

INSTRUCTORS' PERCEPTION OF CORRUPTION IN HIGHER EDUCATION: - EVIDENCE FROM BUSINESS AND ECONOMICS COLLEGE, BAHIR DAR UNIVERSITY

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Abstract

Corruption increasingly has become one of the greatest challenges of the contemporary world. It undermines good government and rule of law and in turn leads to the misallocation of public resources, harms both the private and public sector and particularly hurts the poor. Corruption is found everywhere, but it is deep-rooted in the poor countries of Sub-Saharan Africa countries. Corruption in developing countries continues to be one of the greatest factors of poverty and underdevelopment. As it is the case in other developing countries, in Ethiopia, the culture of corruption has grown roots in the society at large and become endemic. Institutions, which were designed for the regulation of the relationships between citizens and the State, are being used instead for the personal enrichment of public officials and other corrupt private agents. This paper, therefore, assesses the major factors affecting Corruption in Ethiopia from higher education instructors' Perceptions with special reference to Business and Economics College of Bahir Dar University. The findings of the study support several previously conducted studies in that each factor examined had a moderate to high positive correlation with corruption, where r ranged between .35 and .54. In addition, the 13 variables together explain about 37 percent change in perceived corruption in Ethiopia ($R^2 = .37$).

Keywords: Bahir Dar University, Corruption, Ethiopia, Factors, Instructors Perceptions.

Introduction

One of the main tasks assumed by any governments world-wide is promoting economic and social development. If these tasks are to be accomplished successfully, a number of pre-conditions must exist. One of these preconditions is preventing corruption (Purohit, 2012; Thomas, 2010; UN, 2012). Prior research indicates that corruption has adverse effects on economic and social development (Johnston, 1997; Waliggo, 1999; Purohit, 2012; Thomas, 2010). This is because

corruption decreases the efficiency of public spending, decreases budget revenues, raises budget deficits, hinders Foreign Direct Investment (FDI), reduces the effectiveness of the use of aid, dissipates political legitimacy, reduces trust in public officials, and hinders democratic development (Purohit, 2007; Waliggo, 1999; Osei, 1999). In the words of Thomas (2010), corruption is the single major impediment to sustainable development and economic growth in developing countries.

In the words of Transparency International, “Corruption is one of the greatest challenges of the contemporary world. It undermines good government, fundamentally distorts public policy, leads to the misallocation of resources, harms the private sector and private sector development and particularly hurts the poor”. Corruption is any act by a public official which violates the accepted standard of behavior in order to serve private or selfish-ends. The end which the behavior will serve may be social, economic or political. The World Bank, define corruption as “the misuse of public office for private gain. It arises when individuals or firms pay bribes to public officials to facilitate legal transactions”. This definition is not all inclusive because it ignores the private sector on the one hand and the abuses of public power is not always for one’s private benefit but it can be for the benefit of one’s party, class, tribe, friend, family on the other hands. Public office is abused through rent seeking activities for private gain when an official accepts, solicits, or extorts a bribe. Public office can also be abused for personal benefit even if no bribery occurs, through patronage and nepotism, the theft of state assets or the diversion of state resources. In an elaborate analysis, Alatas (1990) as cited in (Obayelu, 2007) divided corruption into seven distinct types: autogenic, defensive, extortive, investive, nepotistic, supportive, and transactive.

It is often heard (from all concerned) that corruption levels in Africa and particularly in Ethiopia are of concern. Corruption is not only a violation of law and order, but a massive cause for the exacerbation of poverty already entrenched in the society. It frustrates any genuine effort exerted towards societal and economic development both by the government and the people. The ill sides of corruption are not to be undermined nor should efforts to fight it be played up as a political game just to prolong the life of a specific regime posing as the “good guy”. The fight against corruption must not be a tactical step for public attention and a ploy to win the sympathy of people. The fight against corruption by all Ethiopian stakeholders should investigate the root causes of corruption to address the problem sustainably for the following reasons: Ethiopia is cultivating tens and thousands of graduates from universities and technical colleges every year and the lack of jobs is becoming a serious concern.

Although corruption is not a new phenomenon, it has actually risen in recent years, especially in the Least Developed Countries including Ethiopia. According to the UN (2010), Least Developed Countries are countries that suffer conditions of extreme poverty, ongoing and widespread conflict, extensive political corruption, and lack political and social stability. The form of government in such countries is often authoritarian in nature, and may even be a dictatorship. Thirty-three of the nations on the African continent fall under the rubric of Least Developed Countries. Corruption in most Least Developed Countries has become the greatest challenge to leaders and citizens, threatening to undermine effective governance. It is also a threat to both economic development and the process of establishing an enduring democracy. It must also be noted that corruption is not uniquely Least Developed Countries affair, but rather global in nature. However, societies which are relatively free of corruption are anchored on respect for civil liberties, accountable government, a wide range of economic opportunities, and structured political competition. These are mainly, but not exclusively, characteristics of developed western states (Transparency International, 2012).

According to office of Global Financial Integrity (GFI) report, the organization's latest available research data show that the amount of money that Ethiopia lost to smuggling of cash out of the country, both by the government and the private sector between 2001 and 2010, totals 16.5 billion U.S. dollars. Ethiopia also ranks 113 out of 176 countries in the Corruption Perception Index of Transparency International, the global civil society coalition that encourages accountability initiatives by regular citizens. Considerable research has been conducted to identify and discuss the causes of corruption. However, most of the previous studies were conducted in the West and also on the Asian continent. Besides, most of the prior studies did not assess the extent to which the variables affecting corruption were correlated with corruption or the extent to which they explained the change in perceived corruption. This paper, therefore, *assesses the major* factors affecting Corruption in Ethiopia from higher education instructors' Perceptions with special reference to Business and Economics College of Bahir Dar University.

Literature Review

The Concept of Corruption

There is no a single satisfactory and internationally accepted definition for the term corruption because what may seem to be corrupt in one society may not necessarily be perceived as such in another. Though there have been different attempts to define it, it is difficult to define corruption in concise and concrete terms that can be applied to all forms, types and degrees of corruption. The concept of corruption is a value-oriented concept. It is difficult to discuss it without emphasizing its moral aspects. The word corrupt is derived from the Latin word "*corruptus* also spelled "*corruptio*" which means "moral decay, wicked behavior, putridity or rottenness" or in short it refers to "to abuse or to destroy". In philosophical and theological discussions, corruption is spiritual, moral impurity or deviation from an ideal.

In the words of Transparency International, "Corruption is one of the greatest challenges of the contemporary world. It undermines good government, fundamentally distorts public policy, leads to the misallocation of resources, harms the private sector and private sector development and particularly hurts the poor". In this case corruption is any act by a public official which violates the accepted standard of behavior in order to serve private or selfish-ends. The end which the behavior will serve may be social, economic or political. The World Bank, define corruption as "the misuse of public office for private gain. It arises when individuals or firms pay bribes to public officials to facilitate legal transactions". This definition is not all inclusive because it ignores the private sector on the one hand and the abuses of public power is not always for one's private benefit but it can be for the benefit of one's party, class, tribe, friend, family on the other hands. Public office is abused through rent seeking activities for private gain when an official accepts, solicits, or extorts a bribe. Public office can also be abused for personal benefit even if no bribery occurs, through patronage and nepotism, the theft of state assets or the diversion of state resources. In an elaborate analysis, Alatas (1990) as cited in (Obayelu, 2007) divided corruption into seven distinct types: autogenic, defensive, extortive, investive, nepotistic, supportive, and transactive.

All of these imply that there is no universally accepted definition of the term corruption. Defining corruption is notoriously difficult to do. For the purpose of this paper, therefore, corruption refers to a conscious attempt or deliberate diversion of public or private resources from the satisfaction of the public (the majority) interest to that of private or self (minority) interest. Corruption is an effort to secure wealth or power through illegal means for private gain at public expense; or it is a misuse of public resource for private benefit. Corruption as a phenomenon, is a global problem, and exists in varying degrees in different countries. Corruption is not only found in developing countries but also found in developed countries. Now a day corruption has become a serious and

global issues both in democratic and undemocratic countries. However, corrupt practices are not an issue that just begins today; but the 'history is as old as the world. Now a day, corruption is increasingly viewed as a significant impediment to economic development and growth. It hinder the development (Economic, political, cultural and social development) process of one's country and highly contributed for underdevelopment and poverty.

Corruption in Ethiopia

Corruption is a global phenomenon which occurs everywhere and experienced by all societies at varying times. It is not peculiar to any continent, country, ethnic group, faith, political system or gender. Even though corruption is found all most everywhere, it is stubbornly entrenched in the poor countries of Sub-Saharan Africa, Latin America, newly industrialized countries, and in several of the post-communist countries. Corruption has been the main factors that hinder development and exacerbate poverty in Africa. In this case, Ethiopia is not exceptional rather corruption is rampant. In 1942, administrative regulations which prohibited the traditionally accepted practice of receiving money and other forms of corruption by public officials were enacted during the imperial regime. After a decade, the imperial regime passed a legislation that establishes criminal acts of corruption. Despite the existence of such legislations and initiative, corruption remained unsolved problem in Ethiopia. In 1974 the imperial regime was came to an end and replaced by a military regime known as Derg meaning council. However, the coming of military junta of Derg regime did not bring about the end of corruption.

With the coming of EPRDF into power a number of measures have been taken to curb the persistence and further escalation of corruption. In this regard, the establishment of the Federal Ethics and Anti-Corruption (FEACC) was one of the measures taken by the ruling party. FEACC was established as an independent government body with the objective of combating corruption through investigation, prosecution and prevention. However, the mere establishment of corruption commission does not in itself eradicate the source of corruption because the institution is established after corruption is already widespread.

Despite the efforts taken by the government and other stakeholders, corruption is one of the many unresolved problems that have critically hobbled and skewed development. It remains a long-term major political and economic challenge for Ethiopia. In 2009, Ethiopia scored 2.7 and was ranked 120 out of the 180 assessed countries in Transparency Corruption Perceptions Index (CPI), suggesting widespread and endemic corruption. In 2012, Ethiopia was ranked 113th out of 176 countries and scored 33 . In 2013, Ethiopia was ranked 111th out of 177 countries in Transparency International's 2013 Corruption Perceptions Index, with a score of 33 out of an achievable 100. On the 2013 Ibrahim Index of African Governance, Ethiopia scores 47.9% - lower than the continental average 51.6% (Mo Ibrahim Foundation 2013). In 2014, Ibrahim Index of African Governance (IIAG), Ethiopia was ranked 32 next to Liberia and scored 48.5. All of the above data indicates that corruption has been the major problems in Ethiopia which hinder the development path of the country on the one hand and further exacerbate poverty on the other hand.

Factors affecting corruption

Interest in factors affecting corruption has increased. This is mainly due to the fact that the effect of corruption is recognized nationally and internationally. In recent years, there have been significant increases in the attention paid to corruption, in part due to, series of high level corruption cases in industrialized countries, an increasing awareness of the costs of corruption throughout the world, and the political and economic changes which many countries are

undergoing. Several researchers have identified and discussed factors affecting corruption (Alcazar & Andrade, 2001; Johnston, 1997; Dandago, 1997; Groenendijk, 1997; Purohit, 2007; Ruzindana, 1998; Waliggo, 1999; Osei, 1999; Rowe, 2011; Rossouw, 1999). Since corruption has been conceptualized in a variety of ways by researchers, several factors have been examined that affect corruption.

As many scholars and experts would agree, corruption is not an easier social issue that can be explained by a simple cause-effect model. For instance, poverty is highly correlated with corruption. Surely, poverty can contribute to corruption as poor countries have fewer resources to implement and maintain the monitoring and oversight necessary to contain the problem. Yet corruption also exacerbates poverty. Moreover, corruption has a direct impact on the living conditions of the poor. This implies that poverty may cause corruption and at the same time corruption may exacerbate corruption. Therefore, without limiting the generality of the above argument, however, the following are numerous factors that are widely believed to be the major causes of corruption.

Accountability of Public Officials

Accountability and transparency values of good governance and sustainable development not only buttress responsive public policy and high levels of public sector performance but also play a crucial role in preventing the onset of systemic corruption (UN, 2012). A number of studies, however, indicated that there is a lack of accountable public officials in most Least Developed Countries (Alcazar & Andrade, 2001; Amnesty International, 2011; Johnston, 1997; Dandago, 1997; Ruzindana, 1998; Waliggo, 1999; Osei, 1999; Rowe, 2011; Rossouw, 1999). Based on the above finding, the following hypothesis is forwarded.

High Concentration of Power

High concentration or monopoly of power gives public officials the opportunity to create circumstances that entice taxpayers into corrupt practices (Prohito, 2007; Alcazar & Andrade, 2001; Johnson, 1997; Dandago, 1997). A lack of clearly defined roles, functions, and duties of public officials creates an environment ripe for abusive behavior (Pashev, 2005). A high degree of discretionary power and the lack of adequate monitoring and reporting mechanisms are vital in providing opportunities for corruption. The greater the discretion, the greater the opportunity public officials have to provide favorable interpretations of government rules and regulations to businesses in exchange for illegal payments. A number of studies also reveal that there is high concentration of power in most Least Developed Countries (Prohito, 2007; Alcazar & Andrade, 2001; Dandago, 1997).

Independence of Judiciary

The separation of powers is a model for a good governance of a state. The model was first developed in ancient Greece and came into widespread use by the Roman Republic as part of the unmodified Constitution of the Roman Republic. Under this model, the state is divided into three branches (executive, legislature, and judiciary), each with separate and independent powers and areas of responsibility so that no branch has more power than the other branches (Chinhamo & Shumba, 2007). Separation of powers is designed to prevent arbitrary or tyrannical rule and to protect the governed. Most Least Developed Countries have in the recent past adopted constitutional democracy where the constitution is regarded as the supreme law of the land and makes all government organs subject to the constitution. As a matter of principle, the judiciary is the guardian of the constitution and rule of law. However, in carrying out this important duty, judiciaries in the Least Developed Countries face several challenges which hamper their effectiveness such as disobedience of court orders especially by the executive arm of government.

Besides, the power to enforce courts' decisions resides in the executive. Culture of impunity and corruption were also cited as some of the factors that hinder the effectiveness of the judiciary in safeguarding the principle of separation of powers and rule of law in the region (Rudolph & Moeti-Lysson, 2011; Rowe, 2011; Wendoh, 2006). Therefore, it could be argued that in most Least Developed Countries there is a lack of independent judiciary.

Human Resources Management (HRM) System in the Public Sectors

The public service in many Least Developed Countries has been politicized (Das, 1998; Tessema & Soeters, 2006) and “politicization has resulted in total erosion of traditional civil service values such as political neutrality, probity, rectitude, and objectivity” (Das, 1998: 19). Political appointments not only reduce work efficiency, they also facilitate corruption, as they did in Tanzania, where entrance into the police or the legal profession required joining the party (Sedigh & Muganda, 1999)

Corruption reporting system of the country

According to GIACC (2012), a proper corruption reporting system is necessary to enable an organization to prevent and detect corruption. It will also provide officers and employees with some assurance that the organization intends to implement its anti-corruption policy properly. The system may be an internal system, or it may be contracted out to a specialist reporting company. This reporting system should form part of the organization's Anti-Corruption Program (Purohit, 2007). Several studies however underscored that there is a lack of effective corruption reporting system in Least Developed Countries (Johnston, 1997; Thomas, 2010; Purohit, 2007)

Education of public officials

Similar to poverty, it is difficult to distinguish whether corruption cause illiteracy or illiteracy cause corruption. According prior studies, illiteracy and lack of awareness are the causes of corruption. As illiteracy is a cause of corruption, literacy can prevent corruption in a number of ways. First, those who can read well are more likely to read newspapers and online media, and therefore be able to critically evaluate their own public institutions and civil servants. Again, while it's hard to say whether illiteracy causes corruption, or whether literacy can stop corruption, research shows that countries with low literacy rates are higher up in the corruption ranking than those with high literacy rates.

Independence of Media

It is widely accepted that the presence of an independent and free media is critical for enhancing accountability and transparency of a government (Border without Borders, 2012), which in turn could minimize the rate of corruption. As previously indicated, accountability also requires a free and vibrant media able to investigate freely and without fear, report, question, and denounce. Although there has been some change in a number of Least Developed Countries, there is a lack of independent and free media (Reporters without Borders, 2012; International Transparency, 2012).

Socio-Economic Policies

Different governments or societies have applied different economic models or systems during different periods of time. The most important ones are: Planned economy (which is also referred to as a command economy, centrally planned economy, or command and control economy), market economy, and mixed economy. In planned economies, central economic planning by the state or government controls all major sectors of the economy and formulates all decisions about the use of resources (Myant & Drahokoupil, 2010; Myers, 2004).

Since the late 1980s (the collapse of the Soviet Union), many governments presiding over planned economies began marketization and moving toward market-based economies by allowing individual enterprises to make the pricing, production, and distribution decisions, granting autonomy to state enterprises and ultimately expanding the scope of the private sector through privatization (Myers, 2004). This is because the centrally planned (command) economy model was found to be ineffective and inefficient (Myant & Drahokoupil, 2010; Myers, 2004). The command economic system has failed to achieve the expected results (Myers, 2004). This may suggest that the type of national economic system that countries pursue could make a real difference. Prior research also indicated that poor socio-economic policies may create opportunities for corruption (Becker, 1994; Davies, 2001).

Public Administrative Agencies

Public administrative agencies are agencies that implement government policies and programs. They are expected to provide public services with the utmost possible efficiency and at the least possible cost either of money or of energy. That is, they should provide public service that is faster, more responsive, and caring (Manning, Ranjana & Gokcekus, 2000). A number of studies, however, stated that in many Least Developed Countries do not have effective public administrative agencies and supportive institutional infrastructure (Grindle, 1997; Praha, 2004; Tessema et al., 2014). The ineffectiveness of vital public administrative agencies and unsupportive institutional infrastructure are more likely to create opportunities for corruption.

Customs and Tax System

Previous studies indicated that the presence of a well developed and implemented customs and tax system tends to discourage corrupt behavior (GIACC, 2012; Purohit, 2007). The absence of supervision and accountability gives workers an opportunity to refrain from performing public duties. The absence of measures designed to maintain the integrity of public officials such as the promotion and enforcement of ethical standards, merit-based recruitment and promotion procedures, and regular staff rotation schemes to prevent the creation of lucrative networks increases the likelihood of staff indulging in corrupt practices (Purohit, 2007). In many Least Developed Countries the unwillingness of taxpayers to comply with the law and hence their readiness to bribe tax collectors in order to reduce their tax liability are important causes of corruption (Purohit, 2007). Therefore, failure to properly administer the tax defeats its purpose and threatens the canon of equity. It allows the government to collect taxes only from easy-to-tax sectors and people who cannot avoid paying. Corruption in customs administration is a major problem in many Least Developed Countries (Purohit, 2007; Stasavage & Daubree, 1998).

Salary of Public Officials

Since the late 1980s, the economy of most Least Developed Countries has continued declining. The eroding purchasing power of the salaries of public servants in most Least Developed Countries has led many public servants to seek compensation in supplements (Grindle, 1997; Das, 1998). Due to the above situation, many civil servants turn to other activities such as moonlighting and non-government work during office hours (Das, 1998: 18). Henderson (1993, quoted in Beugre & Offodile, 2001: 537). When the salaries are not measured against representative family budget, and the workers feel the work they do and the responsibilities they carry are not fairly compensated, corruption becomes rampant and glaringly open. In countries where salaries have been frozen for some time, corruption has increased almost proportional to the number of years salaries have been frozen (Das, 1998; Purohit, 2007). This may suggest that when public officials are poorly paid, they are more likely to subsidize their income through corruption. In many Least Developed Countries, the salaries of public servants cannot keep pace with the inflationary trend

in the country, which erodes purchasing power of public servants (Tessema et al., 2014). In such circumstances, employees may look for other ways to generate additional income.

2.4 Conceptual Framework

As indicated earlier in the literature review the major variables of interest in this study comprise 1) Lack of accountable public officials 2)High concentration of power 3)Lack of effective human resources management system in the public sector 4)Lack of effective corruption reporting system 5)Lack of independent media 6)Poor socio-economic policies 7)Lack of effective public administrative agencies 8)Ineffective customs and tax system 9)Salary of public officials are low in Ethiopia10)Lack of independent judiciary 11)Low academic qualification of public officials 12) Lack of conducive working environment and 13)Lack of Political legitimacy. The conceptual framework is based on the above major independent variables that affect corruption in Ethiopia from higher education instructors’ Perceptions with particular reference to Business and Economics College of Bahir Dar University. The framework shows that the manipulation of the independent variables will lead to more or less corruption.

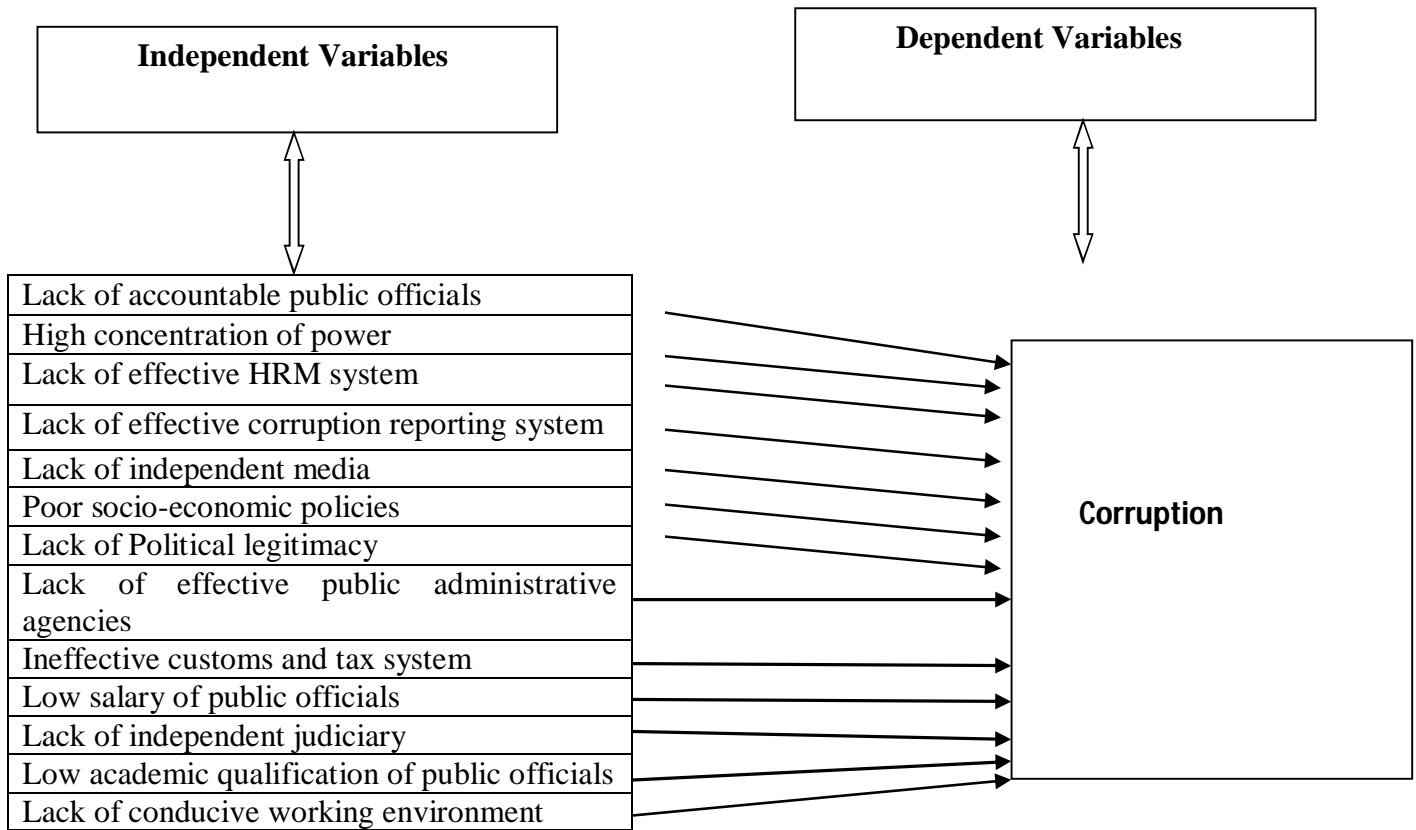


Figure 1: Conceptual framework

2.5 Research Design and Methodology

This study is based on a sample of 40 instructors of Bahir Dar University, college of business and economics engaged in different business activities: Accounting, Management, tourism and hotel management, Marketing management, Logistics and supply chain management, and Economics. All in all, 40 questionnaires were distributed of which 30 usable questionnaires were returned, leading to a response rate of 75 percent.

Based on the literature review and guided by the research framework or conceptual framework, first the variables/concepts considered relevant to the study have been identified, defined conceptually, and operationalized. The second step was the preparation of the questionnaire and execution of a pilot study. A pilot study was done in order to test whether the questionnaire would enable me to gather data related to causes of corruption in Ethiopia and the respondents understand the concepts and measurements. After conducting the pre-test or pilot study and making all necessary adjustments, 40 questionnaires were distributed to the respondents. The questionnaire we administered contained ten variables. The equation therefore consists of the ten variables as predictor variables and perceived corruption as dependent variable. Respondents were asked to indicate the degree to which they agreed or disagreed with the 13 variables included in the model. All the variables were measured on a five-point Likert scale ranging from 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree.

Data Presentation and Analysis

Table 1 below depicts explanation of the variables included in the model and the descriptive statistics (Minimum, Maximum, Means and standard deviations). As table 1 below shows, the overwhelming majority of the variables were rated fairly high (mean values range between 3.93 and 4.70 on a-5 point scale), which in turn signals the magnitude of the challenges and problems that have caused corruption, as will be discussed later.

Table 1:- Explanation of Variables and Descriptive Statistics

Variables	Explanation of variables	Min	Max.	Mean	Std. Deviation
Perceived corruption	Strongly believe that there is high corruption in Ethiopia currently	4.00	5.00	4.7000	.46609
Lack of Political legitimacy	Strongly believe that there is lack of Political legitimacy	2.00	5.00	4.2000	.88668
Lack of conducive working environment	Strongly believe that there is lack of conducive working environment	2.00	5.00	4.0667	.90719
Low academic qualification of public officials	Strongly believe that there is low academic qualification of public officials	2.00	5.00	3.9667	1.03335
Lack of independent judiciary	Strongly believe that there is lack of independent judiciary	3.00	5.00	4.4667	.68145
Low salaries of public officials	Strongly believe that the salary of public officials are low in Ethiopia	1.00	5.00	3.9333	1.22990

Ineffective customs & tax system	Strongly believe that there is ineffective customs and tax system	3.00	5.00	4.0000	.83045
Ineffective public administrative agencies	Strongly believe that there is ineffective public administrative agencies	3.00	5.00	4.3333	.66089
Poor socio-economic policies	Strongly believe that there are poor socio-economic policies	2.00	5.00	4.1333	.93710
Lack of independent media	Strongly believe that there is a lack of independent media	3.00	5.00	4.5000	.62972
Ineffective corruption reporting system	Strongly believe that there is ineffective corruption reporting system	2.00	5.00	4.1667	.87428
Ineffective HRM in public in public sectors	Strongly believe that there is ineffective HRM in public	2.00	5.00	4.3333	.95893
High concentration of power	Strongly believe that there is high concentration of power	3.00	5.00	4.4000	.77013
Lack of accountable public officials	Strongly believe that there is lack of accountable public	2.00	5.00	4.5000	.77682

Source: - Survey (2015)

Note: - 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree

In Table 2 shows below, regression analysis is conducted to test the extent to which the variables included in the model explain the change in perceived corruption. Before the regression analysis is performed, the researcher examined the variables for outliers, multicollinearity, and fit between their distributions and the assumptions of regression. No potentially problematic outliers were found, as Cook’s distance was well below 1.0 for all cases (Tabachnick & Fidell, 2007). Inspection of the correlation matrix indicates no problems with multicollinearity, as all correlations are well below .90 (Tabachnick & Fidell, 2007). In addition, residuals were distributed normally and did not display heteroscedasticity when plotted against the predicted values. As shown in Table 2 below, while the variables identified in the model positively influence perceived corruption, all of them (lack of accountability, Ineffective HRM in public in public sectors, Low academic qualification of public officials, lack of independent judiciary, lack of corruption reporting system, Poor socio-economic policies, Lack of Political legitimacy and low salaries of public officials) show a statistically significant positive impact in explaining the change in the perceived corruption and are greater than or equal to $\beta = .023$. In addition, all variables altogether explain about 37 percent change in perceived corruption ($R^2 = .37$).

Variables	Model Results
Lack of Political legitimacy	.035
Lack of conducive working environment	-.05
Low academic qualification of public officials	.055
Lack of independent judiciary	.238
Low salaries of public officials	.009

Ineffective customs & tax system	-.100
Ineffective public administrative agencies	-.079
Poor socio-economic policies	.165
Lack of independent media	-.043
Ineffective corruption reporting system	.023
Ineffective HRM in public in public sectors	.038
High concentration of power	-.023
Lack of accountable public officials	.030
F	72.9
R	61
R²	37

Source: - Survey (2015)

Future Research Directions

While this study is an important step forward in understanding the extent to which the proposed 13 variables are correlated with the perceived corruption in Ethiopia, it has some limitations. First, like any survey study, there may be response bias. However, some authors have suggested the potential for common method bias should not necessarily invalidate a study's findings (Cohen & Spector, 2001). Second, this study was conducted only in Ethiopia, and Bahir Dar University, Business and Economics College and that restricts the generalization of the findings to other least developed countries. Thus, in order to generalize and validate the findings of this study, a similar study be conducted in other least developed countries. That is, additional research is needed to examine the strength of the findings and generalizations. In spite of the above limitations, however, this study addresses several gaps in literature related to corruption in least developed countries. This study goes beyond discussing the causes of corruption by examining the extent to which the proposed 13 variables are correlated with perceived corruption. And thus, it can be seen as an important contribution to the literature on causes of corruption in general and that of the least developed countries in particular such as Ethiopia.

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