019 has improved by 0.04 and 0.25 points as compared to the NIA 2016 and NIA 2012, respectively. The increase in its score was contributed by the increase in scores of integrity culture and work integrity. This indicates that the organizational culture and internal management in relation to human resource management, budget execution, and fairness in assignment of work have improved over the years.

**Table 44** Internal Integrity and its components Scores for NIA 2012, 2016 and 2019

Internal Integrity Components	2012	2016	2019
Integrity Culture	7.21	7.48	7.50
Organizational Culture	7.56	7.75	7.83
Corruption Control System	6.62	7.01	6.95
Work Integrity	8.57	8.58	8.62
Personnel Management	8.66	8.52	8.55
Budget Execution	8.45	8.93	9.04
Fairness in Assignment of Work	8.59	8.17	8.15

**Note.** Source (n=6155 in NIA 2009; n=9066 in NIA 2012; n=10814 in NIA 2016; and n=13869 in NIA 2019)

The integrity score of organizational culture integrity in NIA 2019 has improved (7.83) compared to that of NIA 2012 and NIA 2016 scores.

The *Corruption Control System* score in NIA 2016 has improved by 0.39 with a score of 7.01 from 6.62 in 2012. However, in 2019, there is a slight drop in a score of the corruption control system by 0.06 from NIA 2016 indicating weak corruption control measures such as whistle-blower protection, internal checks and balances, and internal control systems towards effective public service delivery in the agencies.

**Table 44** shows a gradual improvement in the score of work integrity with an increase in the score of budget execution in all the NIAs. The score for budget execution has improved since NIA 2012 indicating an improvement in terms of budget execution and management in the agencies. However, the score for fairness in the assignment of work started to fall continuously since 2012. In NIA 2019, the score for fairness in assignment of work dropped by 0.02 from NIA 2016. The score also dropped from 8.59 of the NIA 2012 to 8.15 in NIA 2019. The dropped in the score for fairness in assignment of work since NIA 2012 indicates an increasing trend of unreasonable work instruction given by the head of the agencies and immediate supervisors in the agencies.

#### 4.4 Summary of Comparative Analysis

The **National Integrity** score saw an improvement backed by an increase in external and **Internal Integrity** scores (see **Table 45**). It shows that service delivery has improved over the years with an increase in the level of transparency and accountability. It corroborates with the CPI score where Bhutan has seen constant improvement in its effort to fight against corruption (TI,2018). However, the need for considering public calls is on high demand as the score for perceived corruption has continuously dropped over the years in external and internal integrity. For example, perceived corruption in **External Integrity** and perception of corruption in personnel management, budget execution, and fairness in the assignment of works in **Internal Integrity** secured the least scores.

**Table 45** Summary of comparative analysis of NIAs

Integrity Component	Integrity score for each component and survey item			
	2009	2012	2016	2019
<i>National Integrity</i>	7.44	8.37	7.95	8.01
<b>External Integrity</b>	7.44	8.50	7.89	8.08
Transparency	7.37	8.35	7.68	7.89
Accountability	6.88	7.66	6.86	7.22
Corruption	8.60	8.95	8.46	8.56
Experienced Corruption	9.89	9.91	9.90	9.98
Perceived Corruption	7.28	7.43	6.18	6.31
<b>Internal Integrity</b>	N/A	7.89	8.10	8.14
Integrity Culture	N/A	7.21	7.48	7.50
Organizational Culture	N/A	7.56	7.75	7.83
Corruption Control System	N/A	6.62	7.01	6.95
Work Integrity	N/A	8.57	8.58	8.62
Personnel Management	N/A	8.66	8.52	8.55
Perceived Personnel Management	N/A	6.76	6.40	6.33
Experienced Personnel Management	N/A	9.88	9.88	9.98
Budget Execution	N/A	8.45	8.93	9.04
Perceived Budget Execution	N/A	6.54	7.68	7.78
Experienced Budget Execution	N/A	9.69	9.74	9.85
Fairness in Assignment of Work	N/A	8.59	8.17	8.15
Perceived Fairness in Assignment of Work	N/A	7.57	6.98	6.80
Experienced Fairness in Assignment of Work	N/A	9.28	8.97	9.04

**Note.** Source (n=6155 in NIA 2009; n=9066 in NIA 2012; n=10814 in NIA 2016; and n=13869 in NIA 2019)



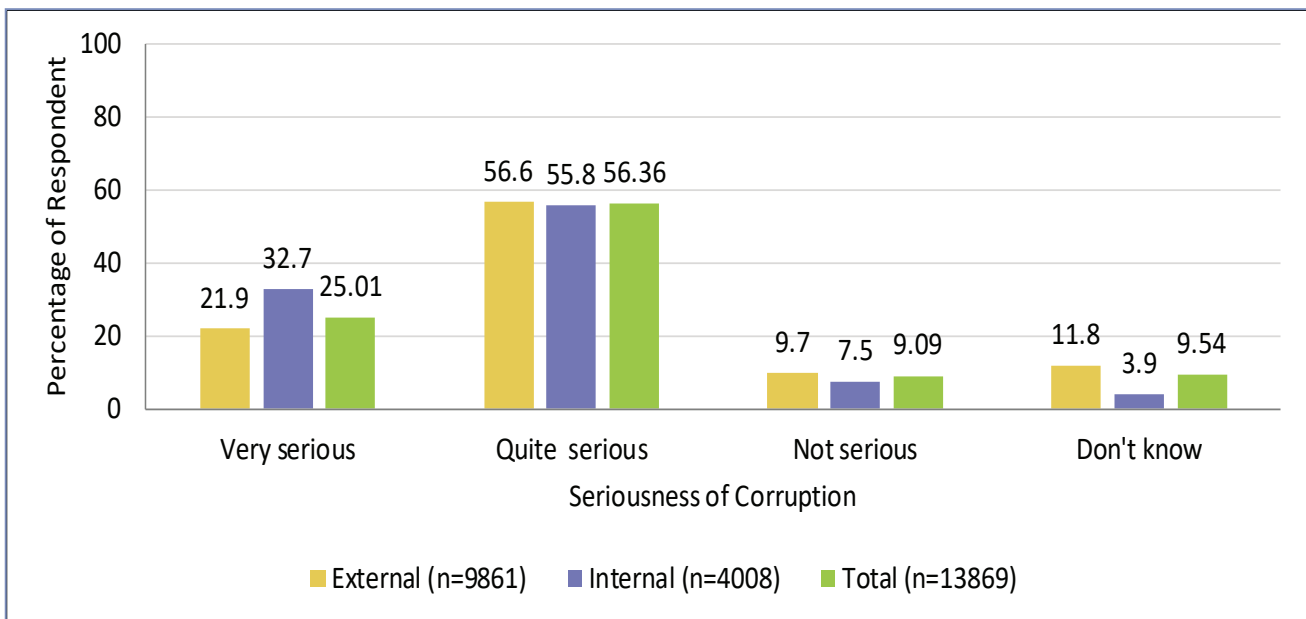
## CHAPTER 5: GENERAL PERCEPTION OF CORRUPTION

**Chapter 5** presents the general perception of the services users and service providers on corruption and the ACC. The general perception of corruption is measured based on various aspects of corruption pertaining to the seriousness of corruption problem, trend of corruption in the last five years, prevalence of types of corruption, and ACC's effort in combating corruption. Lastly, the chapter ends with anti-corruption strategies.

### 5.1 Seriousness of the Problem of Corruption

To assess the general corruption scenarios, such as seriousness, trend, and prevalence of corruption in the country, the service users and providers were asked to rate how serious is the problem of corruption in the country.

**Figure 34** Seriousness of the problem of corruption by service users and providers



**Note.** Source (n=13869, NIA 2019)

**Figure 34** depicts the opinion of the service providers and users on the seriousness of the problem of corruption in the country. The majority of the respondents (56.36%) reported the problem of corruption as 'Quite Serious', 25.01% reported 'Very Serious' and 9.09% 'Not Serious'. In terms of the differences in the opinion of the service providers and service users on the seriousness of the problem of corruption in the country, 32.7% of service providers reported 'Very Serious', higher than the service users with 21.9%. Similarly, 9.7% of service users reported 'Not Serious', higher than the service providers with 7.5%. There was no significant difference in the 'Quite Serious' category.

**Table 46** Seriousness of the problem of corruption by age group and education level

Age Group	Very serious	Quite serious	Not serious	Don't know	Total
15 & Below	0.01	0.1	0.01	0.01	0.14
16-30	8.79	14.96	1.88	1.58	27.21
31-45	10.82	25.02	3.8	3.58	43.22
46-60	3.97	11.55	2.59	3.1	21.21
61-75	1.38	4.21	0.65	1.15	7.39
76 & Above	0.05	0.52	0.15	0.12	0.84
<b>Total Percentage</b>	<b>25.01</b>	<b>56.36</b>	<b>9.09</b>	<b>9.54</b>	<b>100.00</b>
Education Level	Very serious	Quite serious	Not serious	Don't know	Total
Post Graduate	2.32	3.99	0.71	0.17	7.2
Graduate	5.57	8.75	1.06	0.56	15.93
Diploma/ Certificate	2.57	4.07	0.48	0.38	7.51
High School	6.57	13.66	1.98	1.26	23.46
Primary	2.62	5.49	0.9	0.89	9.91
Functionally Literate (able to read, write and understand)	0.66	4.22	0.97	0.87	6.72
No Education	4.67	16.17	2.99	5.4	29.22
<b>Total Percentage</b>	<b>25.01</b>	<b>56.36</b>	<b>9.09</b>	<b>9.54</b>	<b>100.00</b>

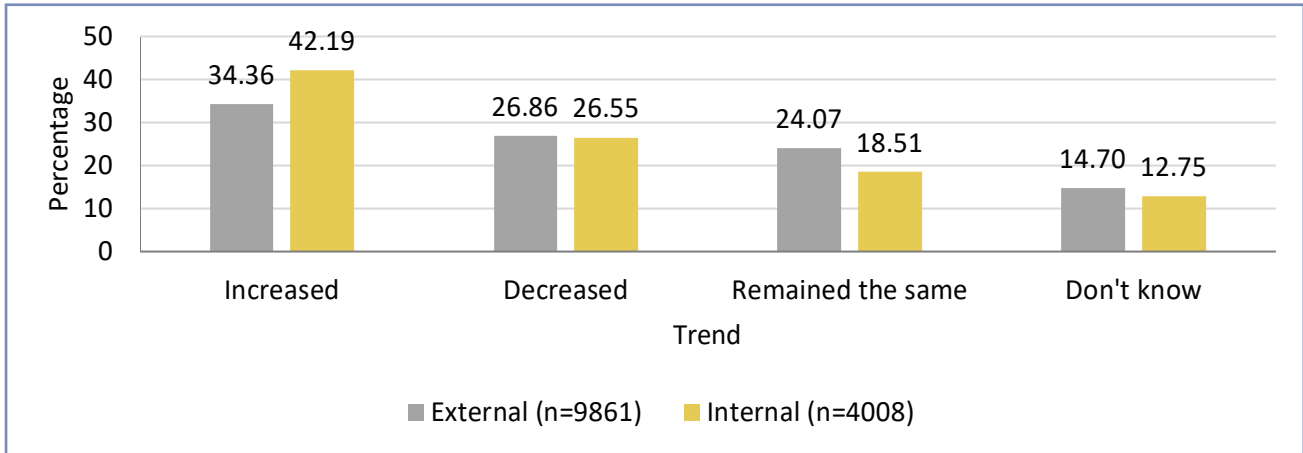
**Note.** Source (n=13869, NIA 2019)

**Table 46** depicts the responses to the seriousness of the corruption by age group and education level. The responses depicted a similar trend across age groups with 'Quite Serious' as the highest response followed by 'Very Serious'. It was mostly the respondents in the age group of 31-45 and 16-30 who viewed the problem of corruption as 'Quite Serious' and 'Very Serious'. This could be attributed to the growing investment and economic activities as these age groups fall under economically active cohort. It could also be due to various interpretations and understanding of the term corruption itself as most of the citizens refer administrative lapses as corruption.

With regard to education level, the respondents with no education perceive corruption as a serious problem (total of almost 21% for very serious and serious) compared to other education levels. This could be ascribed to their limited understanding of the policies, service delivery standards and procedures, and consequent failure to hold the public officials accountable. This upholds the findings of studies in other countries (Glaeser & Saks, 2006; Transparency International, 2018) and to a smaller degree richer states, have less corruption.

## 5.2 Trend of Corruption in the Last Five Years

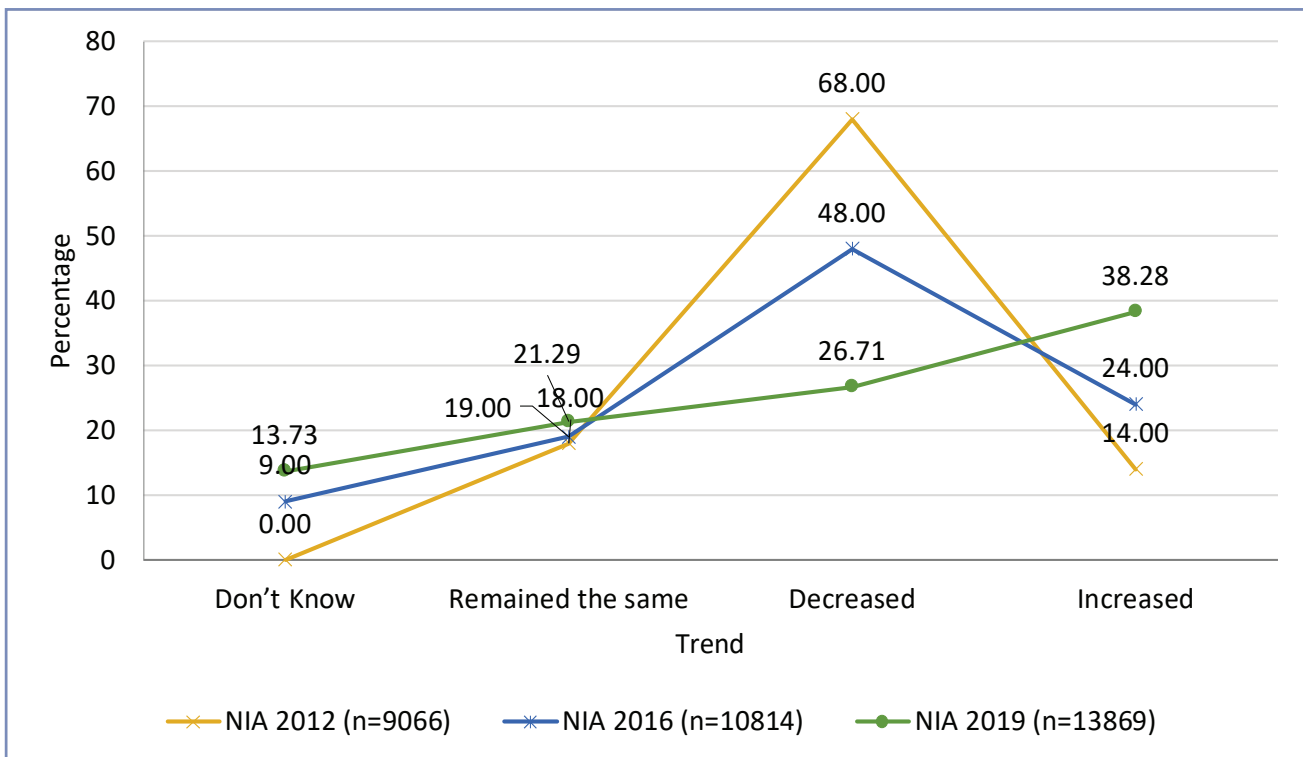
**Figure 35** Trends of corruption viewed by service users and providers in the last five years



**Note.** Source (n=13869, NIA 2019)

As depicted in **Figure 35**, 42.19% of service providers and 34.36% of service users reported that corruption has increased in the last five years while 26.86% of service users and 26.55% of service providers reported that it has decreased. 24.07% of service users and 18.51% of service providers reported that it has remained the same.

**Figure 36** Comparative analysis of corruption trend



**Note.** Source (n=6155 in NIA 2009; n=9066 in NIA 2012; n=10814 in NIA 2016; and n=13869 in NIA 2019)

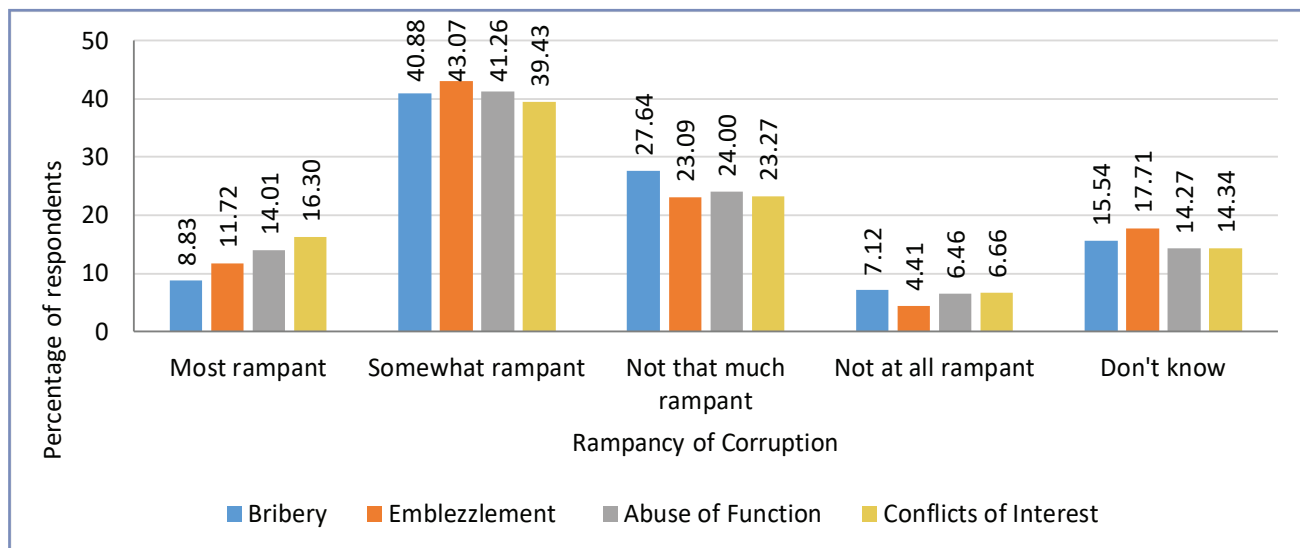
**Figure 36** shows the trend of corruption based on the NIAs conducted at different time intervals. NIA 2019 reported highest in 'Increased' and least in the 'Decreased' category. It has also the highest percentage in the 'Don't know' category. It illustrates an increasing trend in the percentage of respondents saying corruption has 'Increased' and declining trend in the percentage of respondents saying corruption has 'Decreased' or 'Remained' same. This could be attributed to the continued efforts and the priority accorded by various agencies and ACC in advocacy and education programs over the years and the emergence of various corruption types culminated from increasing socio-economic development.

### 5.3 Prevalence of Types of Corruption

To gauge the perception of the service providers and users on the prevalence of corruption in the country, the respondents were asked to rate the rampancy of various types of corruption such as bribery, embezzlement, abuse of function, and conflicts of interest.

**Figure 37** shows the rampancy of various types of corruption. Generally, all four types of corruption are equally prevalent as the percentage of respondents depicts a similar trend. Considering the percentage of the respondents for 'Most Rampant', abuse of function and conflicts of interest were perceived to be high. This confirms the finding in the *External Integrity* section wherein 65.5% of service users responded that knowing a public official is beneficial in processing services.

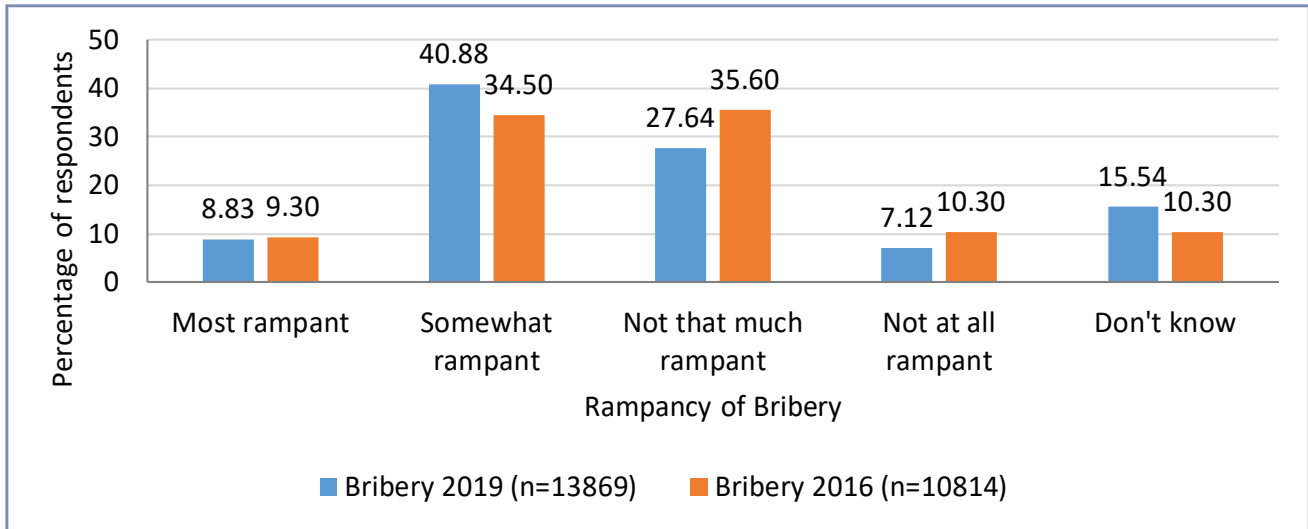
**Figure 37** Rampancy of various types of corruption



**Note:** Source (n=13869, NIA 2019)

**Figure 38** depicts the comparison of the rampancy of bribery in NIA 2016 and NIA 2019. The NIA 2019 accorded high in 'Somewhat rampant' and less in 'Not that much rampant' and 'Not at all rampant' categories.

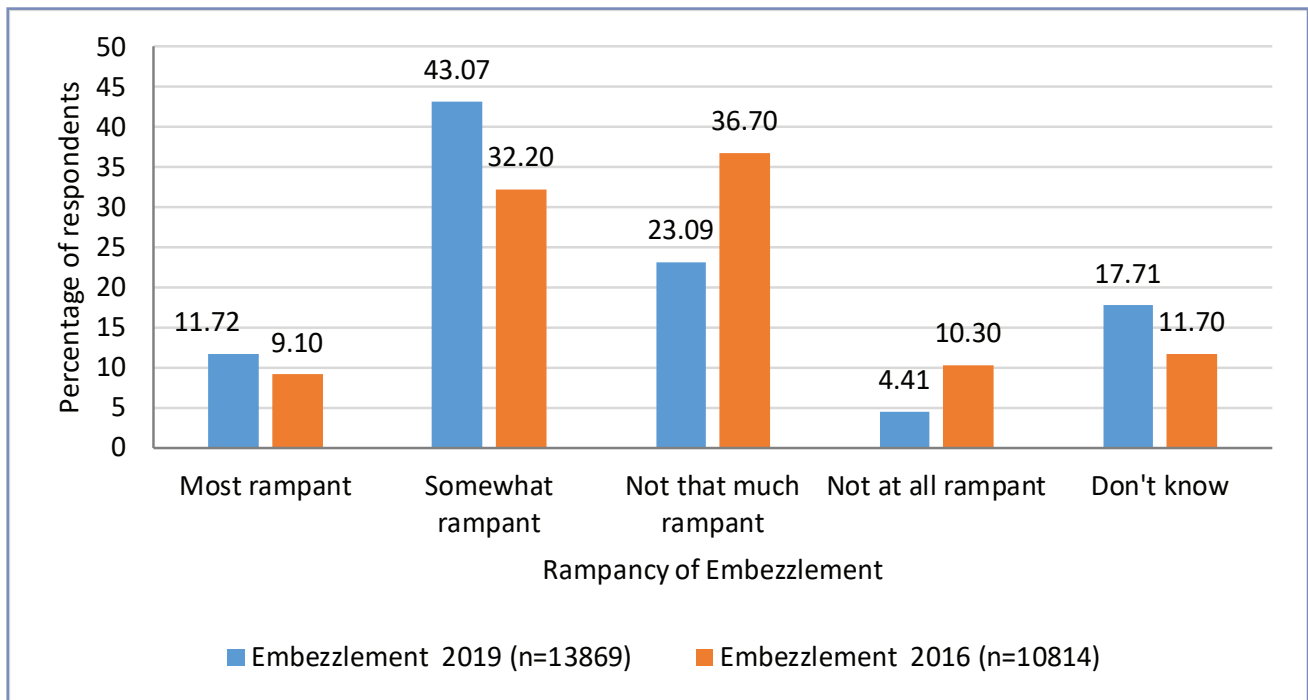
**Figure 38** Rampancy of bribery in NIA 2016 and 2019



**Note.** Source (n=10814 in NIA 2016; n=13869, NIA 2019)

**Figure 39** displays the comparison of the rampancy of embezzlement in NIA 2016 and NIA 2019. Overall service users and providers perceive an increase in rampancy of embezzlement in 2019 compared to 2016 as there is an increase in the percentage of respondents saying ‘Most rampant’ and ‘Somewhat rampant’ and decrease in ‘Not that much rampant’ and ‘Not at all rampant’.

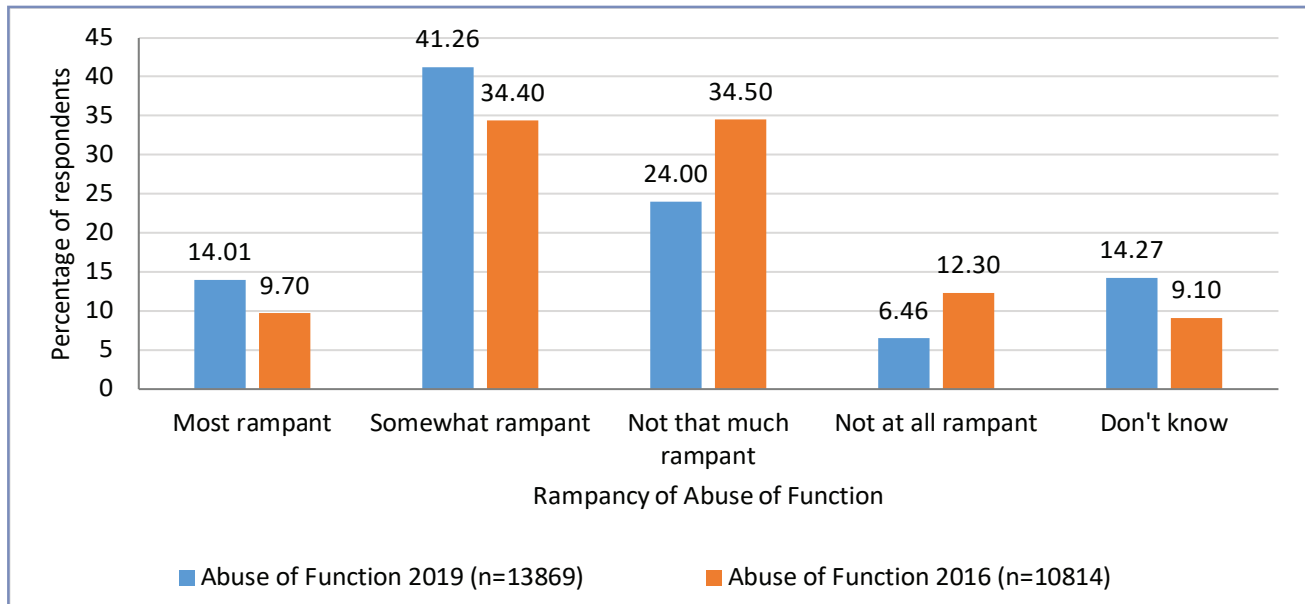
**Figure 39** Rampancy of embezzlement in NIA 2016 and 2019



**Note.** Source (n=10814 in NIA 2016; n=13869, NIA 2019)

**Figure 40** illustrates the rampancy of abuse of function. The respondents reported that abuse of function has increased compared to NIA 2016. Abuse of function has become ‘Most rampant’ from 9.70% in 2016 to 14.01% in 2019. Similarly, there is also an increase in ‘Somewhat rampant’ from 34.40% to 41.26%.

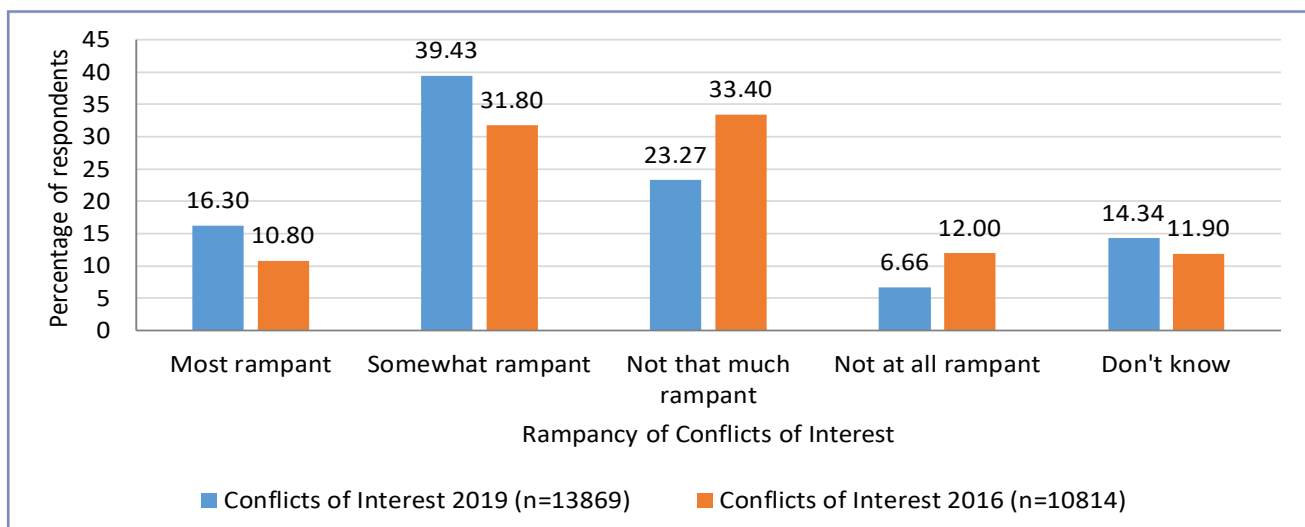
**Figure 40** Rampancy of abuse of function in NIA 2016 and 2019



**Note:** Source (n=10814 in NIA 2016; n=13869, NIA 2019)

**Figure 41** shows a significant difference in the perception of the rampancy of conflicts of interest in 2016 and 2019. There is an increase in the percentage of respondents saying ‘Most rampant’ and ‘Somewhat rampant’ by 5.5% and 7.63% respectively. Similarly, there is a decrease in the percentage of response to ‘Not that much rampant’ and ‘Not at all rampant’ by 10.13% and 5.34% respectively. This further substantiates the low score for corruption perception, wherein service users indicated the prevalence of favours based on region and relationship in service delivery.

**Figure 41** Rampancy of conflicts of interest in NIA 2016 and 2019

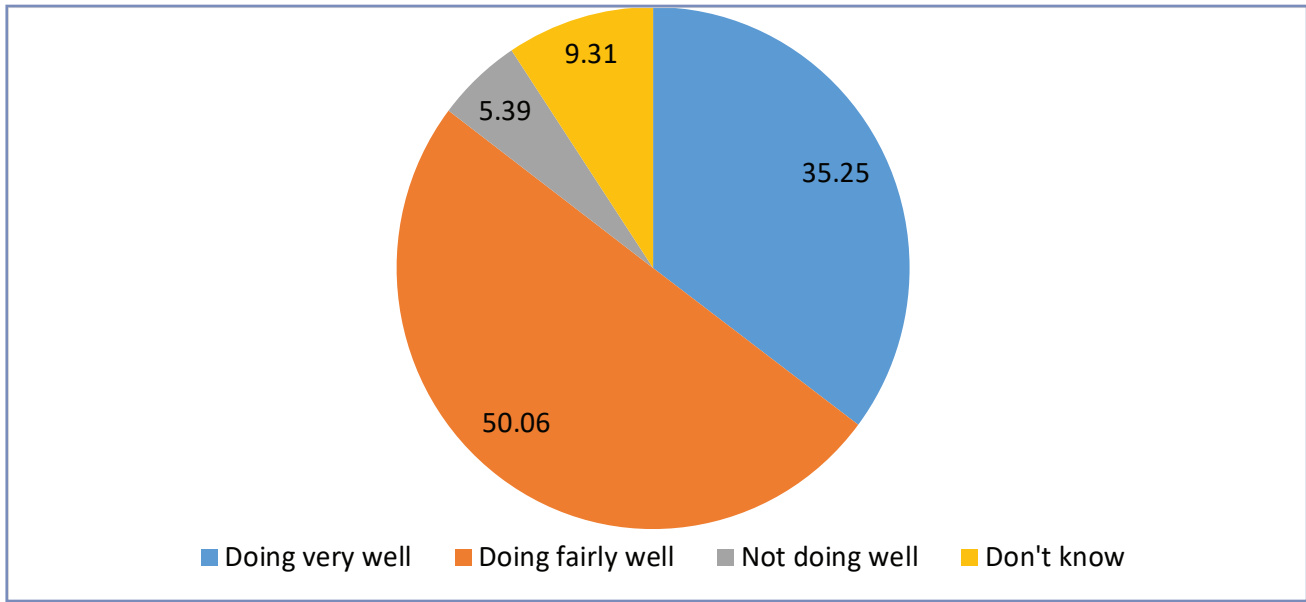


**Note.** Source (n=10814 in NIA 2016; n=13869, NIA 2019)

## 5.4 Anti-Corruption Efforts

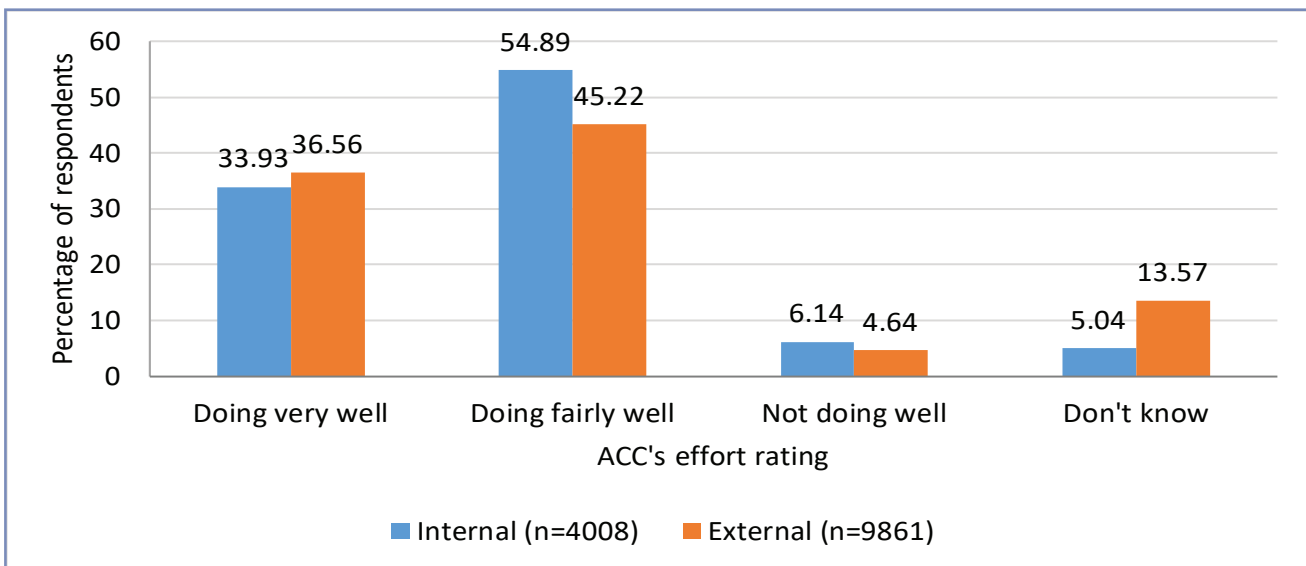
In terms of ACC’s efforts in combating corruption, the 50.06% has rated as ‘Doing fairly well’ followed by 35.25% ‘Doing Very Well’, while 5.39% indicated ‘Not doing well’ as depicted in **Figure 42**.

**Figure 42** ACC’s effort in combating corruption



ACC’s efforts rating by service users and providers as shown in **Figure 43**, indicates that 54.89% of service providers and 45.22% of service users rated ACC’s efforts as ‘Doing fairly well’. Similarly, 6.14% of service providers and 4.64% of service users rated ACC’s efforts as ‘Not doing well’. Generally, most service users agreed that ACC is doing very well as compared to the service providers. Despite ACC’s advocacy programs in various agencies and to the public, 5.04% of the service providers and 13.57% of the service users were unaware of ACC’s efforts.

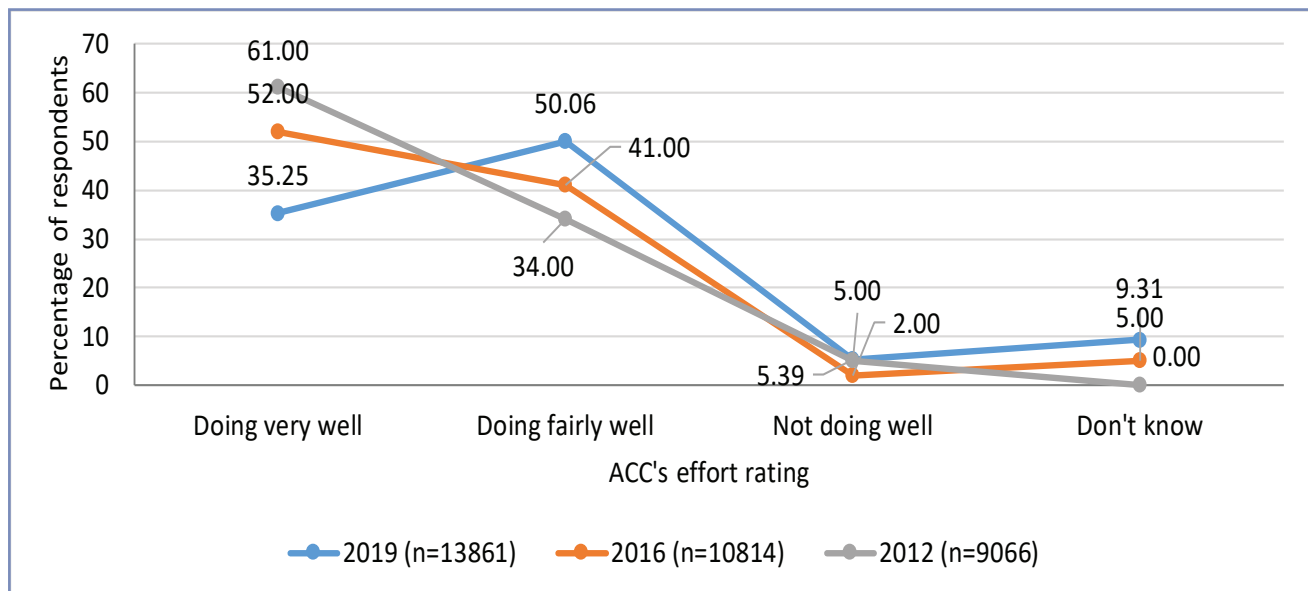
**Figure 43** Perception of ACC’s efforts by service users and providers



**Note.** Source (n=13869, NIA 2019)

As represented in **Figure 44**, the percentage of responses for 'Doing very well' in NIA 2019 has decreased by 16.75% and 25.75% from the NIAs 2016 and 2012 respectively. Similarly, the percentage of responses for 'Not doing well' increased by 5.39% in 2019 from two percent in 2016. On the contrary, the responses for 'Doing fairly well' have increased by 9.06% and 16.06% from NIAs 2016 and 2012 respectively. On the whole, it can be concluded that the perception of ACC's effort has declined from 2012 to 2019. This decline could be due to people's dissatisfaction with ACC sharing administrative complaints with the agencies among others as indicated by the respondents. The respondents specified that the investigations carried out by the agencies on administrative complaints are unfair and ineffective resulting to inconsistent actions for similar nature of wrongdoings. Likewise, it also increases the risk of exposing the identity of whistle-blowers causing repercussions.

**Figure 44** Comparative analysis of ACC's efforts



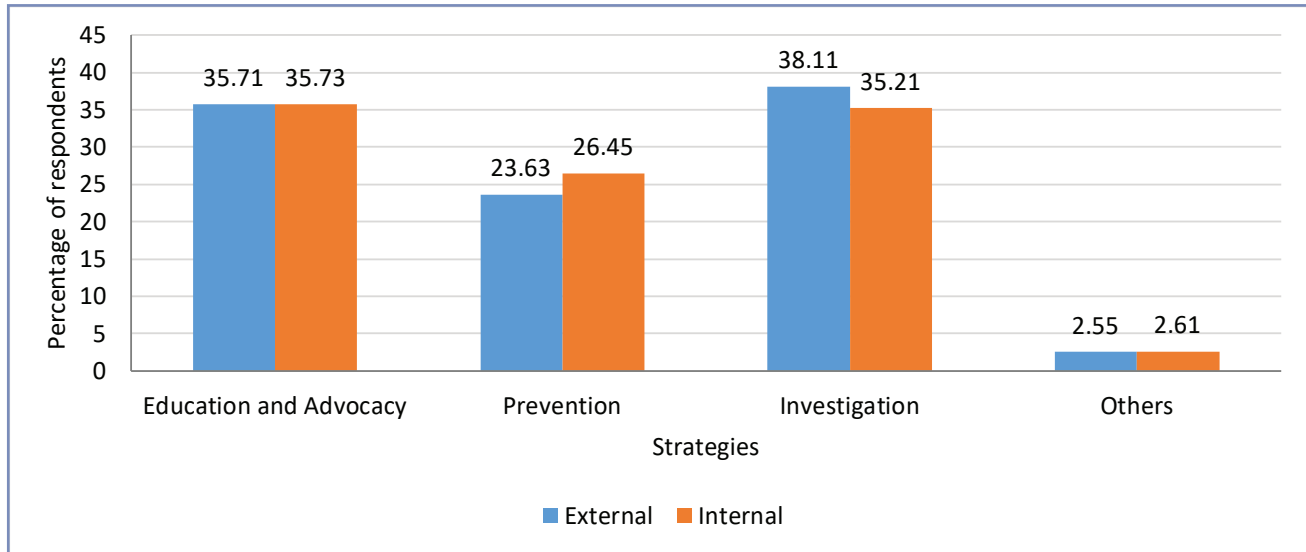
**Note.** Source (n=6155 in NIA 2009; n=9066 in NIA 2012; n=10814 in NIA 2016; and n=13869 in NIA 2019)

## 5.5 Anti-Corruption Strategies

**Figure 45** shows the perception of the service users and providers on the strategies ACC should focus on. On the whole, the respondents reported that ACC should focus on all three strategies. Closer scrutiny of the views by service users and providers indicate that suggestion to focus on investigation is higher by 2.9% by service users than service providers. However, the suggestion to emphasize prevention is more by 2.82% of the service providers. Further, approximately 36% of both service users and providers view ACC's strategies should focus on education and advocacy.



**Figure 45** Opinion on strategies to combat corruption

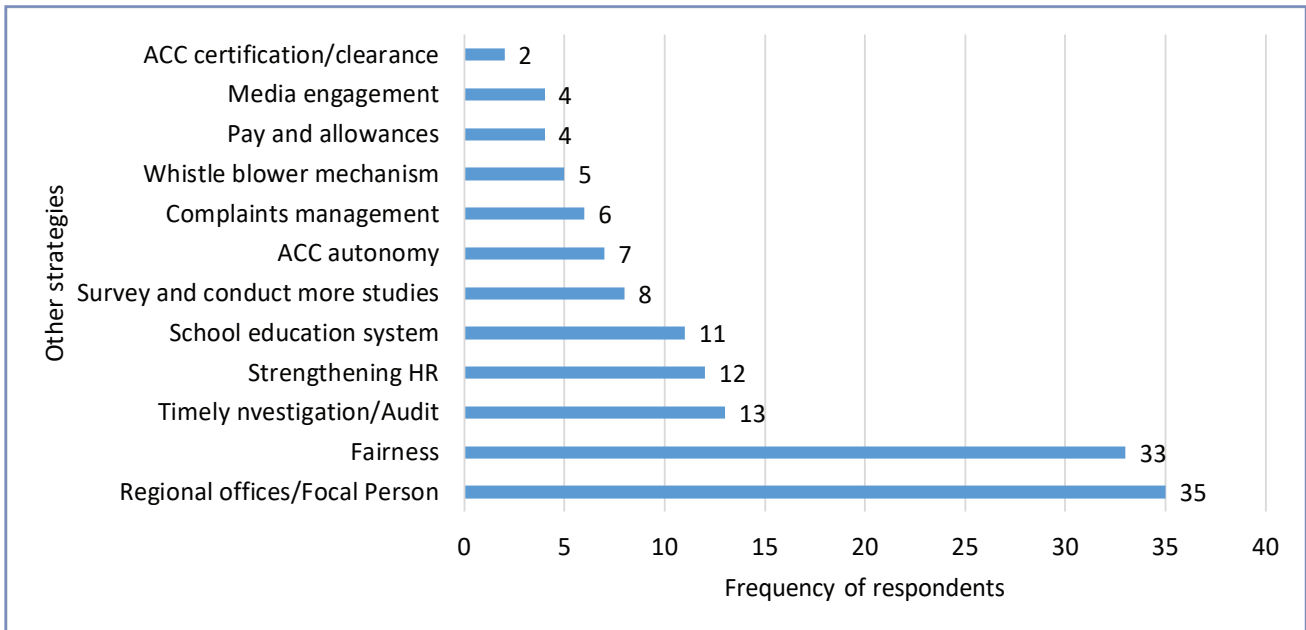


**Note.** Source (n=13869 in NIA 2019)

As shown in **Figure 45**, 2.55% of service users and 2.61% of service providers suggested various strategies that ACC should focus on to combat corruption, other than its three-pronged strategies (Prevention, Education, and Investigation).

The other strategies coded in MAXQDA analytics pro-2020 with code segments are presented in **Figure 46**.

**Figure 46** Other strategies ACC should focus as opined by service users and providers



**Note.** Source (n=13869 in NIA 2019)

A recurrent suggestion expressed in NIA 2019 and other studies including past NIAs was the need to establish ACC regional office or deploy ACC officials in the agencies.

As reflected in Annual Report 2020, the ACC is already working on some of the strategies, which were also shared by the respondents, as given below:

- Development of Integrity Vetting System since 2018 in order to facilitate decision making on recruitment and promotion to senior positions, awarding contract and elections;
- Reinstated the forum for interaction with the media through press meeting to disseminate information on completed investigation;
- Information Enrichment Guideline was also developed and adopted to deal with administrative complaints;
- Towards facilitating the promotion of ethics and integrity in the school education, the ACC in collaboration with Royal Education Council (REC) and Ministry of Labour and Human Resources (MoLHR) is integrating moral values in existing school curriculum and Technical and Vocational Education and Training (TVET) institutions. Similarly, a Strategic Youth Integrity Program (YIP) has been initiated; and
- Corruption Risk Management (CRM) was integrated into the functions of Internal Auditors in order to mainstream risk-based integrity measures and enhance internal governance systems in the agencies.

## CHAPTER 6: RECOMMENDATIONS

**Chapter 6** presents the recommendations on the findings of the NIA 2019 as follows:

### 6.1 6.1 Develop and Implement Service Delivery Standards

The G2C office was established vide an executive order in November 2014 to spearhead review and carry out the reform process to improve public service delivery and reduce the turnaround time of government to citizens services. It was also mandated with the responsibility to develop a G2C framework and an accountability system for public service delivery in Bhutan. Subsequently, service delivery standards for a number of services were developed and made accessible through the government to citizens' website.

Service Delivery Standards (also called citizen-user charter) is a declaration by service providers of the expected quality from the service comprising client-oriented standards, communication, and commitment within the framework of the agencies' mandates and tasks stipulated by legislation and regulation (European Commission, 2017). A clear and simple service delivery standard ensures public services are catered to the public efficiently with accountability and transparency.

Although most agencies have developed service delivery standards and uploaded on their websites and displayed on notice boards, many agencies are yet to develop service delivery standards. According to the European Commission (2017), Service Delivery Standards provides the following benefits for the agencies and service users:

- Help public agencies to manage the expectations of service users;
- Provide a framework for consultations with service users;
- Encourage public agencies to measure and assess performance;
- Make public agencies more transparent by telling the public about the standards they can expect and how agencies have performed against those standards;
- Push public agencies to improve performance where promised standards have not been achieved; and
- Increase the satisfaction of service users.

Therefore, as also suggested in NIA 2016, agencies are recommended to develop or enhance service delivery standards considering service user oriented-standards: timeliness, accuracy, and appropriateness.

### 6.2 Educate Service Users and Employees on Service Delivery Standards

It was observed that in most agencies the public officials and the service users are not aware of the service delivery standards, thus defying the very purpose of instituting them. Therefore, making

information related to service delivery standards accessible to citizens, civil society, the media, and others in meaningful and useful ways are critical. However, considering the various educational background of the citizens, agencies should initiate programs to educate their employees and the service users on the standards developed.

It was observed that at least 18 Service Delivery Standards were developed by most of the *Dzongkhags* for public services. However, the public officials who are involved in service delivery hardly know about the existence of such standards. As a result, it is not implemented and public service delivery has been based on the convenience of the officials on duty which resulted in customer dissatisfaction. This is also due to the lack of strict monitoring and supervision on the implementation of standards by public officials. Therefore, it recommends creating awareness and educating public officials on the Service Delivery Standards, and strict implementation of the standards through proper monitoring and supervision.

Similarly, when the service users are clear on the processes, documents required, fees, and turn-around-time, it improves efficiency and controls unrealistic expectations. Moreover, it shares the responsibility between the agency and the service users in fixing accountability on the individual public officials. Strategies to improve rural service delivery by OECD (2010) suggests that focusing on better access to and transparency of information helps citizens to compare services and make informed decisions and hold the government to account. Thus, it is recommended that agencies put in strategies to educate the service users on the Service Delivery Standards.

### 6.3 Manage Feedback and Grievances

It was observed that most agencies have set up a suggestion box for complaints and feedback. However, in some cases, the location of the suggestion boxes is not very conducive to anonymity. Unlike most of the central agencies, the *Dzongkhags* and *Thromdes* have also initiated online grievance redressal mechanisms through their websites in addition to the suggestion boxes. As per the European Commission (2017), “[t]rust in public services starts with openness, which means a willingness to accept feedback even when it is critical and to learn from it”. Thus, agencies should recognize comments, suggestions, and complaints schemes as valuable sources of information for improving service delivery quality and integrity of the public officials.

Considering the smallness of the country and agencies, it is imperative that the agencies institute measures to protect the anonymity of the complainants and redress the issues to prevent the complainants from any repercussions. It is vital to regularly monitor and act expediently on the concerns, feedback, and grievances (shared through various channels including social media) to improve the service quality rather than reacting to the complainants. One of the programs (LG program on democracy and decentralization) identified to achieve NKRA in the 12 FYP also aims to increase citizen participation in improving service delivery and decision-making process through the implementation of the citizen report card, grievance-redressal mechanism and effective conduct of public meetings (*zomdus*).

Therefore, it is recommended that agencies institute a mechanism to collect feedback, comments, and grievances from the service users including the ones shared through social media. Accordingly, the data may be used to improve services.

## 6.4 Strengthen Ethical Leadership

Leaders who are high ethical role models or moral exemplars encourage followers to establish their own internal set of moral principles and ideals, which helps establish a basis for follower moral identity, and ultimately moral action (Avolio, 2005). Similarly, leaders with strong commitment and ethics in terms of their conduct usually tend to show strong support and concern for enhancing and managing integrity in the agency. Thus, the importance of leadership cannot be undermined in promoting integrity as the tone has to be set from the top. Therefore, it is recommended that agencies strengthen ethical leadership by:

- Including ethical leadership in the job profile for managers at all levels of an organization, as well as a requirement for selection, appointment and promotion to a management position, and assessing the performance of managers in the agency;
- Supporting managers in their role as ethical leaders by establishing clear mandates, providing organizational support, such as delivering periodic training and guidance on ethics and integrity; and
- Strengthening leaders' capacity in monitoring and supervision of public service delivery including e-services and enhancing coordination with other agencies.

## 6.5 Strengthen Community Information Centers (CIC)

The Concept of CICs emanated from the G2C project implementation in Bhutan. The Community Centers were particularly established to serve as a single access point for delivering G2C as well as non-G2C services (Offline services including photocopy, fax, printing, scan, postal and banking services) to rural citizens. As of today, 200 *Gewogs* in the country have one CIC each (RAA, 2019).

The CICs despite challenges of ownership, infrastructures, and capacity are viewed useful by the *Gewog* officials and service users in providing services at the *Gewog* level. They serve as a one-stop-shop to process various services offered by the government and financial institutes for rural citizens. However, currently, the CICs are in dejections of ownership, facilities, and the competencies of the in-charges in being able to offer quality services.

Therefore, it is recommended that the CICs be strengthened through clear ownership, proper facilities, and capacity development programs for the CIC in-charges<sup>1</sup>. Besides, there is a need for annual budget for repair and maintenances including equipment and supplies, stationeries, and reliable internet connectivity. Identically, the RAA (2019) also states

Since Community Centers play a vital role in delivering the public service more effectively, the institutions linked namely DITT, BDBL, DLG, and PSGRD should deliberate and decide on who is responsible for building and maintaining the infrastructures and other equipment of the CCs. The clarity in the responsible agency will improve the efficiency and effectiveness of the CCs by equipping the CCs adequately. Further, the network connectivity to the CCs needs to be studied and improved to cater to faster service delivery to the citizens. (pp. 40)

<sup>1</sup> The Community Centers are now renamed as Community Service Centers and will be transferred to National Cottage and Small Industries Development Bank Limited (CSI Bank) from July 2020. (Rinzin, 2020).

## 6.6 Enhance Front Desk/Reception Information Services

Some *Dzongkhags* and most corporate agencies have established a dedicated front desk service for providing information on services to help the service users. However, most central agencies' front desk/reception counters are not necessarily designed/capacitated to help in providing reliable information related to services. Similarly, as reported in RCSC (2019) annual report, one of the notable initiatives taken by RCSC was to provide support in creating a customer service desk in every *Dzongkhag* and *Thromde*. Furthermore, RCSC had also advised agencies to incorporate service delivery targets in their APTs.

Therefore, it is recommended to strengthen the reception/ front desk offices in the agencies in terms of the roles, capacity, and aptitude of the staff for interacting and providing reliable information to the service users. There is, therefore, a definite need for the establishment of customer service desk/ front desk offices in all the agencies.

## 6.7 Improve Budget Transparency

Disclosure of public budget and resources allocated to various public service sectors serve to inform citizens about sources and amounts of government revenues as well as how these are managed and used by the government and the agencies.

The Open Government Partnership (Hughes et al., 2017) outlines the following benefits of budget transparency:

- Enhances public trust and confidence in the integrity of government authorities and processes, and public acceptance of inevitable trade-offs;
- Elected officials and civil servants may act more responsibly if their decisions and actions are open to public scrutiny;
- More equitable public spending by restricting the diversion of resources to special interests or lobby groups;
- Legislature, media, civil society and the public at large will be better able to hold the executive accountable if they have access to information on how it allocates and uses public resources;
- Increases public influence over decisions on resource allocation;
- Enhances the quality of public debate and the ability of citizen/CSOs to contribute to policy-making and budgeting processes; and
- Increases revenue collection from local sources as people may become more willing to pay if they have a better understanding of how and for what purposes their taxes would be used.

Considering the inconsistencies among the public agencies in terms of budget transparency, it is recommended to enhance access to the agency budget information (allocated and expenditure) through electronic and print versions to the employees and citizens. Similarly, it is also recommended to initiate budget literacy among citizens.

## 6.8 Improve Transparency and Strengthen Evidence-based Decision-making in HRM Process

Transparency in Human Resource Management (HRM) helps to build and strengthen the positive relationship in an organization for productivity. In other words, the more informed the members of an organization are and engaged transparently, the more innovative they get in their effort to contribute to the wellbeing of the institution to which they belong (Lekule, 2019). Similarly, transparency in HRM is also vital in public service delivery as its efficiency and effectiveness largely depend on human competencies and values.

Considering the benefits and the perception of the lack of transparency in HRM from the findings, the following measures are recommended:

- Follow-up and reinforce the recommendations proposed in the 2016 HRM Research titled *“Towards Enhanced Transparency and Accountability in Human Resource Management in the Civil Service: A matter of Favouritism”* (ACC, 2016) (Action by RCSC and ACC);
- Review findings and recommendations of the 2016 HRM Research in the context of other public agencies beyond the purview of the Royal Civil Service Commission (RCSC) to assess the risks and enhance appropriate measures (Action by agencies beyond the purview of RCSC, such as DHI, RUB, Judiciary, RMA, and ACC); and
- Enhance data repository related to HRM processes, HR budget, and expenditure. Periodically analyze HR data and make it available for making informed HR decisions.

## 6.9 Strengthen Monitoring and Enforcement Mechanisms

As in the case of NIA 2016, the research established inadequate accountability mechanisms given the recurrence reported by the respondents. RAA (2019) also reported, “[t]here should be proper reporting and monitoring mechanism to handle the system related issues without hampering the public service delivery”. Hence, there is a need to strengthen accountability mechanisms in the agencies.

One of the key strategies to enhance accountability in the agencies is to institute and implement a mechanism of monitoring, reporting, and evaluation with strong enforcement of rules and regulations. Also, as outlined in the OECD’s Toolkit for administration reform and sector strategies, monitoring and evaluation should be timely, focused, relevant, and user-friendly (Vági & Rimkute, 2018). Similarly, monitoring and reporting efforts should identify problems and make recommendations for solving them during the implementation of the activities.

Thus, as also recommended in NIA 2016, agencies are recommended to:

- Develop and institutionalize effective supervision and monitoring plan for the supervisors and the heads of agencies;
- Develop and institutionalize communication and reporting plans; and
- Enforce sanctions in case of violations of rules and regulations to deter and hold public officials and perpetrators accountable.



## 6.10 Strengthen E-services

Abuse of function in the form of favouritism is predominant in service delivery as evident from a formidable score of 3.03 for the item – favours based on regions or relationships. Considering the smallness and close-knit society, there is an urgency to address the issue of extending personal relationships to profession. Internationally, e-services and managing Conflicts of Interest are recognized as effective strategies to curb favouritism.

Many countries are now driving the development agenda with the use of Information and Communication Technology (ICT) because of its greater impact on the economy and social development. E-services mean the delivery of services to the citizens through the internet (Hodzic, 2018). E-service is one of the measures to curb corruption by reducing human interface. Corruption happens when someone expects something in return for doing the job. For example, a public official expecting a gift or payment in cash or kind from the service users for the services delivered or a service user bribing a public official to get service faster. Moreover, making services online is also a means to speed up public service delivery/efficiency, lowering labor costs, enhance quality, transparency, and promptness (Hodzic, 2018; Martini, Baci, Gorica & Zoto, 2010).

Despite embarking on e-services only recently, initiatives such as online Issuance of Audit Clearance and Security Clearance, and the mobile applications by financial institutions are proving effective in service delivery, both in terms of efficiency and preventing the issues of favouritism.

Therefore, there is a need to strengthen the existing online services through proper coordination to improve connectivity and accessibility, making it user friendly, and educating people on how to use the online services. As e-services are not foolproof against corruption and wrongdoings, it can only be as good as integrity of the people who are operating the systems. Thus, it is recommended to strengthen e-services through proper monitoring and periodic auditing for greater efficiency, quality, and fairness. This also supports the 12 FYP's Digital Drukyul Flagship program that aims to leverage on ICT for delivering health care, education, business licensing, and other critical public services efficiently.

## 6.11 Enhance Implementation of Organizational Integrity Plan (OIP)

The ACC introduced OIP in 2017 to enhance and manage integrity through the development of an action plan by the agencies. Since then most of the agencies have developed OIP and submitted the implementation report to ACC every financial year. However, there is still a lack of clear understanding of its importance, development of detail action plan, and weak ownership of OIP by the agencies. Furthermore, the qualitative interview with the public officials revealed that the ACC focal persons in the agencies are rushing at the time of mid-term review or by the end of the financial year which forced them to submit and review OIP without much discussion in the agency. Therefore, the development and assessment of OIP by the agencies do not seem to have served the very purpose of managing integrity.

The OECD (2018) stressed that anti-corruption and integrity measures support good governance, strengthen public confidence and increase social stability. OIP is a means to achieve good governance by enhancing integrity, accountability, and transparency, which are the main pillars of the OIP. Accordingly, the NIA 2019 recommends the strict implementation of OIP by ensuring timely implementation and monitoring of the activities in OIP by the supervisors and head of the agency.



## 6.12 Enhance Implementation of Corruption Prevention Tools

It is encouraging to see that most agencies have included corruption prevention tools, such as gift disclosure, managing Conflicts of Interest (CoI), conducting Corruption Risk Management (CRM), and implementing ethical code of conduct. However, it was observed that there is a need to enhance the implementation of these tools in the agencies through a whole agency approach instead of leaving it only to the focal persons only. Therefore, it is recommended that agencies enhance the implementation of the following tools:

- Enhance implementation of Model Guidelines on Managing Conflicts of Interest in the Public Sector, 2017;
- Enhance Enforcement of Gift Rules 2017;
- Strengthen Enforcement of Ethical Code of Conduct;
- Conduct Corruption Risk Management in collaboration with Internal Auditors and ACC and implement the recommendations;
- Implement Social Accountability Tools; and
- Enhance Whistle-blower Protection.

## 6.13 Strengthen Mechanisms to Address Administrative Complaints

Considering the weak culture of enforcement of administrative actions and the failure of grievance redressal mechanisms in the agencies owing to fear of repercussions and weak whistle-blower protection mechanisms, a dedicated agency or department under an appropriate agency need to be considered in addressing administrative complaints. During the 2018-2019 FY, 39% of the complaints received by ACC were shared for action and 13% for sensitization. As most of the administrative complaints were shared to the agencies for investigation and actions, there are concerns on whistle-blower protection, fairness, consistency and effectiveness as informed by the respondents.

In most countries, the Office of Ombudsman is established mainly to address administrative complaints. Although the functions of the Office of Ombudsman varies to some extent by countries, it was established mainly to receive grievances against the government and public servants involved in the day-to-day service delivery. It plays a critical role in promoting good governance and effective service delivery.

In this regard, a dedicated entity will bring immense benefit in improving public service delivery, as one of the key impediments is the lack of accountability as evident from the findings of NIA 2016 and 2019. Further, it will help to address inconsistencies in taking actions on the administrative complaints. The resolutions of the second and third parliament also emphasized on the need to institute a dedicated division or department to handle administrative complaints (National Assembly of Bhutan [NAB], 2017; NAB, 2018; NAB, 2019).

## CONCLUSION

The fourth of its kind, NIA 2019 is conducted concurrently with the new government taking its responsibility of a government. The findings of NIA 2019 provide a way forward for the government to step further in terms of improving quality of service delivery. The government, over the years, has been doing so much to improve the condition of public service delivery in terms of establishing a one-stop center, front desk information center, community information center, and adopting online services.

The findings of NIA 2019 reaffirm government efforts in achieving the 12 NKRA ‘corruption reduced’, that is, to strengthen good governance and contribute towards building a corruption-free society. Furthermore, the score of NIA 2019 is set as a key performance indicator for achieving the 12 NKRA ‘Corruption Reduced’ in the 12 FYP.

Accordingly, the score of NIA 2019 will be of interest to the achievement of three strategic objectives of National Integrity and Anti-Corruption Strategy (NIACS) 2019–2023. These strategic objectives are: 1) Transparent, accountable and integrity culture strengthened; 2) Integrity consciousness enhanced; and 3) Credibility and effectiveness of law enforcement and regulatory agencies enhanced (ACC,2019).

The **National Integrity** score for the country was calculated at 7.97, indicating a Good Level of integrity. However, the score indicates the need to improve further in terms of quality service delivery by enhancing transparency, accountability, and organizational culture.

Similarly, **External Integrity** score of 8.08 indicates a Very Good Level of integrity. This result corroborates with the findings of BTI (2016) where the majority of the respondents were satisfied with the quality of service delivered in the public agencies. However, the low scores for accountability and perceived corruption in **External Integrity** call for improving accountability mechanisms in the agencies through proper supervision and monitoring. Favouritism based on region or relationships was also perceived to be prevalent in public service delivery indicating weak enforcement of code of conduct, weak supervision and monitoring, and lack of internal checks and balances to prevent abuse of functions.

The integrity score for **Internal Integrity** was 7.98 indicating a Good Level of integrity. The score was contributed mostly by the **Work Integrity Index**. However, the **Integrity Culture** and **Ethical Leadership** scored at a Satisfactory Level and the need to improve organizational culture, corruption control system, and ethical conduct of the leaders. The low score for the corruption control system indicates weak or lack of encouragement for reporting corruption or wrongdoings, protection of whistleblowers, and internal checks and balances. The assessment also highlighted the need to improve conduct of the leaders in terms of enhancing integrity, transparency, accountability, and fairness. The leaders who value ethics and manage ethics in the workplace are likely to display and promote integrity, ethics, trust, transparency, accountability, and fairness towards the employees and in the organizations (Den Hartog & De Hoogh, 2009; Erakovich & Kolthoff, 2016; Jeremy et al., 2016; Joseph and Winston,2005).

Moreover, leaders with ethics, integrity, fairness, and trust demonstrate a strong determination to tackle corruption and lead by example. Such ethical leaders make efforts to remove the possibility of corruption through the monitoring and evaluation of public service delivery.

Therefore, the recommendations proposed in this report are expected to address the issue of corruption and wrongdoings in the due course of public service delivery by ensuring proper conduct of the public officials, strict monitoring and supervision, and demonstration of ethical leadership qualities by the leaders.

His Majesty the King, in his address on the 111<sup>th</sup> National Day 2018, highlighted: “If in the next 10 to 15 years, we achieve all our national objectives, the credit will go to our public servants. However, if we fail, it will mean that the public servants have failed”.

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## GLOSSARY

**Abuse of Authority:** The abuse of authority is the improper use of a position of influence, power or authority by staff member or non-staff personnel against another staff member or non-staff personnel or a group thereof.

**Accountability:** Accountability is defined as “proactive process by which public officials inform about and justify their plans of action, their behaviour, and results, and are sanctioned accordingly” Ackerman (2014).

**Bribery:** The act of taking or receiving something with the intention of influencing the recipient in some way *favourable* to the party providing the bribe.

**Conflicts of Interest:** Arises when an individual with a formal responsibility to serve the public participates in an activity that jeopardizes his or her professional judgment, objectivity, and independence.

**Collusion:** Secret agreement or cooperation especially for an illegal or deceitful purpose.

**Disproportionate Assets:** Refers to the asset of a person acquired at or around the time the person is alleged to have committed an act of corruption and whose value is disproportionate to one’s lawful sources of income at or around that time and for which there is no reasonable or satisfactory explanation.

**Dzongkhag:** District

**Dzongdag:** Governor of a district

**Embezzlement:** Fraudulent taking of public property/fund for personal gain.

**Ethical Leadership:** demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making.

**External Client:** Service users or citizens who avail services from an agency.

**Favouritism:** A normal human inclination to prefer acquaintances, friends, and family over strangers

**Gewog:** Lowest administrative unit in Bhutan’s three-tiered governance system. A group of villages makes up a *Gewog* and is translated as a block.

**Index:** A statistical measure of integrity score of the public agencies and its services.

**Integrity:** a degree in which public officials of an institution discharge their public duties fairly and transparently as well as in compliance with the laws, rules, and regulations without involving in misconduct and corruption.

**Integrity Score:** A score generated through a set of formulae based on the perception and experience of citizens about the effectiveness of service delivery.



**Internal Client:** Service providers or employees of an agency responsible for providing services.

**Nepotism:** A form of favouritism that involves family relationships.

**Organizational Integrity Plan:** A comprehensive action plan to develop integrity programs and manage integrity matters in an organization.

***Thadamste and Leyjumdrey:*** Respect and loyalty to parents, elders and superiors.

***Thromde:*** Municipality

**Transparency:** Transparency refers to open decision making based on sufficient information so that other agencies and the general public can assess whether the relevant procedures are followed, consonant with the given mandate.

**Upper Cut-Point:** Converted score for position and amount of corruption proceeds (out of 10)

## APPENDIX

Ministry	Service
<b>Ministry of Agriculture and Forests</b>	Supply of commercial timber
	Livestock services
	Land conversion (wet to dry)
	Irrigation engineering services
	Supply of livestock inputs
	Supply of non-wood forest products
<b>Ministry of Economic Affairs</b>	AFD Services
	Approval of small and cottage industries license
	Issuance of raw material/machinery import license
	Export/Import Clearance
	Issuance of wholesale dealership and retail license
	Approval and renewal of all trade and industrial license
	Issuance of new LPG cylinders
	Company incorporation
<b>Ministry of Education</b>	Approval of entertainment license (Reality shows etc.)
	AFD Services
	Student scholarship services
<b>Ministry of Finance</b>	Student loan scheme for tertiary education services
	AFD Services
	Issuance of Tax Clearance Certificate
	Assessment and refund of tax services
	Tax appeal services
<b>Ministry of Foreign Affairs</b>	Issuance of sales tax exemption certificate
	AFD Services
	Issuance of passport/travel documents
<b>Ministry of Health</b>	AFD Services
	Procurement of medical supplies and infrastructure
<b>Ministry of Information and Communication</b>	AFD Services
	Issuance and renewal of driving license
	Registration and renewal of vehicles/ documents
	Payment of fines/ penalties for violation of traffic rules
	Approval and registration of private transport service
AFD Services	

<b>Ministry of Home and Cultural Affairs</b>	Birth Registration
	Changing the head of house hold
	CID /Special Residence Permit card processing
	Obtaining of Household and family details
	Replacement of the CID/ SRP cards
	Name change and date of birth correction in CID
	Census appeal cases (census Drop-Out cases (DO); Census Up-gradation (UG); Absconded (AB); Emigrated (EM)
	Issuance of work permit
	Entry permit/ route permit and visa
	Issuance of permit for Artefacts/ <i>Kuten Sungten</i>
AFD Services	
<b>Ministry of Labour and Human Resources</b>	Selection and nomination for overseas employment
	Approval of work permit for foreign workers
	Regulatory and monitoring services
	Approval and grant of internship funds
	AFD Services
<b>Ministry of Works and Human Settlement</b>	Machine Hiring
	AFD Services

<b>Autonomous Agency</b>	<b>Service</b>
<b>Bhutan Chamber of Commerce and Industry</b>	Business Support Services
	AFD Services
<b>Bhutan Council for School Examination and Assessment</b>	Issuance of Duplicate examination documents
	Issuance of Replacement documents
	Selection of teachers for evaluation of exam papers
	Selection of teachers for managing of exam papers
	AFD Services
<b>Bhutan Info-Comm. Media Authority</b>	Approval and renewal of Printing and publication
	Issuance of film permit for national and international
	Accreditation of the journalist
	Approval of cable television
	AFD Services
<b>Bhutan Medical Health Council</b>	Registration and approval of practitioners services
	AFD Services
<b>Bhutan Narcotic Control Authority</b>	Import authorization for precursor chemicals
	AFD Services
<b>Bhutan Standards Bureau</b>	AFD Services
<b>Bhutan Trust Fund for Environmental Conservation (BT FEC)</b>	AFD Services

<b>Center for Bhutan Studies and GNH Research</b>	AFD Services
<b>Construction Development Board</b>	Re-registration/ renewal of CDB certificate
	Upgrade/downgrade of CDB certificate
	Name, ownership and location change services
	Registration and renewal of architect
	Renewal/ registration of consultant and specialized trade
	AFD Services
<b>Credit Information Bureau</b>	AFD Services
<b>Civil Society Organization Authority</b>	Approval of new applications and renewable of certificates
	AFD Services
<b>Dzongkha Development Commission Secretariat</b>	AFD Services
<b>Drugs Regulatory Authority</b>	Import permit for medicinal products
	Technical authorization for sales and distribution
	Competency certificate for sales and distribution
	Registration and renewal of competent person to set up pharmacies
	Inspection services
	AFD Services
<b>Gross National Happiness Commission Secretariat</b>	AFD Services
<b>Jigme Dorji Wangchuck National Referral Hospital</b>	Ambulance service
	Approval and referral of patient outside
	Issuance of medical certificate
	Patient diet service
	OPD services
	AFD Services
<b>National Assembly Secretariat</b>	AFD Services
<b>National Council Secretariat</b>	AFD Services
<b>National Commission for Women and Children</b>	Legal Services (Processes/assessment of Child adoption)
	Counselling services
	AFD Services
<b>National Environment Commission Secretariat</b>	Inspection services for compliances
	Issuance and renewal of EC
	AFD Services
<b>National Land Commission Secretariat</b>	Issuance of Proof of ownership/ <i>Lagthram</i>
	Resettlement Services
	Approval of land conversions
	Approval of land transactions
	Land exchange services
	AFD Services
<b>National Statistics Bureau</b>	AFD Services

<b>Office of the Vice Chancellor</b>	Admission services (self-financing and government funded)
	Research grant services
	AFD Services
<b>Royal Bhutan Police</b>	Traffic services
	Issuance of security clearance
	AFD Services
<b>Royal Education Council</b>	AFD Services
<b>Royal Institute of Management</b>	AFD Services
<b>Royal Monetary Authority</b>	Issuance and renewal of authorized money exchange license
	AFD Services
<b>Tourism Council of Bhutan</b>	Monitoring Service for tour operators
	Assessment and certification of tour operation and travel agent
	Certification of hotel standards and quality
	AFD Services

<b>Corporation</b>	<b>Service</b>
<b>Bhutan Broadcasting Service Ltd.</b>	AFD Services
<b>Bhutan Duty Free Ltd.</b>	AFD Services
<b>Bhutan Postal Corporation Limited</b>	International and domestic express mail service
	International and domestic registered letter
	International and domestic parcel
	FedEx and TNT (International)/ Post overnight courier
	E-commerce
	Western union money transfer (WUMT)
	Domestic fax money order
	Electronic money order (eMO) with India
	Public transport service (Thimphu to Phuntsholing and vice-versa and Phuntsholing to Kolkata transport service vice-versa)
	City bus service
<b>Bhutan Power Corporation Limited</b>	AFD Services
	Power supply
	Billing
	Online bill payment
<b>Bhutan Telecom Limited</b>	AFD Services
	Selection of agents for SIM cards and voucher distribution
	Value added service like BT Wi-Fi, B-Wallet, E-load
	Local line connection
	International line connection
	Domain registration
	Web hosting
AFD Services	

<b>Construction Development Corporation Limited</b>	Hire of machineries services (private parties) AFD Services
<b>Druk Green Power Corporation Limited</b>	AFD Services
<b>Druk Holding and Investment</b>	AFD Services
<b>Druk Air Corporation Limited</b>	AFD Services
<b>Food Corporation of Bhutan Limited</b>	Facilitation of auction services to the farmers AFD Services
<b>Farm Machinery Corporation of Bhutan</b>	Hiring services Repair and maintenance services Fabrication services AFD Services
<b>Kuensel Corporation Limited</b>	AFD Services
<b>Menjong Sorig Pharmaceutical Corporation Ltd.</b>	AFD Services
<b>National Housing Development Corporation Limited</b>	Allotment of houses to civil servants Maintenance of houses Accounting of rents AFD Services
<b>National Pension and Provident Fund</b>	Payment of retirement benefits Loan services (education loan, housing loan, home loan, member loan, student loan and project loan) Allotment of housing AFD Services
<b>Natural Resource Development Corporation Limited</b>	Timber related service (log/poles, sawn timber, firewood, woodchips, joinery products like flooring and panelling, briquette and seedlings) Sand (surface collection and degraded sand) Stone (boulders, aggregated stone, and river bed materials like mixture of sand and pebbles) Transportation services for supply of sand from Sha region. AFD Services
<b>Penden Cement Authority Ltd.</b>	AFD Services
<b>Royal Bhutan Helicopter Services Limited</b>	Emergency services (MEDEVAC/CASEVAC and fire) AFD Services
<b>Rural Enterprise Development Corporation Limited</b>	Approval of proposal for loan services AFD Services
<b>State Trading Corporation of Bhutan Limited</b>	AFD Services

Constitutional Office	Service
Anti-Corruption Commission	Complaints registration service (walk-in)
	AFD Services
Election Commission of Bhutan	Election services
	AFD Services
Royal Audit Authority	Online audit clearance
	AFD Services
Royal Civil Service Commission	Civil Service Welfare Scheme claim service
	AFD Services
Hospitals/BHU	Service
Central and Regional Referral Hospital	OPD services
	Ambulance services
	Referral of Patient outside
	Issuance of Medical Certificates
	Patient diet service
Dzongkhag Hospitals and BHU	OPD services
	Ambulance services
	Referral of Patient outside
	Issuance of Medical Certificates
	Patient diet service
Judiciary	Service
The Supreme Court of Bhutan	Administration of Justice: Case adjudication of the original/territorial jurisdiction
	Extra-territorial jurisdiction services
	Appeal services
	Execution of judgment
	AFD Services
The High Court of Bhutan	Administration of Justice: Case adjudication of the original/territorial jurisdiction
	Extra-territorial jurisdiction services
	Appeal services
	Issuance of marriage certificate (with foreigner)
	Execution of judgment
	AFD Services

<b>The Dzongkhag Court</b>	Administration of Justice: Case adjudication of the original/territorial jurisdiction
	Public notarization like notarization of documents, translation etc. (For Thimphu <i>Dzongkhag</i> Court only)
	Appeal services
	Issuance of marriage certificate
	Execution of judgment
<b>The Dungkha Court</b>	AFD Services
	Administration of Justice: Case adjudication of the original/territorial jurisdiction
	Issuance of marriage certificate
	Execution of judgment
	AFD Services

<b>Financial Institution</b>	<b>Service</b>
<b>Bhutan Development Bank Limited</b>	Banking Services (Current Account, FD+ Scheme, Fixed Deposit Account, Foreign Currency Account, Piggy Bank, Recurring Deposit and Savings Account)
	<i>Gewog</i> Banking Services
	AFD Services
<b>Bhutan Insurance Limited</b>	Motor insurance
	AFD Services
<b>Bhutan National Bank Limited</b>	Credit Services (Fund base and non-fund base)
	ATM and Cards services (Credit card, Debit card and prepared card)
	Banking Services (Current Account, FD+ Scheme, Fixed Deposit Account, Foreign Currency Account, Piggy Bank Recurring Deposit and Savings Account)
	Internet/Mobile banking
	AFD Services
<b>Bank of Bank limited</b>	Credit Services (Fund base and non-fund base)
	Deposit Services
	AFD Services
<b>Druk Punjab National Bank Limited</b>	Credit Services (Fund base and non-fund base)
	ATM and Cards services (Credit card, Debit card and prepared card)
	Banking Services (Current Account, FD+ Scheme, Fixed Deposit Account, Foreign Currency Account, Piggy Bank Recurring Deposit and Savings Account)
	AFD Services



Royal Insurance Corporation of Bhutan	General insurance claims (burglary, money in transit, fidelity guarantee insurance, personal accident or group personal accident insurance and engineering insurance)
	Loan service (Industrial loan, Housing loan, Business loan and Recovery loan)
	Priority Sector Lending
	Stock Claim
	Loan Protection Claim
	AFD Services

Dzongkhag	Service
Dzongkhag (20)	<b>Census Services</b>
	Death Reporting
	Changing the head of house hold
	CID /Special Residence Permit card processing
	Obtaining of Household and family details
	Replacement of the CID/ SRP cards
	Name change and date of birth correction in CID
	Census transfer within <i>Gewog</i> or <i>Dzongkhag</i> or Inter- <i>Dzongkhag</i>
	Census appeal cases (census Drop-Out cases (DO); Census Up-gradation(UG); Absconded (AB); Emigrated (EM)
	<b>Land Record Services</b>
	Obtaining ownership certificate
	Obtaining clearance certificate for land mortgage
	Obtain approval for rural house construction
	Omission case services
	Registered land exchange with GRF
	Conversion of wet land to <i>Khimsa</i>
	Conversion of wet land to Kamzhing
	Lease of GRF land for Tsamdro and Sokshing
	Lease GRF land for commercial agriculture farm
	Leasing GRF land for mining activity
	Rural land transaction
	Land acquisition and substitution of registered land
	<b>Cultural Services</b>
	Approval of Lhakhang Construction
	Approval of Chortens/Mani Dungkhor construction
	<b>Engineering Services</b>
	Contract bills verification
	Site inspection services
	Handing taking of work

Dzongkhag (20)	Approval of rural house construction
	Approval of drawings and design
	<b>Environment Services</b>
	Obtaining Environmental Clearance (EC) for Roads, Projects, Forestry activities, Mining and quarrying, Power transmission lines, Tourism and General
	Renewal of Environmental Clearance
	<b>Health Services</b>
	Rural Water Supply and sanitation services
	<b>Agriculture Services</b>
	Farmers capacity building
	Inputs Procurement & Distribution
	Extension services
	Land conversion
	CMU Machine Hire
	E-fencing services
	<b>Livestock Services</b>
	Approval of commercial and mega fishery, poultry and piggery farms
	Supply and distribution of livestock inputs
	Selection of farmers for study tours/capacity building
	<b>Education Services</b>
	School admission services (new admission and transfers)
Nomination of teachers for workshop and trainings	
Nomination of youth/students for programs	
Verification of bills	
<b>Loan Services</b>	
Process loan application for REDCL	
Priority Sector Lending services	
<b>Municipal Services</b>	
Water and sewerage services	
Collection of waste services	
Approval of construction of building/ structures	
Approval of drawings/ designs	
<b>AFD Services</b>	

Thromde	Service
Thromde (4)	<b>Engineering Services</b>
	Approval of building construction
	Approval of drawings/ designs
	Contract bills verification
	Handing taking of work
Site inspection services	

	<b>Census Services</b>
	Birth Registration
	Census appeal cases (census Drop-Out cases (DO); Census Up-gradation(UG); Absconded (AB); Emigrated (EM)
	Changing the head of house hold
	CID /Special Residence Permit card processing
	Name change and date of birth correction in CID
	Obtaining of Household and family details
	Death Reporting
	<b>Development Control Services</b>
	Issuance of Occupancy Certificates
	<b>Land Record Services</b>
	Land acquisition and substitution of registered land
	Replacement of the CID/ SRP cards
	Rural land transaction
Thromde (4)	Obtaining ownership certificate
	Registered land exchange with GRF
	Nomination of teachers for workshop and trainings
	Nomination of youth/students for programs
	<b>Environment Services</b>
	Obtaining Environmental Clearance (EC) for Roads, Projects, Forestry activities, Mining and quarrying, Power transmission lines, Tourism and General
	Renewal of Environmental Clearance
	Solid waste services
	<b>Education Services</b>
	School admission services (new admission and transfers)
	<b>Infrastructure Services</b>
	Sewerage services
	Vacuum tanker services
	Water Connection services
	AFD Services
<b>Gewog</b>	<b>Services</b>
Gewog (20)	Birth Registration
	Death Reporting
	Changing the head of house hold
	CID /Special Residence Permit card processing
	Obtaining of Household and family details
	Replacement of the CID/ SRP cards
	Name change and date of birth correction in CID

<b>Gewog (20)</b>	Census transfer within <i>Gewog</i> or <i>Dzongkhag</i> or Inter- <i>Dzongkhag</i>
	Census appeal cases (census Drop-Out cases (DO); Census Up-gradation(UG); Absconded (AB); Emigrated (EM))
	Obtaining ownership certificate
	Obtaining clearance certificate for land mortgage
	Obtain approval for rural house construction
	Omission case services
	Registered land exchange with GRF
	Conversion of wet land to <i>Khimsa</i>
	Conversion of wet land to <i>Kamzhing</i>
	Lease of GRF land for <i>Tsamdro</i> and <i>Sokshing</i>
	Lease GRF land for commercial agriculture farm
	Leasing GRF land for mining activity
	Rural land transaction
	Land acquisition and substitution of registered land
	Approval of rural timber
	Approval of private and community forest
	Approval for sand and stone collection
	Approval for fire wood collection
	Approval for rural house construction
	Life insurance
Loan assessment and approval	
Alternative dispute resolution (Mediation)	
School Admission	
Emergency response in case of disaster	
Livestock services	
Rural tax collection	
Community Information Center services (loan processing, loan repayment etc.)	
AFD Services	

Central School	Service
<b>Central Schools (11)</b>	Admission in central schools
	Procurement of goods (uniform, shoes, beddings, etc.)
	Procurement of goods (mess items)
	Procurement of services (canteen, training of teachers)
	School mess management services
Royal University of Bhutan	Service
<b>Colleges (5)</b>	College mess management services
	AFD Services



