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Ghost Workers in the Tanzanian Public Sector: Socio-Economic Impacts and Governance Implications

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Abstract

Ghost workers on the payroll continue to undermine efforts to achieve the Sustainable Development Goals (SDGs) in the Global South. Their presence weakens the quality of public service delivery and leads to significant socio-economic repercussions. In Tanzania, initiatives such as public service reforms, physical verification exercises for public servants, and the enhancement of human resource information systems have been introduced to address this challenge. However, the persistence of ghost workers continues to hinder service efficiency and broader developmental progress. Existing studies have not sufficiently explored the socio-economic consequences of this phenomenon. This paper therefore investigates the impact of ghost workers on public sector performance and development in Tanzania. The analysis draws on the Fraud Triangle Theory and Fraud Management Theory as conceptual frameworks. Secondary data were sourced from credible government documents and peer-reviewed journal articles, and analysed through content analysis by comparing data trends and thematic overlaps. Key findings include financial losses, increased unemployment, stalled promotions, demotivated personnel, higher anti-fraud costs, and poor service delivery. The study concludes that ghost workers compromise workforce effectiveness, undermine governance, and obstruct public sector development, thereby threatening the realisation of the SDGs. It calls for strong political will to institutionalise ethical recruitment and implement robust fraud control mechanisms, thus reducing payroll fraud and mitigating its socio-economic impact by 2030.

Keywords: *Fraud Management; Ghost Workers; Socio-Economic Impacts*

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Introduction

Good governance, widely regarded as the cornerstone of effective public administration, is influenced not only by policy frameworks and leadership but also significantly by the competence and integrity of civil servants (Newman & de Zoysa, 1999; Nor et al., 2022; Overman & Schillemans, 2022; van Doeveren, 2011). Civil servants play a crucial role in ensuring the efficient delivery of public services, directly affecting citizens' quality of life (Adeusi et al., 2024). This aligns with the broader Sustainable Development Goals (SDGs), which aim to enhance global quality of life by 2030. Hence, professionalism, accountability, and adherence to ethical standards within the civil service are vital for fostering public trust, transparency, and equitable access to public services (Dziedzic, 2024; Syadiyah et al., 2024).

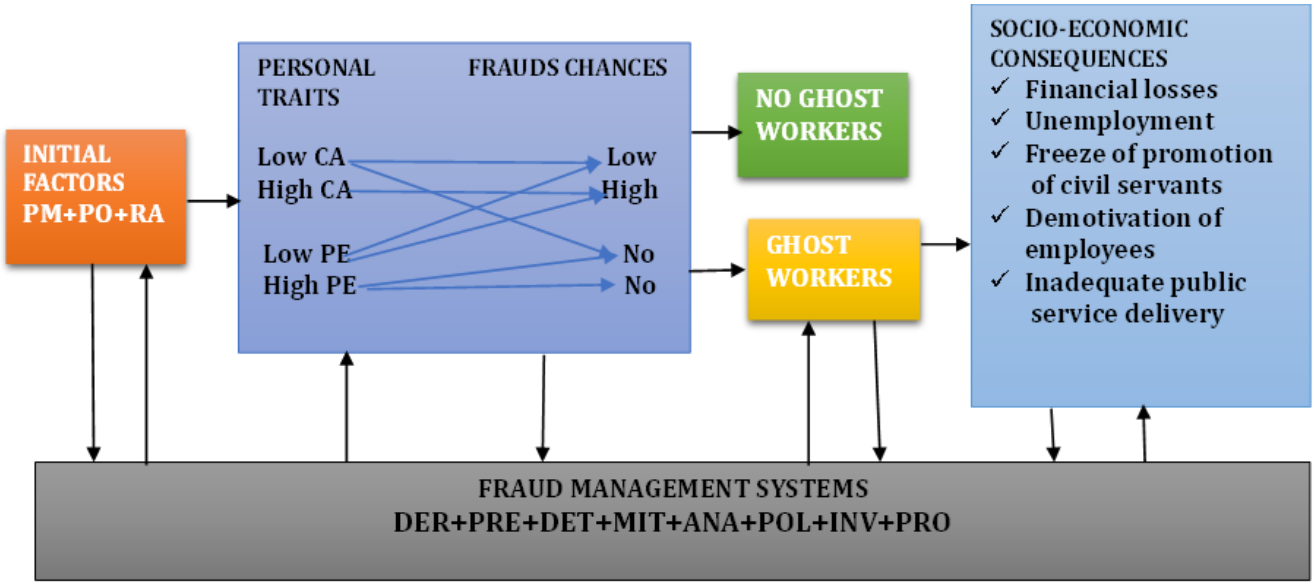
Tanzania, like many other nations, is committed to strengthening governance through the implementation of ICT-supported systems (Mkude, 2023; Shao, 2024) while simultaneously addressing the persistent challenge posed by ghost workers. Ghost workers are individuals either no longer employed or entirely fictitious, fraudulently listed on payroll systems to unlawfully extract public funds (Dye, 2007; Farazmand et al., 2022). These fraudulent activities lead to substantial financial losses and compromised service delivery, exacerbating poverty and inefficiency in developing countries, including Tanzania (Aikaeli et al., 2021; Therkildsen, 2000). Despite initiatives such as comprehensive employee audits and the Human Capital Management Information System (HCMIS), ghost workers remain prevalent (Marcel & Tefurukwa, 2023; Deogratias & Tefurukwa, 2025) . For example, Tanzania incurred losses of approximately TZS 392 million in the 2014/2015 fiscal year, escalating to TZS 1,007 million in 2015/2016.

The persistence of ghost workers in Tanzania is multifaceted. Unethical behaviour among senior bureaucrats significantly contributes to fraudulent practices (Jha & Singh, 2023; Tefurukwa, 2022). Concurrently, existing human resource management systems often fail to maintain accurate and updated employee records (Garcia-Arroyo & Osca, 2021; Kambur & Yildirim, 2023). Furthermore, inadequate fraud management systems facilitate collusion among corrupt officials across departments, allowing further siphoning of public resources (Brewer et al., 2015; Nuswantara & Maulidi, 2017). Such institutional deficiencies and compromised integrity exacerbate the prevalence of ghost workers despite various reform efforts, including e-government initiatives (Bakri et al., 2017; Sihombing et al., 2023; Tefurukwa, 2022; Deogratias & Tefurukwa, 2025).

Several studies have underscored the socio-economic repercussions of ghost worker schemes, particularly their adverse impact on public sector efficiency, trust in governance, and economic development. In Nigeria, ghost workers severely burden government budgets, diverting funds intended for legitimate employees and intensifying unemployment and social discontent (Ogunmiloro et al., 2024). Similarly, van den Berg and Baum (2024) highlight how informal employment practices, including ghost worker schemes, result in job insecurity, exploitation, and poor physical and mental health outcomes, especially among vulnerable populations. Administrative weaknesses

enabling ghost worker proliferation undermine institutional accountability, destabilise labour markets, erode public trust, and deepen poverty cycles (Manyerere & Mpambije, 2022).

The conceptual framework guiding this study integrates several fraud theories: Cressey's Fraud Triangle (Cressey, 1950), Wolfe and Hermanson's Fraud Diamond Theory (Wolfe & Hermanson, 2004), and Wilhelm's Fraud Management Lifecycle Theory (Wilhelm, 2004). These theories collectively explain the dynamics of organisational fraud. Cressey's Fraud Triangle identifies pressure, opportunity, and rationalisation as fundamental drivers of fraud. Financial and social pressures, combined with weak internal controls, create environments conducive to fraud (Cressey, 1950). However, Cressey's model does not fully explain why only certain individuals engage in fraud despite similar pressures and opportunities. Wolfe and Hermanson's Fraud Diamond Theory supplements this by introducing 'capability,' which refers to the personal attributes and abilities required to commit fraud successfully (Wolfe & Hermanson, 2004). Thus, fraud occurs only when an individual possesses the necessary capability alongside opportunity and rationalisation.



Abbreviations:
PM: Perceived Motive; PO: Perceived Opportunity; RA: Rationalisations; PE: Personal Ethics; CA: Capability; DER: Deterrence; PRE: Prevention; MIT: Mitigation; ANA: Analysis; POL: Policy; INV: Investigation; PRO: Prosecution; DET: Detection Interventions.

Figure 1. Conceptual Framework
Source: Processed by the authors (2024)

Additionally, personal ethics significantly influence the occurrence of fraud. Officials with lower ethical standards are more likely to engage in fraudulent acts when confronted with pressures and opportunities (Sorunke, 2016). Consequently, this study recognises personal integrity as crucial in fraud prevention, given that individuals with high ethical standards are less inclined to rationalise fraudulent behaviours (Kassem &

Higson, 2012). Lastly, Wilhelm's Fraud Management Lifecycle Theory (Wilhelm, 2004) provides a comprehensive strategy, proposing interconnected phases—deterrence, prevention, detection, mitigation, and prosecution—to proactively manage fraud. This holistic approach aims to effectively reduce ghost worker incidents through early detection and systematic intervention.

Figure 1 illustrates this integrated conceptual framework, combining Cressey's Fraud Triangle, Wolfe and Hermanson's Fraud Diamond Theory, and Wilhelm's Fraud Management Lifecycle Theory, thereby elucidating the origins and socio-economic implications of ghost workers.

By synthesising these theoretical perspectives, this study aims to provide a comprehensive analysis of ghost worker issues in Tanzania, highlighting their socio-economic impacts and offering detailed policy recommendations to mitigate this ongoing governance challenge.

Research Methods

This study aimed to explore the socio-economic consequences of ghost workers within the Tanzanian public payroll system. Employing a qualitative research design, the analysis relied exclusively on secondary data. The research utilised the conceptual framework (see Figure 1) to define keywords and themes that guided the data collection process. Primary searches were conducted through the Google search engine using key terms such as *"ghost workers," "payroll," "causes of fraud," "fraud management," "financial effects," "social effects," "effects of ghost workers," "consequences,"* and *"socio-economic."* These search terms facilitated the identification of relevant journal articles and reports.

Inclusion and exclusion criteria for selecting the materials were based on the authenticity, credibility, and reliability of academic journal articles and official government reports. Additionally, the study employed data triangulation by cross-verifying information consistently reported across multiple credible sources. Qualitative thematic analysis was conducted using both pre-established themes and emergent themes identified during the assessment of collected materials. Relevant statistics and key areas highlighted across authentic sources were extracted and systematically presented in the results and discussion sections.

Further analytical depth was achieved by critically examining convergences and divergences of the study's findings compared to previous empirical research conducted in other Sub-Saharan African countries. Finally, the study integrated findings with the established conceptual framework to draw comprehensive and informed conclusions.

Results and Discussion

The study aimed to explore the implications of ghost workers on payrolls and the resulting financial impact on the government. The following sections discuss the findings in greater detail, examining the economic, social, and institutional ramifications of the ghost worker phenomenon in Tanzania.

Financial Implications of Ghost Workers in Tanzania

This study examined the financial losses caused by ghost workers in the Tanzanian public payroll system, revealing significant negative impacts on national finances. For instance, Mamdani et al. (2018) reported that a national employee verification exercise in 2016 identified 19,708 ghost workers, enabling the government to recover approximately USD 10 million (TZS 23.4 billion). In 2015 alone, ghost workers caused an estimated loss of TZS 141.4 billion (USD 64.86 million). Furthermore, during the 2020/2021 fiscal year, 25 Local Government Authorities (LGAs) reported losses amounting to TZS 586 million due to improper human resource management practices. These findings underscore the considerable financial burden ghost workers impose on Tanzania, consequently reducing the funds available for critical public services and developmental projects.

Although the total actual financial cost remains uncertain, government statements have frequently highlighted the severity of this issue (Marcel & Tefurukwa, 2023). For example, the Prime Minister publicly declared that without ongoing efforts to eliminate ghost workers, monthly losses could exceed TZS 4.5 billion (USD 2.06 million). Additionally, the Controller and Auditor General's (CAG) report for 2020–2021 noted that ten LGAs continued paying 46 non-working employees a total of TZS 138,203,000, suggesting ongoing fraudulence, mismanagement, and potential financial losses in the public sector.

These statistics clearly demonstrate the profound fiscal consequences of ghost workers within Tanzania's payroll management system. Given Tanzania's status as a developing country with limited financial resources, efficient allocation and utilisation of public funds are critical for improving citizens' living standards (Ellis & Mdoe, 2003; Iddrisu et al., 2022). The diversion of scarce financial resources by ghost workers exacerbates poverty (Tefurukwa & Bwaki, 2022), perpetuates ignorance (Tefurukwa, 2022), and increases disease prevalence, as corrupt officials exploit resources for personal gain (Cressey, 1950; Tickner & Button, 2021). Resource wastage driven by selfish interests is prevalent in the Global South and significantly obstructs progress towards achieving the Sustainable Development Goals (SDGs) by 2030 (Guerra et al., 2022; Khajuria et al., 2022; Minas et al., 2024). The persistence of ghost workers is mainly due to ongoing unethical practices by bureaucrats managing Human Resource Information Systems (Inuwa et al., 2020; Sharp & Housel, 2004; Marcel & Tefurukwa, 2023). Such practices drain funds that could otherwise enhance wage structures (Mbuh et al., 2020; Sorunke, 2016), increase legitimate employee salaries (Carrillo et al., 2023), and ultimately improve public service quality (Adeusi et al., 2024).

According to Cressey (1950), several interrelated factors contribute to the persistent issue of ghost workers. Bureaucrats often collaborate with similarly unethical individuals, engaging in the embezzlement of public funds through payroll fraud. Cressey (1950) theorised that fraud emerges through a combination of three synchronised elements: pressure, opportunity, and rationalisation. Pressure encompasses political, financial, non-financial, and social stresses faced by bureaucrats. For instance,

extravagant lifestyles, lack of discipline, or habits such as gambling exemplify pressures driving unethical conduct (Tefurukwa, 2022; Tickner & Button, 2021). Social and political pressures also compel bureaucrats to maintain their status or reputation at any cost (Kassem & Higson, 2012).

However, the presence of pressure alone does not guarantee fraudulent behaviour unless bureaucrats identify and exploit systemic opportunities. Weak internal controls and inadequate supervisory mechanisms allow those managing Human Capital Management Information Systems (HCMIS) to misappropriate salaries and benefits allocated to genuine employees (Mbuh et al., 2020). Nonetheless, pressure and opportunity alone are insufficient; fraud occurs when bureaucrats rationalise unethical behaviours, justifying their actions through morally questionable reasoning (Cressey, 1950; Tickner & Button, 2021; Tefurukwa, 2022).

Ultimately, such unethical practices spread like poison through governmental systems, progressively crippling public institutions. Although government offices remain operational, their inability to deliver expected services becomes increasingly apparent to citizens. Low-income groups and vulnerable populations bear the brunt of deteriorating public healthcare and education systems, as they typically cannot afford private sector alternatives. The broader societal consequences of payroll fraud are incalculable, with inadequate funding for public services potentially resulting in preventable loss of life, particularly when vital healthcare services are delayed or entirely unavailable.

Unemployment Problems

The existence of ghost employees on government payrolls prompted the Tanzanian government to temporarily freeze new recruitments. Approximately two years into President Magufuli's administration, recruitment across various public sectors was halted while qualifications of existing employees underwent thorough verification. This decision aimed at cleaning the payroll system before initiating new recruitment processes, as the President publicly asserted that certain individuals within government offices lacked proper qualifications, thereby denying qualified candidates their legitimate employment opportunities. Thus, due to the prevalence of ghost workers, new vacancies were withheld until the payroll system had been adequately rectified.

The Tanzanian government explicitly linked the suspension of new recruitment to efforts aimed at purging approximately 10,000 ghost workers from public payrolls. During the Bank of Tanzania’s 50th-anniversary celebrations, the President reaffirmed the government's commitment to aggressively addressing payroll irregularities that had long delayed scheduled employments. Temporarily suspending new hires was considered necessary to strengthen fraud management mechanisms and effectively eliminate loopholes that allowed ghost workers to be added to the payroll system. At the time, approximately 2,800 ghost workers were identified, having fraudulently received a total of TZS 7 billion (USD 2.5 million) through NMB Bank.

The government's actions clearly illustrate the significant impact ghost workers have had on employment opportunities within Tanzanian public institutions. Between 2016 and early 2018, the suspension of government recruitment had considerable

implications, particularly evident in the education sector. The simultaneous implementation of a fee-free education policy contributed to a notable increase in primary school enrolments (Härmä, 2021). However, due to the ongoing employment freeze (Magoti & Tefurukwa, 2022), the government faced severe shortages of qualified teachers needed to accommodate the surge in enrolment numbers (Lewin, 2002). Consequently, classrooms became overcrowded, placing significant strain on Tanzania's education system (Magoti & Tefurukwa, 2022). This aligns with Moyo's (2017) findings that ghost workers not only lead to financial losses but also exacerbate unemployment and weaken the delivery of essential public services such as education.

Institutional frameworks are critical in Tanzania's governance and public sector management (Marcel & Tefurukwa, 2023). Excessive centralisation, political interference, and inadequate accountability mechanisms have compromised the integrity of staffing processes, thereby limiting the effectiveness of recent administrative reforms (Bana & McCourt, 2006). Furthermore, the persistence of ghost workers reflects broader political, non-financial, and social pressures experienced by bureaucrats (Mbuh et al., 2020; Tickner & Button, 2021). Given that the Tanzanian government remains a major employer, the year-long employment freeze implied a lack of replacements for those who retired, resigned voluntarily, or passed away. Consequently, existing employees experienced increased workloads, potentially compromising service quality. Government institutions, despite remaining operational, often failed to deliver expected services effectively. Moreover, prolonged suspension of government recruitment negatively affected the morale and expectations of recent graduates, potentially heightening social tensions and unrest in the country.

Freeze on Civil Servant Promotions

Promotion is a fundamental right of civil servants, and the suspension of promotions in Tanzania during efforts to eliminate ghost workers has had significant repercussions. The government's decision to freeze promotions aimed first at purging ghost employees from payrolls and verifying the qualifications of existing civil servants (Mukandala, 2023). Reports indicate the government sought to mitigate substantial financial waste, given monthly payments of approximately TZS 54 billion to ghost workers from a total payroll cost of TZS 583 billion.

Although the promotion freeze was ostensibly well-intentioned, its impact was substantial for civil servants whose promotional eligibility coincided with this period. Mukandala (2023) highlights these challenges, noting that despite the fifth-phase government's commitment to equitable remuneration—intending to reduce wage disparities between the highest- and lowest-paid employees—middle and lower-cadre civil servants experienced disillusionment due to the suspension of salary increases linked to promotions. Consequently, civil servant morale deteriorated significantly.

The freeze on promotions adversely affected employee motivation, resulting in career stagnation, frustration, reduced job satisfaction, and diminished professional growth opportunities. Civil servants were denied higher wages, professional recognition, and avenues for advancement, eroding their organisational commitment. The

psychological and economic repercussions were severe, profoundly demoralising many employees across various sectors, particularly healthcare. Delays in promotions within Tanzania's health services significantly impacted employees awaiting advancement. This situation generated considerable distress among nurses and other healthcare workers who felt neglected in the promotion process. For instance, one nurse expressed her frustration after repeatedly submitting promotion requests without response, attributing this to the ministry's negligence (Songstad et al., 2011).

Such frustrations reflect broader systemic issues within Tanzania's health sector, where delayed promotions negatively affect staff morale and service quality. The emotional and professional toll experienced by healthcare workers ultimately impacts their motivation, service delivery, and patient outcomes. Songstad et al. (2011) illustrate this vividly through the concerns of a nurse nearing retirement. She emphasised the adverse impact on her pension due to the absence of salary increments in her remaining years of service, urging the government to reconsider its stance and expressing disappointment at district administrators' apparent disregard for promotions.

Mukandala (2023) documents similar findings, highlighting the consequences of the promotion freeze. One interviewee recounted how his colleagues initially received promotions in early 2016, only to have them revoked six months later by the President's Office–Public Service Management (PO-PSM) pending verification of educational qualifications. Many employees had planned to utilise their anticipated salary increments from these promotions for critical family obligations such as completing house construction or paying school fees. The revocation of promotions shattered these expectations, leaving employees demoralised, questioning their commitment, patriotism, and dedication to public service, given the apparent governmental disregard for their rights.

The suspension of promotions over a two-year period due to ghost workers' presence extends beyond mere financial implications (Tefurukwa, 2022). Employees experiencing such demoralisation often operate under low morale, exacerbating workplace dissatisfaction. Delays and prolonged suspensions of promotions, combined with increased workloads and underpayment resulting from ghost workers, have created a disheartened and inefficient workforce (Mukandala, 2023). Violations of both psychological and formal employment contracts diminish the quality of public service delivery (Songstad et al., 2011).

Empirical studies corroborate that ghost workers profoundly affect employee performance, ultimately diminishing the productivity of public organisations (Budhwar et al., 2023; Mamdani et al., 2018; Moyo, 2017; Schilpzand et al., 2025; Songstad et al., 2011). Reduced quality of public goods and services negatively affects citizens' livelihoods and hinders national development (Moyo, 2017). When compounded by payroll fraud, these socio-economic consequences intensify. Fraudulent activities compromise the integrity of payroll systems crucial for employee advancement. Resources allocated to resolving ghost worker issues and reinstating equitable promotion practices are therefore critical to enhancing public sector efficiency and fulfilling the government's commitments to its citizens (Okechukwu et al., 2021).

Inflated Labour Force

An optimal number of employees is essential to efficiently and effectively perform public sector duties. However, ghost workers significantly undermine the Tanzanian government's capacity to maintain the correct staffing levels within the civil service. During the payroll-cleaning period, approximately 20,000 ghost workers were removed from the payroll without immediate replacements, alongside a simultaneous loss of retired personnel, particularly within the health sector. Genuine employees have repeatedly requested salary increases and improved fringe benefits, but these appeals remained unanswered while substantial public funds continued to be wasted on ghost employees. Consequently, the presence of ghost workers has severely demoralised genuine civil servants who bear increased workloads without commensurate incentives, adversely affecting their overall productivity (Adeusi et al., 2024).

It is particularly detrimental for employees to endure extended periods without statutory salary increments, as experienced from 2015 to 2017, under the government's justification of verifying civil servants' qualifications and cleansing payrolls of ghost workers. Prolonged periods of low morale and demoralisation amongst employees frequently result from delayed promotions, excessive workloads, and inadequate remuneration associated with ghost workers' presence (Mukandala, 2023). Violations of both psychological and formal employment agreements have further subjected genuine employees to unfavourable working conditions, significantly reducing their motivation (Songstad et al., 2011).

In Tanzania, ghost workers have artificially inflated the perceived labour force size, misleading resource allocation and workforce management (Manyerere & Mpambije, 2022). Consequently, existing legitimate employees bear disproportionate workloads, fulfilling duties meant for fictitious staff. Additionally, financial resources intended for improving the working conditions of authentic civil servants continue to be diverted fraudulently by those exploiting ghost worker schemes. Similar empirical findings underscore that ghost worker prevalence results in widespread demotivation among public servants, which adversely impacts individual performance, departmental effectiveness, ministry productivity, local government operations, and ultimately, national efficiency (Moyo, 2017; Mukandala, 2023; Songstad et al., 2011).

Inadequate Public Service Delivery

Findings indicate that ghost workers significantly inflate employee numbers on public payrolls, disrupting effective workforce planning and service delivery (Uyanah et al., 2021; Oguzierem & Sofiri, 2017). For example, Zimbabwe identified approximately 75,000 ghost workers in 2013 (Moyo, 2017), Nigeria removed around 110,000 ghost workers between 2014 and 2016 (Haruna et al., 2015), and Ghana discovered 1,937 ghost workers during payroll audits (Quarm et al., 2020). Similarly, Tanzania evicted 4,600 ghost workers in 1997, following the disclosure of around 6,000 ghost employees involved in payroll fraud in 1996 (Tefurukwa, 2022). Despite successful ICT-supported initiatives to enhance human resource management functions in Tanzania during the

2011/2012 fiscal year, incidents of payroll fraud significantly increased (Marcel & Tefurukwa, 2023). Losses amounted to TZS 55.7 million in the 2012/2013 financial year, rising sharply to TZS 1,007 million by 2014/2015. Additional financial losses of approximately TZS 19.83 billion occurred between 2016 and 2018.

Although the financial repercussions are substantial, the broader implications for public service delivery are even more profound. Ghost workers are directly associated with resource wastage, deteriorating the quality and effectiveness of public services. Such fraudulent practices severely undermine governmental initiatives aimed at enhancing the living standards of Tanzanian citizens. Moreover, the ongoing misappropriation of public resources intensifies existing socio-economic challenges, particularly poverty, inadequate education, and poor health conditions within the country (Tefurukwa & Bwaki, 2022).

The findings further confirm that ghost workers negatively impact public service delivery by disrupting effective human resource planning (Emetaram & Ofor, 2025). An artificially inflated workforce distorts the accurate ratio of civil servants required to provide quality services, thus leaving legitimate employees overstretched (Manyerere & Mpambije, 2022). Consequently, a limited number of authentic staff members are burdened with excessive workloads originally intended for a full complement of employees, inevitably compromising the quality of delivered public services (Manyerere & Mpambije, 2022). Additionally, funds fraudulently diverted through ghost-worker schemes further reduce government capacity to invest adequately in essential services, perpetuating deficits and undermining overall service quality (Tefurukwa & Bwaki, 2022).

Costs of Ghost Worker Management

Wilhelm's (2004) framework highlights eight interconnected measures—deterrence, prevention, detection, mitigation, analysis, policy development, organisational measures, and prosecution—essential for effective fraud management. Aligning with this approach, the Tanzanian government emphasises that public organisations must integrate ghost worker fraud management into their strategic planning processes. This involves accurately assessing risks, calculating potential losses, and systematically deploying preventive strategies to mitigate fraud.

Organisations incur significant costs beyond direct financial losses due to fraud itself; additional expenses are involved in managing and recovering from fraudulent activities, including administrative and procedural costs (Mbuh et al., 2020). These procedures should adhere strictly to relevant legislative frameworks, such as the Public Finance Act (CAP 348), Public Service Act (CAP 298), and Public Procurement Act (CAP 410). Calculating the comprehensive cost of payroll fraud involves accounting for the proportion of monthly revenue allocated to fraud prevention tools and vendors, human resources including salaries, and actual financial losses resulting from fraudulent activities. Moreover, fraud imposes indirect costs through opportunity losses, negatively impacting organisational performance and profitability.

Effectively addressing payroll fraud necessitates coordinated efforts among government entities, private organisations, citizens, and fraud prevention specialists (Mbuh et al., 2020; Tickner & Button, 2021; Wilhelm, 2004). The financial implications of fraud management are considerable, especially since perpetrators often include trusted and skilled employees who exploit their positions to circumvent internal controls (Tickner & Button, 2021). For example, establishing robust fraud management systems requires substantial initial capital investment and ongoing maintenance expenses (Hodge, 2004). Nonetheless, despite these significant financial requirements, organisations must implement rigorous and effective fraud management mechanisms to mitigate fraud's detrimental effects comprehensively (Wilhelm, 2004).

Conclusion

The primary objective of this study was to identify and clarify the socio-economic costs incurred by the Tanzanian government and its citizens due to the presence of ghost workers on public payrolls. The findings demonstrate that the impacts of ghost workers extend beyond mere financial losses, such as misappropriated salaries, fringe benefits, and allowances. Critically, they undermine the quality of public service delivery. Ghost workers have led directly to significant policy measures such as employment and promotion freezes, the consequences of which have permeated all sectors of public administration. These impacts are substantial and manifest broadly through financial losses, increased unemployment, suspended promotions for civil servants, employee demoralisation, and the deterioration of public services. Indeed, the quality of public service delivery directly mirrors the integrity of the payroll system and the satisfaction of civil servants managing it.

Furthermore, the financial implications associated with managing payroll fraud extend beyond recovering misappropriated funds. They encompass the costs involved in implementing preventive measures and prosecuting fraud perpetrators, which are necessary to restore public trust and uphold the government's reputation. While the exact socio-economic impacts are challenging to quantify fully, the evident failure of government offices to deliver expected services clearly demonstrates the profound consequences of payroll fraud. Arguably, the most severe outcome is the erosion of professionalism and compromised service quality, resulting in inadequate provision of public services to citizens.

Given these findings, this study recommends that the Tanzanian government invests significantly in enhancing existing fraud control mechanisms. Rigorous and stringent measures against perpetrators—including recovering misappropriated funds through legal processes and imposing criminal penalties—should be actively pursued. The socio-economic consequences associated with ghost workers necessitate strict adherence to relevant legislation, particularly the Employment and Labour Relations Act (ELRA), which outlines procedures for the promotion and remuneration of civil servants. Timely and effective management of ghost workers is crucial, as demoralised employees create additional financial and operational losses.

This study employed a qualitative research approach, relying solely on secondary data and desk research methodologies. Future research may benefit from incorporating primary data collection and adopting a mixed-methods research design to establish causal relationships between ghost workers and socio-economic outcomes more precisely. Further studies should also empirically test the relative severity of each socio-economic consequence identified in this research and explore their implications for national development.

In extending existing literature, this study underscores that the socio-economic costs of ghost workers exceed mere financial mismanagement; they profoundly affect the quality of public service delivery. Policymakers, practitioners, and decision-makers must recognise the severity of this issue to develop decisive, effective, and sustainable fraud prevention mechanisms capable of significantly reducing and ultimately eliminating the incidence of ghost workers in public payroll systems.

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