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Women in Ethiopian Tax Administration: Evidence on Representation and Performance

Seid Yimam
and Yalew Mekonnen

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Summary

In the growing body of research on gender and taxation in low-income countries, the implications of having more women in tax administration have received relatively little attention. Using data from employee records and key informant interviews, we examine the representation of women in the workforce of the Ethiopian tax administration, as well as their performance and their misconduct. The findings show that women dominate the overall workforce in most branch offices. However, women overwhelmingly occupy lower ranked positions and their engagement at the top level of management is quite limited. Our analysis of gender-disaggregated employee performance scores indicates that there is no conclusive evidence to claim women perform better than men employees, though most of the key informants tend to believe otherwise. However, misconduct records present a strong case that women employees are less likely to commit serious disciplinary misconduct, such as corruption and breaching trust, and more likely to serve for a longer number of years compared to men employees. We also present cross-country comparisons with Uganda and other ATAF member countries. Our overall findings underline the significant contributions of employing more women in tax administration and the need to further empower women through continued leadership training and mentoring programmes.

Keywords: tax administration, women, representation, misconduct, Ethiopia.

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Acronyms

ATAF	African Tax Administration Forum
KI	Key informant
KII	Key informant interview
LTO	Large Taxpayers Office
MoR	Ministry of Revenue
MTO	Medium Taxpayers Office
URA	Uganda Revenue Authority

Introduction

Research on gender and taxation has increased over time and a growing interest in this area can be seen among researchers. Most studies on the topic focus on tax compliance (Yimam and Asmare 2020; Kangave, Waiswa and Sebagala 2021), gender biases in formal taxes, including personal income tax (Barnett and Grown 2004; Grown and Valodia 2010), property tax (Slavchevska, Doss, de la O Campos and Brunelli 2016) and value added taxes (Barnett 2018; Williams 2019). Studies have also documented gender biases in informal taxation (Paler, Prichard, Sanchez de la Sierra and Samii 2017; van den Boogaard, Prichard and Jibao 2019), especially since more women engage in informal and low-income generating activities, and therefore end up paying more informal taxes in the form of social contribution fees. However, evidence on women and tax administration is scant in the existing literature.

Progress has been made in increasing women's participation in the labour force around the world, though the pace has been uneven (Ostry, Alvarez, Espinoza and Papageorgiou 2018). Recently, more women are entering tax administrations in Africa than ever before (Mwondha, Kaidu Barugahara, Nakku Mubiru, Wasagali Kanaabi and Isingoma Nalukwago 2018; Joshi, Kangave and van den Boogaard 2020; Moore 2020; Megersa 2021). The reason for more women joining the profession is mainly associated with changes to how taxes are being collected, including less face-to-face collection, more self-assessment, and the use of online platforms (Megersa 2021). However, a gender imbalance in revenue administrations remains across countries, though it varies in extent from country to country. The imbalance is especially pronounced in senior management positions. According to the African Tax Administration Forum (ATAF) (2019), for instance, women employees make up 62 per cent of the overall workforce in the South African Revenue Service but their representation in senior management is limited at only 12.5 per cent. The same report further indicates that men occupy all the top executive positions in the tax administrations in Gambia, Ghana and Nigeria, while women occupy 50 per cent of these positions in Lesotho, Eswatini and Burkina Faso (ATAF 2019).

More importantly, it is challenging to find out how the presence of women affects the effectiveness of tax administrations. Limited evidence exists on the implications of having more women in tax administration (Joshi *et al.* 2020). This is even true in high- and middle-income countries. For example, an OECD survey covering 43 countries found that nearly 79 per cent had not undertaken any analysis on the gendered implications of tax administration (OECD 2022). The International Centre for Tax and Development (ICTD) has done some work on women in tax administration in Africa, notably in Uganda. Mwondha *et al.* (2018) studied gender composition and staff performance in the Uganda Revenue Authority (URA) and the extent to which these factors might affect organisational performance.¹ They found that women employees on average perform better than their men counterparts based on their regular six-month staff performance appraisals, and that women had only half of the disciplinary actions against them that men did. The study also found women are more likely

¹ Though evidence on the impact of employing more women in tax administration performance is non-existent, studies on other organisations show that balanced gender diversity improves organisational performance. For example, gender diversity has positive impacts on a firm's economic performance and contributes to its sustainable competitiveness (Ferrary and Déo 2022; Pierli, Murmura and Palazzi 2022). Galletta, Mazzù, Naciti and Vermiglio (2022) also indicate that increasing the proportion of female directors improves financial performance in the banking industry, mainly because they are more attentive to the social dimension and to stakeholders' expectations than men directors. A higher percentage of women on corporate boards is found to strengthen the adoption of practices around the Sustainable Development Goals (Cicchiello, Fellegara, Kazemikhasragh and Monferrà 2021). Similarly, Agarwal, Lenka, Singh, Agrawal and Agrawal (2020) argue women possess some crucial capacities to achieve sustainable changes. Acevedo-Duque, Gonzalez-Diaz, Vargas, Paz-Marcano, Muller-Pérez, Salazar-Sepúlveda, Caruso and D'Adamo (2021) claim that women in general tend to have more altruistic and empathetic attitudes than their male counterparts, showing particular concern for the wellbeing of others and caring about interpersonal relationships. Moreover, women in managerial positions are more likely to prioritise the wellbeing of employees (Bulmer, Riera and Rodríguez 2021) which furthers improves the work environment and fosters organisational productivity.

to serve the organisation longer (an average of 12.3 years) compared to men employees (11.6 years) which is important for an organisation with traditionally high staff turnover rates. The study concludes that employing significant numbers of women is likely to enhance tax administrations' effectiveness.

This study aims to extend our knowledge in this hard-to-research area from the perspective of the Ethiopian context where evidence on the gender composition of the workforce, misconduct and the performance of women in tax administration is currently non-existent. In particular, it is generally difficult to measure the performance of tax administrations in a consistent and comparable way, either for a whole organisation, for units within tax administrations, or for individuals. We shed light on gendered aspects of employee performance using the existing administration data complemented with the opinions of key informants, and the challenges are discussed in detail in section 2.4.2.

Our evidence is important so that corrective measures can be undertaken to work towards a gender balanced workforce in the tax administration, and to improve the performance of the tax administration and its capacity to ensure better tax compliance. Thus, the main objective of this study is to fill the existing gap by assessing and documenting evidence on the existing reality on gender representation and performance in the Ethiopian tax administrations. Particularly, the study aims to look at the composition and the performance of women relative to men employees across different positions in the federal tax administration offices of the Ministry of Revenue (MoR). In addition, the study assesses employees' years of experience, turnover rate, and misconduct records disaggregated by gender. Combining a unique administrative record of employees – one that it is likely has never previously been available for research – with an attitude survey from tax authorities enables us to undertake an original study on gender and taxation in Ethiopia.

The rest of the paper is organised as follows: section 1 presents methods and materials; section 2 presents results and discussions, and section 3 concludes.

1 Method and materials

1.1 Data type and sources

This study uses two datasets: tax administration employees' records and qualitative data from key informant interviews (KII).² Personnel records consist of the gendered composition of employees across the different hierarchy of positions, employee turnover,³ years of experience in the tax administration, and employee performance scores. Gender-disaggregated data on disciplinary breaches and administrative measures taken (such as termination of employment, salary reduction and/or demotion, and warnings) in the past ten years were also collected from administrative records.

Through key informant interviews we collected important information about interviewees' perceptions of and opinions about employing more women, their performance and ethics, and existing policies and practices regarding employment processes in the tax system. The

² Key informant interviews were conducted with the human resource directorate, women and social affairs directorates, and with managers at the Head Office, the Large Taxpayers Office (LTO) and the Medium Taxpayers Office (MTO), and the Hawassa and Bahir Dar branch offices. A total of ten individuals in these positions and related to the study's subject matter were purposively identified for the interviews (four of the KIIs were with females and six were with males). We undertook the KIIs in December 2022, after all the quantitative analysis had been completed, with the aim of triangulating and bolstering some of our findings.

³ We have also used ten years of internal MoR annual reports to learn about employment and employee turnover trends and how gender composition has evolved over the years in the administration.

KIIs primarily complement our analysis of the employee administrative data and answer questions such as, what do tax authorities think about employing more women? Do women have equal chances of employment, promotion, and taking top executive positions? Are tax administration offices a positive work environment for women employees? Factors that could help to create a positive work environment for women include childcare, flexible working arrangements, safety policies and physical facilities, such as washrooms, designed specifically for women.

1.2 Methods of data analysis

This study employs simple descriptive analysis in which graphs, tables, t-statistics, and descriptive regressions are used to address our research objectives. Regarding the gendered aspect of the workforce composition in the MoR, we look at the percentage of women employed across various offices and hierarchical positions (ranks). The proportion of women employed at the tax administration, especially in the lower ranked positions, is expected to increase over time. Questions like: is the tax administration closer to gender parity in its workforce composition? What does gender composition look like in executive positions (higher rank)? are also explored. Furthermore, our analysis looked at the differences in education level and salaries between women and men in the administration as these kinds of evidence are generally missing in Ethiopia. Women and men's percentage share of disciplinary measures are also presented in a graph to show whether women are relatively well-behaved tax administrators.

Undertaking a simple t-test analysis on employee performance scores, years of experience, and salary by gender, this study presents results on who performs better, who serves the tax administration longer and who is paid better on average. We also run simple OLS regressions for dependent variables such as performance scores and monthly salaries (in log term) and ordered logit for career progression (a categorical variable that indicates the rank of positions). Control variables in the OLS and logit regressions include age, gender, education level and years of experience.

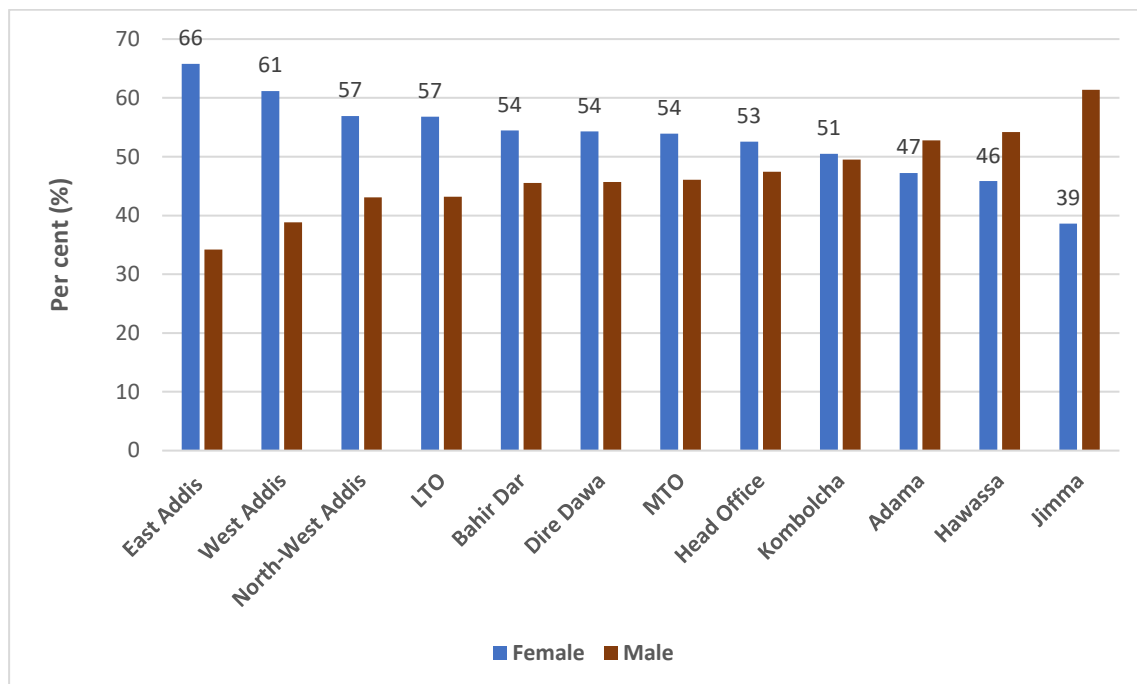
2 Results and discussions

2.1 Representation of women in the Ethiopian tax administration

In 2022,⁴ women constituted 54 per cent of the total workforce (4,366) in the Ethiopian tax administration offices. The gender composition across tax administrative branch offices also seemed balanced, or dominated by women employees, except in some branch offices such as Adama, Hawassa and Jimma, where men relatively dominated the total workforce (Figure 1). Various tax offices in Addis Ababa were significantly dominated by women by a higher margin.

⁴ GC (Gregorian calendar) 2022 is the year 2014 in the Ethiopian fiscal year, which runs from 8 July 2021–7 July 2022.

Figure 1 Gender composition across tax administration offices in Ethiopia, 2022



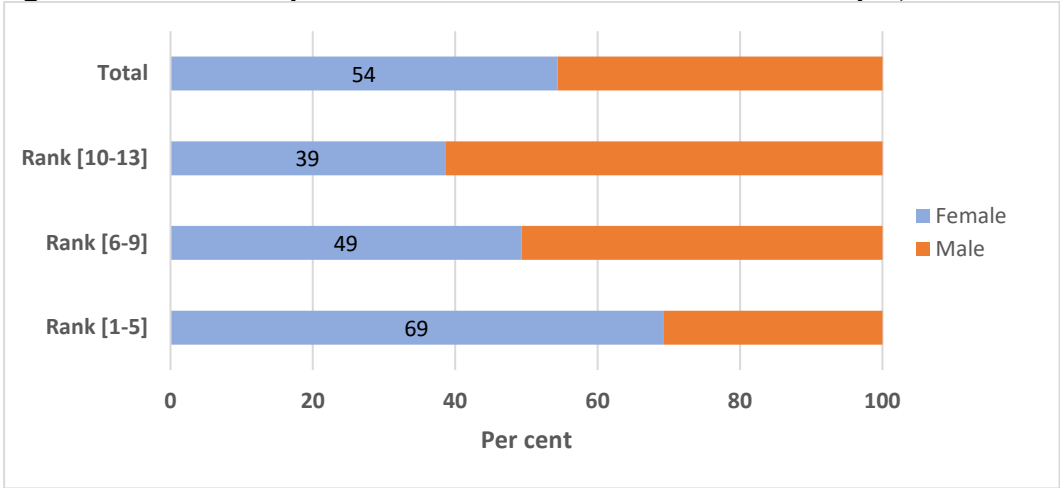
The highest proportion of women in MoR offices are found in the capital city, similar to the case in the URA. For instance, in MoR the top four offices with the most women in their workforce are located in Addis Ababa (East Addis – 66 per cent, West Addis – 61 per cent, North-West Addis and the LTO – both 57 per cent). In the URA, women account for 45 per cent of the staff in the Central Region that is within Kampala District (Mwondha *et al.* 2018). This might be due to safety needs and the relatively comfortable work environment in larger cities relative to offices in the periphery.

The aggregated gender composition in Figure 1 does not answer questions on women’s representation across hierarchies in the tax administrations, or on their role in influencing policymaking processes. Thus, we need to further disaggregate workforce gender composition along the hierarchy of positions.⁵ We therefore categorise 13 hierarchical ranks⁶ into three comprehensive groups, presented in Figure 2 (See also Appendix 1 for more details).

⁵ Employment segregation of minorities and vulnerable group members is pervasive in labour markets across the world. Bettio, Verashchagina and Camilleri-Cassar (2009), for example, analysed employment segregation for women and men in European labour markets, characterising the nature, core causes and consequences of the segregation of women, as well as policies that can address the problem. As Meulders, Plasman, Rigo and O’Dorchai (2010) point out, both visible and invisible obstacles are prevalent in public organisations, enterprises, associations, and trade unions that consequently limit the proportion of women in power and in decision-making positions.

⁶ In the Ethiopian tax administrations, employees’ roles and responsibilities vary across ranks. We can generally say that the higher the rank, the greater the employee’s responsibilities and decision-making power, or leadership role, would be. However, a rank does not indicate an employee’s particular position and function. For example, rank 13, which is the highest one, consists of various advisors of the minister, general directors of directorates, and branch office managers, while rank 12 consists of mainly deputy managers and rank 11 consists of team leaders, process leaders and coordinators. The lowest rank is rank 1, which consists of office messengers and secretaries, janitors, and security guards and others. Examining this broader detail on ranks is not our focus and we preferred rather to put all the ranks into three categories for the sake of simplicity and clarity.

Figure 2 Gender composition across rank hierarchies in Ethiopia, 2022



A 2017 ATAF report shows that, on average, there were three times more men than women in senior management positions in the 24 national tax administrations reporting for the African Tax Outlook in 2016 (ATAF 2017: 146). No significant change seems to have happened since (ATAF 2021). Similar to these reports, Figure 2 shows that women are more likely to be concentrated at the lower ranks and to account for a small proportion of senior positions in the Ethiopian tax administration in 2022. The results in Table 2, column 2 confirm that women in the MoR have a significantly lower likelihood of moving higher up the ladder of career progression than men. On average, women occupy around 39 per cent of positions in the top four senior ranks, and representation of women significantly declines at the higher ranks, reaching the lowest share of 18 per cent for the 13th rank (see Appendix 1). Contrary to their representation in the top decision-making positions, women absolutely dominate in the lowest five ranks, accounting for around 70 per cent of the workforce in these ranks. There is, however, a balanced gender composition in the workforce when it comes to the middle rankings in the hierarchies.

At this point, it is worth looking at some cross-country comparisons, drawn from ATAF’s 2017 report and the Ugandan study by Mwondha *et al.* (2018).

Ethiopia has a high proportion of women in tax administration relative to the African average. The ratio of male to female staff in 2022 is around 0.85 in the Ethiopian MoR offices, where 1 represents parity. Compared to the average in ATAF member countries, Ethiopia seems to have better gender parity in its tax administration. According to ATAF (2017), for instance, the average male to female ratio was 1.79 among 21 reporting ATAF member countries. The high gender disparity in some African tax administrations probably results in part from the structure of their tax administration offices, as they have a high proportion of customs staff, who seem more likely to be male. This is not the case for Ethiopia because the customs office and its staff are separated from the MoR.

The gender disparity in the Ethiopian MoR is significantly manifested at the senior positions. This is fairly consistent with the trend across countries in Africa. For example, women hold only 30 per cent of posts at the top 6 per cent of positions in the MoR (ranks 11–13: 73 out of 242 posts – Appendix 3) and in the URA, nearly 32 per cent of those in the top 4 per cent of posts (managers up to Commissioner General: 104 posts) were women (Mwondha *et al.* 2018; Table 2). The representation of women at the senior positions in URA seems similar to the overall 39 per cent of women in the top four ranks of the MoR; the main difference is that the MoR has a higher percentage of women in the lowest ranks.

The next question is: do women have an equal chance of taking top level managerial positions in the Ethiopian tax administration? We invited KIs to reflect on both the facts and their own opinions in answering this question. We learned that positions in the top two ranks (12 and 13) are always filled by political nomination and that there is no known and transparent criterion for how people are assigned to roles in these two specific ranks. Apart from these top two ranks, both men and women otherwise have an equal chance of getting any other position based on their merits and clear criterion.⁷ Two bottlenecks were repeatedly mentioned by KIs that hinder women from being able to participate at the highest levels. First, the criteria that are required to get these higher positions (especially education, leadership skills and experience and training) are not easily attainable by women, and thus, men can easily take advantage of this fact. This is partly the consequence of historically accumulated restrictions and obstacles that hold women back. Second, although there are women who fulfil the criteria, they are often not as interested as their male peers in pursuing the roles. This is mainly because being at higher positions requires extra time for meetings, workshops, and the compiling and writing of reports, that women actually do not have. Cultural expectations are for women to take on more responsibilities at home than men, and they are therefore more likely to avoid engagements at the senior positions that require more time and commitment. More importantly, expectations about leaders, stereotypes in social norms and cultural beliefs regarding women's roles in society create hidden barriers which make it difficult for women to navigate the ladders of leadership successfully (Goethals and Hoyt 2017). This is also, partly, why many qualified women often decline nomination to and assignment into higher positions in the Ethiopian tax administrations.

We forwarded a follow-up question to all KIs on what should be done to increase the participation of women in higher positions in the institution. Almost all respondents agreed upon one solution i.e., empowering women at each level of the hierarchy (administration ladder). As an empowerment strategy, respondents suggested developing tailored trainings on leadership skills, mentorship, and capacity building programmes for women. As one KI stated, 'Building confidence among women employees and enabling them to develop the mindset like "Yes, I can" for anything in life' is so important.⁸ It is also believed that societal awareness on reducing women's responsibilities at home would increase their participation at higher levels in the MoR, although creating such awareness in society would only be possible at a national level and is not feasible in the short term.

2.2 Employee hiring and turnover trends in the Ethiopian tax administration

One of the major challenges that faces employers is retaining experienced and high performing employees in their institutions. Davies, Taylor and Savery (2001) recognised that employee retention is not influenced by a single factor, but that a host of factors is responsible. The organisation needs to pay attention to factors such as compensation and rewards, job security, training and development, supervisor support culture, the work environment and fairness in the organisation. Unsurprisingly, high staff turnover rate is a challenge in revenue administrations across the world and retaining experienced workers has become a difficult task (ATAF 2019). The problem is no different in Ethiopia and is believed to adversely affect the performance of the tax administration.

⁷ For employment, promotion and education opportunities, a competent woman gets priority whenever she is not outweighed by more than 3 percentage points by male competitors. KIs also informed us that the minimum average GPA requirement to join the tax administration workforce is lower for women than for men (2.2/4.0 and 2.5/4.0, respectively). But this criterion does not give women a real advantage as GPAs have been inflated in recent years, especially for students who have graduated from private universities and colleges; thus, any applicant, irrespective of gender, could easily have above the minimum GPA requirement. The Federal Civil Servants Proclamation No. 1064/2017 is the guiding policy document regarding the employment, rights, and responsibilities of civil servants under any federal institutions and the Council of Ministers Regulation No. 155/2008 serves as a special policy document regarding employment issues and staff administration in the tax authority.

⁸ The Ministry of Revenue and its branch offices have a women and social affairs directorate mandated to, among other things, organise various capacity building trainings for women employees.

According to the 2016/17 MoR report, the annual average turnover rate was 12.6 per cent in the previous eight years. This figure is very high and surpasses the recommended annual turnover rate threshold of 3 per cent. The report explains how high turnover adversely affects tax collection. Some of the reasons that the MoR failed to retain experienced staff within the institution and to attract qualified employees from outside include: the fringe benefits are not attractive and competitive; employees seek a better salary in other organisations; lack of good governance in the ministry; and a high workload. In 2016/17, the ministry drastically reduced the turnover rate to 5.6 per cent – from 14.4 per cent in 2015/16 – by taking some corrective staff retention measures. These measures included implementing a new and improved salary scale and fringe benefits, providing a transport service and improving the working environment.

Yet almost all key informants indicate that staff turnover has been increasing in the past few years. Most of the time those experienced staff who have left the MoR join banks, insurance companies, and non-governmental organisations. Staff retention schemes which were developed a few years ago are not competitive and are out of date. A high inflation rate along with macroeconomic instability adversely affects employees’ salaries and fringe benefits, so that their living standards are lower. Resigning from the institution and joining financial institutions and other private sector employers is considered as a coping strategy to address the high costs of living. Some experienced staff have already left, and many others are planning to leave. As a solution, key informants urge the ministry to take immediate action to overcome this problem in the short term, and to design a long-term strategy to retain experienced and skilled employees in the MoR.

Thus, how would more equitable gender representation help tax administrations from a staff retention perspective? Who is more likely to terminate their contract willingly and leave for another job? And how does the administration fill new posts?

Figure 3 Trends in women’s employment and turnover in the Ethiopian tax administration



Figure 3 presents evidence on the share of women in the yearly turnover rate and in new employment in the Ethiopian tax administration. It shows that the turnover rate is lower among women employees than among men. On average, women account for nearly 37 per cent of total yearly turnover in the tax administrations. Respondents in the KIIs also reported that women employees tend to be more stable and willing to stay in a work environment that they have already adapted to. One factor is women tending to be more risk averse than men: job security is very high at the tax administrations as employee layoffs are rare at public entities. One strongly expressed opinion from a KI clearly indicates also that women

generally lack competitive advantages when seeking jobs in the private sector due to their additional responsibilities at home. In addition, affirmative measures do not successfully serve women candidates in the private sector hiring process.

We also asked KIs whether the work environment is generally comfortable for employees, particularly women employees. All respondents felt that the work environment was 'not as comfortable as it should be', and there are efforts to improve it. One case that was mentioned in particular, and proudly applauded for its impact on women employees, was 'having a child daycare facility free of charge' in almost all tax administration offices. While the facilities are not of a high standard, however, child daycares in workplaces are believed to contribute a lot in terms of mothers' comfort and productivity at work.

The average share of women in new employment (47 per cent) has also been higher than the average turnover rate (37 per cent) between 2010/11 and 2021/22 (Figure 3). These gaps in employment and turnover rates have helped to increase the representation of women in the workforce over the years. However, despite an equal chance of being employed and the affirmative action policies, the hiring trend shows that the Ethiopian tax administration rarely employs more women than men in any particular year. This might be related to either women's limited participation in the labour force or a lack of strong incentives for women to go and work in the tax administrations.

2.3 Misconduct and disciplinary measures in the Ethiopian tax administration

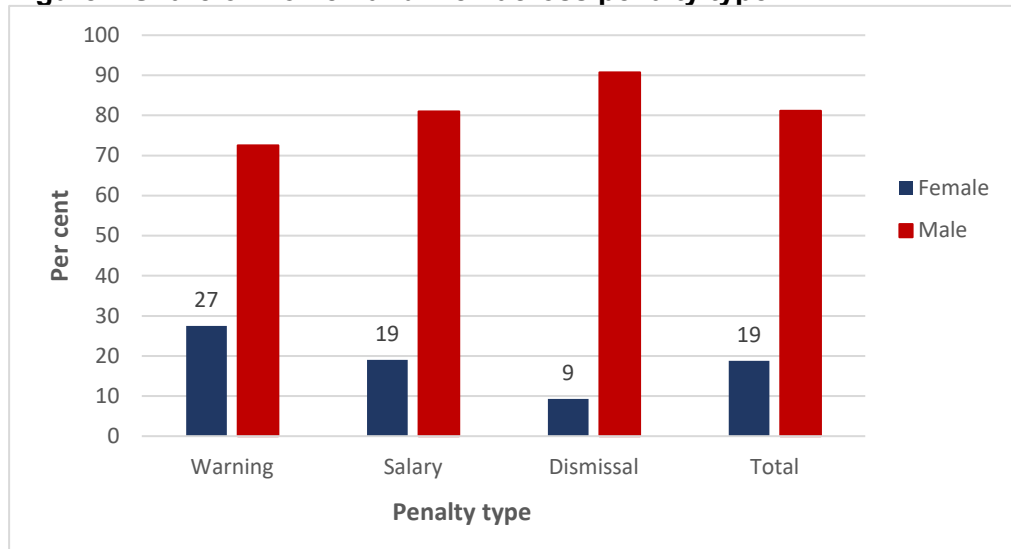
The tax administration is obliged to take legal action based on various rules and measures stipulated under the employee code of conduct. The nature and complexity of activities and misconduct in tax administration forced the ministry to develop its own code of conduct. In addition to the Federal Civil Servant Proclamation (Proclamation No.1064/2017), the MoR has a code of conduct that governs its employees (Regulation No.155/2008). The regulation lists exhaustively the types and characters of disciplinary breaches and related punishments.

Nearly 81 per cent of misconducts were committed by men while women were only involved in 19 per cent of the recorded disciplinary breaches between 2010 and 2022 (Figure 4).⁹ Given the higher gender representation of women in the organisation, this gap is enormously wide and does not seem to be only because of male dominance in decision-making positions. The results strongly suggest that men are more likely than women to commit misconducts.

It is also important and informative to look at the kinds of measures considered against misconduct. For the sake of simplicity, we divided the administrative measures taken against people guilty of misconduct into three categories: dismissal, salary reduction, and warning. Figure 4 presents the share of women across these groups of penalties.

⁹ Appendix 2 describes the percentage share of misconducts committed between 2009/2010 and 2021/2022 disaggregated by gender across years. Here, we would like to note the characteristics of the misconduct data. The data shows only the penalty measures taken against misconduct, referring only to articles and or sub-articles either from the employee code (Regulation No.155/2008) or the civil servant proclamation (No. 1064/2017). Under each article and sub-article in these documents there is a long list of punishable acts. We therefore refrain from specifying which act was committed. Rather, we characterise and categorise the consequences of misconducts into either 'dismissal', 'salary reduction' or 'warning'.

Figure 4 Share of women and men across penalty type



Dismissal: The types of misconduct that lead to the dismissal of an employee are very serious.¹⁰ Some cases might even involve legal court action as well as the termination of the contract of the employee involved. Nearly 40 per cent of misconducts resulted in termination of the employee’s work contract. We found that the highest incidence of male participation was in most criminal activities, accounting for 91 per cent of the cases in this group of penalties. Our finding is similar to that of a study in Uganda (Mwondha *et al.* 2018) which found that male employees are more than twice as likely to be subject to serious disciplinary action as women.

The nature of the corruption and serious misconduct we observed from the records could be only the tip of the iceberg. For instance, one respondent provided us with a different perspective on how female and male tax officers might engage in serious misconduct like corruption:

Both men and women participate in corruption, but in different style and intensity. Women collect money (bribes) as far as it comes from taxpayers, i.e., women do not enforce taxpayers to give bribes, but when the taxpayers provide money, they would accept it. Whereas men frequently nag taxpayers to give bribes; they even put hurdles upon taxpayers that pave the way for corruption and bargaining for bribes.

Another experienced informant explained the problem of corruption quite differently. The informant stated: ‘Corruption in the tax administration is widespread and obviously much more than the official statistics on “misconducts” records show. Ethics and anti-corruption officers could themselves also be at the heart of the problem.’

Salary reduction: Relatively fewer misconducts were penalised by restricting salary growth or docking salary for a certain period. These penalties were most often combined with rank demotion or prohibiting rank promotion for a certain period, up to two years.¹¹ Misconducts

¹⁰ The majority of contract termination/employee dismissal decisions were made mentioning Article 37 of the Ethiopian Revenue and Customs Authority Regulation No. 155/2008. The article consists of only two sub-articles: 37/1 states that ‘If an employee of the authority is suspected of corruption by the Director General of the Authority, the latter can dismiss the employee without the need of going through the whole procedure of taking disciplinary measures.’ Sub-article 37/2 envisages that ‘Any employee of the authority, who has been dismissed from duty by [the] General Director (as stated in 37/1), has no right to reinstatement by the decision of any judicial body.’

¹¹ The Federal Civil Servant Proclamation (Proclamation No. 1064/2017) article 69, sub-article 1e, and the Ethiopian Revenue and Customs Authority Regulation No. 155/2008 article 30, sub-article 1d, state that a civil servant may face both salary and rank reduction for breach of discipline/s for a period of up to two years.

that resulted in such penalties account for only 16 per cent of all misconducts (of which 19 per cent are women, and 81 per cent are men) between the year 2010 and 2022.

Warning: This could be regarded as the mildest category of disciplinary measure taken by the tax administration. It might be in the form of either written or verbal warnings. About 44 per cent of all misconducts between 2010 and 2022 involved measures that included either written or verbal warnings. The share of women in this category is relatively higher than for the previous penalties (28 per cent).

The qualitative information collected through KIIs asserts that women generally have less of a tendency to engage in bribery and corruption. Women tend to want to retain their reputation in the workplace, so, as much as possible, they do not want to break the institution's rules and regulations. Often, women are more vulnerable to more minor acts such as being late for work, or absent, because of their double burden of office work and responsibilities at home, which may invite administrative measures such as either verbal or written warnings.

2.4 Experience, performance, and rank in the Ethiopian tax administration

2.4.1 Who serves longer in the institution?

Our analysis looked at the experience of employees in the tax administration offices. The results show that women, on average, serve for a significantly longer period than men. This result is similar to the findings from the URA (Mwondha *et al.* 2018). Together with the fact that turnover incidence is widespread among men employees, this finding strengthens the claim that tax administration offices in Ethiopia would be better off by employing more women. On average, women employees stay in the institution almost for eight years while men serve nearly for seven years. The difference is also statistically significant (Table 1).

Table 1 Summary statistics of tax administrators' characteristics by gender

Variables	Women (N)	Men (N)	Women (Mean)	Men (Mean)	Mean diff	value
Age (in years)	2332	1949	34.74	35.81	-1.06	-4.3
Primary education (yes=1)	2356	1977	0.08	0.05	0.02	3.15
Secondary education (yes=1)	2356	1977	0.12	0.08	0.04	4.5
First degree (yes=1)	2356	1977	0.53	0.59	-0.06	-3.9
Masters degree (yes=1)	2356	1977	0.08	0.19	-0.11	-11.2
TVET/diploma/certificate (yes=1)	2356	1977	0.19	0.09	0.11	10.1
Performance score (2018/19, round 2)*	1507	1158	89.35	88.29	1.06	7.3
Performance score (2019/20, round 1)	1481	1083	89.55	89.2	0.35	2
Performance score (2020/21, round 1)	1482	1314	89.96	90.27	-0.31	-2.55
Performance score (2020/21, round 2)	1350	1118	91.53	91.51	0.02	0.15
Performance score (2021/22, round 1)	1295	1073	91.93	91.96	-0.03	-0.3
Salary (in ETB)	2343	1968	9393.93	11993.85	-2599.93	-13.3
Experience (in years)	2036	1644	7.74	6.85	0.89	4.55

Note: * Bi-annual employee performance score (measured by the Balanced Score Card approach).

2.4.2 Employee performance in the tax administration

The MoR normally appraises the performance of all employees twice a year. Because of the recent separation of the Customs Commission from the ministry and the Covid 19 lockdown, evaluations were completed only once a year respectively in 2018/19 and 2019/2020. We

were given access to all available average performance reports of employees at the MoR – five rounds in all. The individual scores are percentages.¹²

We do not know how reliable these scores are as performance indicators. We do know, from the figures in Table 1, that the average scores for women and men are virtually identical. They vary a little from round to round, with women on average fractionally ahead in three rounds, and men in two rounds. Although our KIs believed that women employees generally performed better than men, there is no conclusive evidence in these statistics.

Table 2 OLS (1) and ordered logit (2) regression results

Variables	1		2	
	Salary (ln)	Std. err	Rank	Std. err
Gender (1=female)	-0.043	-0.0376	-0.852***	-0.146
Experience in MoR (in years)	0.015***	-0.0009	0.144***	-0.0209
Age (in years)	0.007**	-0.0028	0.049***	-0.0104
Secondary education (yes =1)	0.419***	-0.0439	0.887	-0.592
First degree (yes =1)	0.775***	-0.106	7.188***	-0.59
Masters degree (yes =1)	0.858***	-0.13	8.603***	-0.499
TVET/diploma/certificate (yes=1)	0.658***	-0.0619	3.337***	-0.909
Rank [6-9]	0.889***	-0.0732		
Rank [10-13]	1.263***	-0.0711		
Constant	7.369***	-0.164		
/cut1			7.151***	-0.897
/cut2			11.32***	-0.837
Observations	2,848		2,853	
R-squared	0.715			

Note: Primary education dummy is used as a comparison base in both regressions. Rank is ordered from 1 to 3: 1=low ranks (1-5), 2=middle ranks (6-9), and 3=high ranks (10-13). The first rank group (1-5) is used as a comparison base in the OLS estimation. Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1.

2.4.3 Salary difference by gender

On average, descriptive results show that women employees receive a significantly lower salary than men (Table 1). This is because women on average occupy lower ranked positions, showing gender vertical segregation (Meulders *et al.* 2010), and there is no gender difference in salary for the same position in a particular public institution in Ethiopia. The main factors that lead to wage differentials among employees, rather, are experience, education level, and employment hierarchy (Table 2, column 1). Previous studies also found similar results in Ethiopia (Appleton, Hoddinott and Krishnan 1999; Kolev and Robles 2010). However, in the private sector the salary could differ by gender, even in the same position. For example, in Ethiopia's manufacturing sector, men receive on average up to 30 per cent more wages than women (Temesgen 2006).

¹² Each employee can potentially earn 60 points on the basis of performance in achieving planned, pre-agreed work targets, and 40 points for assessed behaviour in relation to eight separate behaviour indicators. The latter are mainly assessed subjectively by supervisors (30 points) while employees assess themselves for 10 points.

3 Conclusion

In this study, we analysed Ethiopian tax administration employees' records together with primary data collected through key informant interviews to assess representation and performance differences among women and men tax administrators. We also assessed misconduct, employment and turnover trends as well as employees' salaries disaggregated by gender. The study presents unique sets of evidence that could further trigger debates on the importance of women's empowerment and of ensuring equitable representation in the wider fiscal and public policymaking processes in the country.

First, our quantitative analysis of employee performance scores, as measured by the Balanced Score Card approach, does not show consistent differences between male and female employees across the evaluation rounds. Evidence from both document review and KIs' opinions shows that the performance evaluation approach is highly prone to subjective biases and is therefore not trustworthy for indicating individual employee performances. KIs assured us, however, that female employees are more likely to perform better than their male counterparts in the organisation.

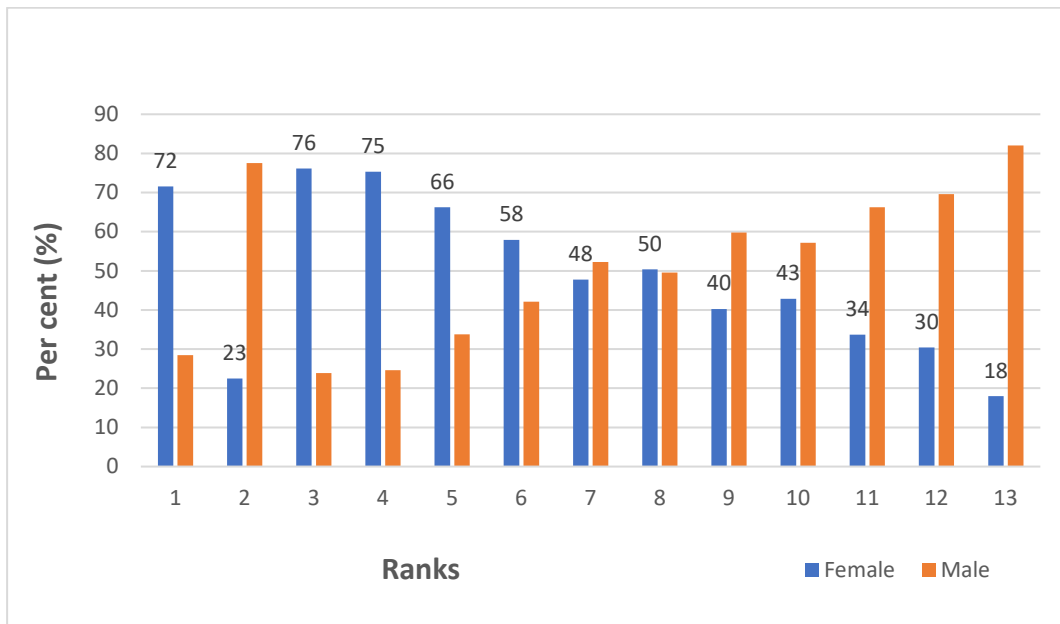
Second, the Ethiopian tax administration offices are progressing very well in terms of the gender balance in their workforce. In 2022, women dominated the overall workforce in the administration offices, accounting for nearly 54 per cent of employees. However, when examining more deeply the roles and positions held, women are highly concentrated in the lower ranks and their representation declines significantly in the senior managerial positions. The lowest share of women is observed in the top two ranks, which are politically assigned; this implies that the government authorities' political commitment to gender equality and the balanced representation of women in the top senior positions is weak. Moreover, the results indicate that the road to ensuring the equitable socio-economic and political participation of women in Ethiopia will be long and rough.

Third, the likelihood of women being involved in serious misconduct – such as corruption and activities that jeopardise the authority's administrative efficiency, its mandate to serve the public, and its security, as well as the wellbeing of any third-party stakeholder – is significantly lower in the tax administration relative to men. Our findings also show that the likelihood of leaving the organisation is lower among women and that they tend to serve the tax administration for significantly more years than men.

Our results on the gender differences in misconduct, attrition rates and service years at the institution strongly suggest that increasing the representation of women, especially in the top decision-making positions, would contribute to better tax administration performance and service provision. Furthermore, designing strong incentives and creating a comfortable work environment are essential to retain skilled workers; in particular, the empowerment of women to take up senior positions through continued leadership training and mentoring programmes is recommended. The quality as well as the availability of administrative data constrains our analysis on some issues such as the career progression of women employees in the institution. Further studies on the gendered aspects of tax administration and its fairness implication for taxpayers would be relevant.

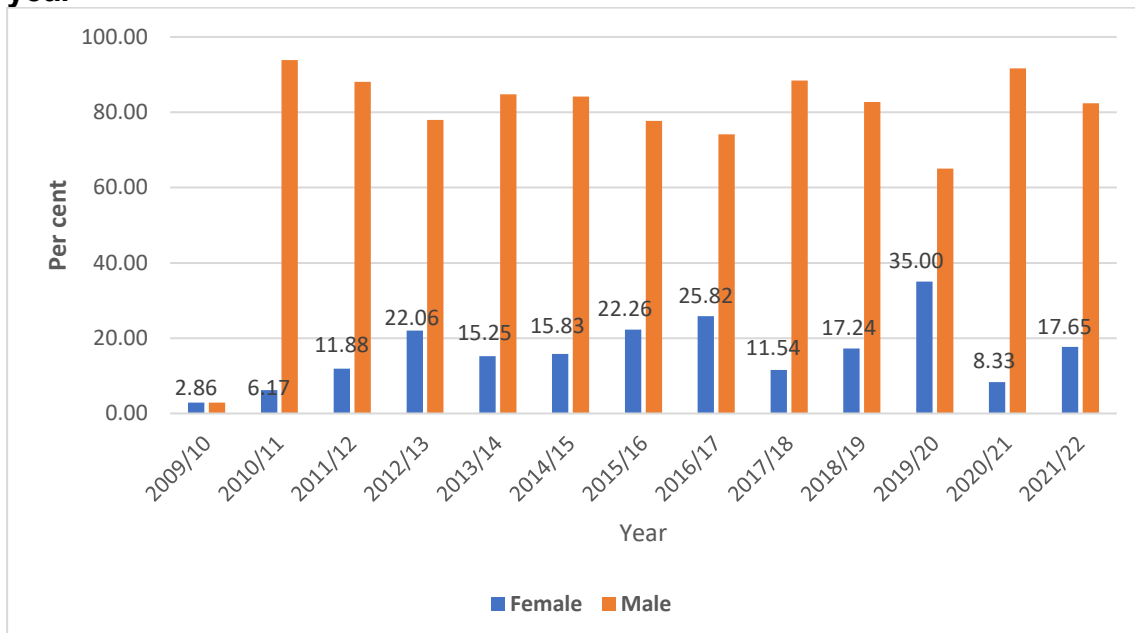
Appendices

Appendix 1 Gender composition of MoR employees by ranks, 2022 (2014 EC)

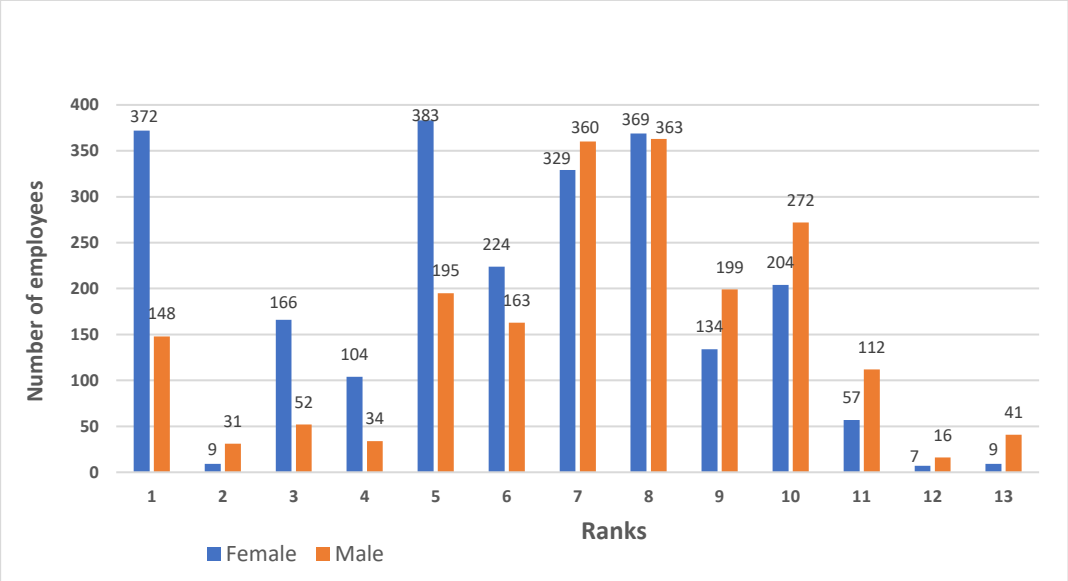


Note: In the second rank there are only 40 employees working as messengers, where motor postman are predominant.

Appendix 2 Disciplinary misconducts in the MoR disaggregated by gender and year



Appendix 3 Number of women and men in the MoR by ranks, 2022



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