

# Individual Perceived Corruption Diminishes the Work Effectiveness and Organizational Performance: Public Organizations in Laos

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#### **Abstract**

Laos is still categorized by United Nations as one of the least developed countries in the world and it is also perceived by international community as a highly corrupt state in the world based on the report of Corruption Perception Index in 2017. The main purpose of this empirical research is to investigate the influence of individual perceived corruption on job motivation, commitment, satisfaction and organizational performance among public organizations and state-run enterprises in Laos. Additionally, it will also examine the mediating effect of perceived corruption on the relationship between job commitment, satisfaction and motivation and organizational performance.

To make an empirical research on this article, public officers who have been working at public organizations and state-run enterprises at both central and local governments in Laos were selected as target samples. 5-point Likert questionnaire form was developed and tested before distributing to target samples through email and social media channels in Laos. 281 questionnaire forms were returned. 5 questionnaire forms were sorted out and 276 cases were used in this research. The collected data were analyzed by both IBM AMOS v23.0 and SPSS v23.0. Additionally, Sobel (1982) and Baron and Kenny (1986) tests were also conducted for figure out the mediating effect of perceived corruption.

The findings showed that individual perceived corruption statistically has a negative impact organizational performance among public organizations in Laos. In addition, job commitment and satisfaction played a crucial role in diminish individual perceived corruption among Lao public officers. Interestingly, the finding of this research indicated that job motivation insignificantly relates to individual perceived corruption and this was contradictory with original assumption on the relationship between job motivation and perceive corruption. Another significant finding in this research was that perceived corruption can partially mediate the positive relationship between job commitment and satisfaction and organizational performance. Managerial implications will be next introduced. Finally, the research limitations and suggestions for the future research are indicated and explained respectively.

Keywords: Perceived Corruption, Public Organizations, Commitment, Satisfaction, Performance



#### 1. Introduction

Laos is a landlocked country which is located in Southeast Asia; Laos has shared borders with five countries such as Vietnam in the Eastern, China in the Northern, Myanmar in the Northeastern, Thailand in the Western and Cambodia in the Southern (UNICEF 2006). In 2017, its population was approximately 6.971.202 people (CountryMatters 2017). In 1975, there was a huge political reform and the monarchy administrative system was replaced by a new administrative regime which is called Lao PDR (Lao People's Democratic Republic) or Laos until now. Laos has been governed by communist system since 1975 (World Vision 2010, Bertelsmann Stiftung 2016). The first government of Lao PDR was established in 1975 and the new government and its cabinet will be re-elected in every five-year term. Currently, the 8<sup>th</sup> government has been performing its duty and public policies for 5-year term since 2016 (LGW 2017). In terms of administrative system, there are three main administrative organizations such as legislative body, executive body, and judiciary body (United Nations 2005). The executive body consists of 17 ministries, 4 ministry-equivalent organizations and 18 provinces (LGW 2017). There were 204 543 government officials at central, local government agencies and state-run enterprises in 2016 (UNICEF 2006).

In order to upgrade and merge its development with neighboring ASEAN countries, regional and international countries, Laos has been facing many serious problems which put obstacles on its socio-economic development and progress especially the corruption wave of public servants in some government sectors. Even though each term of the previous government had attempted to diminish and clean corruption scandals among government organizations by issuing a certain number of regulations and laws against corruption such as Law on Criminal Procedure No. 01/NA issued in 2004, Penal Law No. 142/PO issued in 2005, Anti-Corruption Law No. 27 issued in 2012, Decree on Asset Declaration No. 159 issued in 2013, Law on Anti-Money Laundering and Counter-Financing of Terrorism No. 012/PO issued in 2015 and (Santaniello, 2016). Corruption is still a chronic disease for the current government and there is still a wide spread of corruption scandals among some government officials and some government agencies or government affiliated enterprises. According to the report of Transparency Organization in Corruption Perception Index in 2016, Laos has been listed at 123<sup>th</sup> country with the highest perceived corruption state among 175 countries around the world (Transparency International 2017). This means that Laos is still classified as the most corrupted state in the international perception. Based on the report of State Inspection Authority of Laos, there were 71 government officials at both central and local government level who have been arrested and under investigation relating to committing corruption and these corruption cases cost a huge financial loss to the government and state property almost approximately US \$ 11 million in 2016 alone (Xinhua, 2017; Asia News Network 2017). The corruption does not only diminish the reliability and effectiveness of Lao government in the perception of international community, it also directly harms the effectiveness and quality of government officials which often leads to the poor



performance in administrative system as well as weakening the capacity of government organizations.

The significant objective of this research is to investigate the influences of individual perceived corruption on main driving forces of organizational performance at workplaces particularly job satisfaction, motivation and commitment. In addition, it also aims at finding out how perceived corruption can mediate and diminish the effectiveness of individual driving-forces and organizational performance.

#### 2. Theoretical background

In 2012, Don Elger had introduced a concept for contributing factors for performance which was called theory of performance. This theory claimed that the level of individual or organizational performance is contributed by many factors such as the increasing levels of identity and motivation, knowledge and skills, capability and capacity, cost effectiveness and product quality. In a related vein, the attribution theory also stated that whether or not the result of an action will be successful, it depends on fourth attribution factors including individual effort, ability, perceived task difficulty and opportunity. Additionally, this theory had explained that the perception of task difficulty and opportunity also play a crucial role in enhancing and degrading task engagement and individual effort (Heider, 1993). This is means that the level of individuals' ability, effort and perception can positively and negatively influence performance. Based on these theories, this article has suggested some individual attributing factors which effectively indicate the degree of effort, task engagement, capability and motivation and these factors can significantly contribute to both individual and organizational performance including job motivation, job commitment, and job satisfaction. Additionally, perceived corruption is also assigned as the mediator in this research model. According to the performance theory of Andy Kukla, individual perception can also influence performance especially perceived individual ability, task difficulties, contribution or expected results. The individual perception can negatively and positively affect the results of actions or performance (Kukla, 1972).

#### 2.1 Job Motivation

Job motivation is considered as a significant part in contributing to organizational productivity and performance. The reason is that motivated employees will devote more efforts, skills, knowledge and ability on their jobs or tasks. This phenomenon will directly contribute to boosting up both employee and organizational performance. Job motivation is a driving-force which exists in individual employees and it has a great influence on the techniques, eagerness, strength and willingness of employee behaviors at workplaces (McShane & Von Glinow 2003, p. 132). Petri and Govern (2004, p. 16) also confirmed that motivation is individual power to drive intensity and strength of behaviors towards a certain task in order to reach a specific goal. Based on the Hierarchy needs theory of Maslow (1943), motivation is driven by five levels of needs. People will be motivated when they have needs and their needs have been not satisfied yet. Based on two factor theory of Herzberg, it also claimed that motivation is intrinsic factor which can drive individuals to job satisfaction, commitment and better performance. Those factors can be achievement, recognition, rewards, etc. (cited in Saiyadain & Mirza 2009).



#### 2.2 Job satisfaction

There are many empirical researches show that job satisfaction is a key factor for whether employees will have low or high performance. Brenke (2015) also claimed that the satisfaction on job can be generated by many factors including job contexts, working environment, co-workers, supervisors, salary, job security, insurance, etc. Therefore, it is difficult to provide a clear-cut definition of job satisfaction or factors which creates the state of satisfaction toward a job. Job satisfaction had been defined by Locke (1976) as a positive emotion and self-pleasure towards occupations or jobs. In addition, Lise MS and Timothy (2004) also concluded that job satisfaction is emotional self-evaluation on jobs and this state of emotion directly relates to employee attitudes or behaviors towards their jobs. This means that job satisfaction is positive, employees' behaviors would be positive toward jobs. He still added that job satisfaction can be impacted by several factors including culture, disposition, work situation. Additionally, job satisfaction also has a very close relationship with life satisfaction, motivation, job commitment and organizational performance (Gomes & Proença, 2015).

#### 2.3 Job commitment

Job commitment is an integral part for achieving an organizational goal. When employees are highly committed themselves to their jobs and workplaces, they will perform their job responsibilities and assigned tasks eagerly and actively in order to achieve organizational goals with their whole effort, skills, knowledge and ability (Hoek, 2016). Moreover, Hellevig (2012) also stated that job commitment is the condition which workers willingly contribute their best efforts, skills and knowledge for making the best organizational performance. Mudrack (1993) added that job commitment is the state of employees who have a very close and firm psychological connection to their jobs. As the result of this, these employees definitely have a high motivation to work for organizations and are highly committed to all works what they do in order to reach organizational goals (David, 2013). This directly contributes to improving organizational productivity and performance. Based on Meyer and Allen (1997), job commitment can be classified into three types of commitment. When employees eager to work for organization because of a sense of obligation. This is called a normative commitment. When employees are loyalty to organization because of their complete believe in organizational goals and values. This job commitment is called Affective Commitment. The third one is Continuance commitment which means that it might be cost employees more if they decide leave organizations. So, they decide to stick to current workplaces.

#### 2.4 Organizational performance

Organizational performance is often used to represent how much and how far an organization can achieve its strategic goals by comparing between actual outcomes and set objectives of organizations (Jenatabadi, 2015). In addition, Organizational performance is used to evaluate the effectiveness and efficiency of an organization. This means that organizational performance represents how effective it can manage its resources to reach its goals and how it efficiently uses those resources for fulfilling its goals (Taiwo, 2015). According to Lo, et al. (2016), organizational performance indictor can be classified into two main types such as



financial indictor (profit, sale revenue, market share, organizational assets, etc.) and Non-financial indicator (innovation, employee turnover, reputation, market competitiveness, customer satisfaction, etc.). In the perception of Singh et al. (2016), it is possible to measure organizational performance based on two fundamental methods including objective and subjective measuring methods. Objective measuring method considers organizational performance based on some accounting data or organizational statistics. On the other hand, subjective measuring method will evaluate organizational performance based on personal perceptions which indicate that how well an organization can perform.

### 2.5 Perceived Corruption

There are many scholars, public administrator and politicians attempted to define the meaning of perceived corruption in different ways based on their academic fields, background and knowledge. In general term, corruption is perceived as an action which abuse entrusted power for private gains (Transparency International 2017). Based on Transparency International (2017), corruption can be divided into three main groups such as petty corruption, political corruption and grand corruption. In a similar stream, World Bank also defined corruption perception that as the behaviors of public officers who exercise public power for private gains including grand corruption, petty corruption, state property captured by elite and private interests (Worldwide Governance Indicators, 2013). Lambsdorff (2006) argued that corruption consists of bribery, abuse public power, extortion, embezzlement and fraud. Based on these corruption definitions, perceived corruption is individual perception on workplace colleagues or organizations which might be infected by any corrupt behaviors or involved in any corruption scandals including political corruption, petty corruption or grand corruption.

#### 3. Hypothesis development

#### 3.1 Job motivation and perceived corruption

Based on Two-Factor theory of Herberg (1968), it stated that employee can be motivated by both intrinsic and extrinsic factors. Financial factor (extrinsic) is commonly used to motivate employees and monetary incentive is a great driving force for motivating employees (Zani et al. 2011, p. 329). Employee motivation and perceived corruption have a very close negative relationship at workplaces especially in some public organizations with low financial compensation. There are some critical pieces of research to show that low motivation because of low financial incentive can possible lead to committing corruption or corrupt intention of public servants. Based on Kwon (2014), both intrinsic and extrinsic motivation negatively relates to corruption. This means that low motivation can lead to bribery and other types of grant corruption such as failing to comply with workplace regulation, lateness, etc. Because of this, increasing pay or high pay is recommended by many researchers for raising up employee motivation and reducing corruption intention or power abuse in public sectors. Conversely, some research results indicated that increasing pay also has positive correlation with corruption. One of those studies is the research of Navot, Reingewertz and Cohen in 2016 which researches on relations between high wages and Corruption among Public Servants. It showed that there is an increase in public servants' wage, there is also an increasing trend in corruption or power abuse. This is corresponding with the study of



Dhillon, Nicolò and Xu (2017). They proved that when organizations increase in monetary compensation, this also drive individuals to prone to more corruption behaviors and there is an increasing chance for committing a corruption or having a corrupt intention. As the contradictory findings, the first hypothesis is proposed to prove those arguments in the context of public organizations in Laos as following

H1: Job motivation of public motivation will negatively relate to their perceived corruption level.

#### 3.2 Job commitment and perceived corruption

There are a few researches on the relationship between corruption and job commitment in recent days. According to Myint (2000), he claimed that strengthening organizational commitment can reduce the risk of public corruption and low organizational commitment can easily lead to engaging in corruption behaviors especially bribery and power abuse. Based on the study of Friesenbichler and Selenko (2017) who studied on the connection between manager engagement and performance, this study showed that managers with high work engagement level tend to have low rate in corruption behaviors or using their powers for their personal gains at workplaces. During the Global programming against corruption conference in Vienna in 1999, it concluded that enhancing work commitment is considered as one of the most effective method to reduce and fight against corruption (United Nations 1999). Based on these arguments, another hypothesis is proposed in this research.

H2: Job commitment of public employees will negatively relate to their perceived corruption.

#### 3.3 Job satisfaction, perceived corruption and organizational performance.

Job satisfaction is another key riving-force of organizational performance (Srivastava, 2013). Some researchers have tried to discover the correlation between organizational behaviors which are considered as high risk behaviors to involve in corruption in public organizations and job satisfaction level. One of those group researchers is the group of Akehurst, Comeche, and Galindo (2009) and Esmaili, Seraji, Asghar-Rashid and Bayanloo (2013), their research results indicated that administrative corruption can hinder and diminish job satisfaction which is a significant component of HR productivity and organizational performance. Additionally, Khan and Jan (2014) had made a research on job satisfaction of district officers in Pakistan, this result also showed that corruption is one of crucial factors which negatively affect the job satisfaction of public servants at district level in Pakistan. Relatively, Pecikoza (2014) also confirmed that a wide spread of corruption in public sectors is a main obstacle for boosting job satisfaction in order to improve organizational performance at the Central Banks of Herzegovina and Bosnia. Regardless of the connection between organizational performance and job satisfaction, there are some outstanding scholars who have a make a deep research on this area. For instance, Aguinis (2013) confirmed that employee job satisfaction is an important driving-force for improving the performance and productivity of organizations. This means that if employees have a low level in job satisfaction, this might be able lead to poor organizational performance and productivity. The reason is that job satisfaction is also an important factor which can have a great influence on other key indicators of organizational



performance such as employee turnover, job motivation, job engagement, etc. (Bartram 2011). According to these researches, we can possibly propose some hypotheses which demonstrate the relationships among job satisfaction, perceived corruption, and performance.

H3: The job satisfaction of public employees will negatively relate to individual perceived corruption level.

**H4:** The Job satisfaction level of public employees will positively impact the performance of public organizations in Laos.

#### 3.4 Job Commitment and Organizational Performance

LakshmiG (2012) argued organizational performance can be improved by enhancing job commitment of employees. Additionally, Markos and Sridevi (2010) had introduced 10 strategies for improving job commitment which can lead to enhance organizational performance. In the research of Marrelli (2011) also indicated that it is possible to enrich the effectiveness and the performance of government organizations by improving employee's organizational engagement and commitment. The reason is that organizational engagement or commitment is one of five important driving factors for facilitating and boosting organizational performance and productivity (Mone et al. 2011; Hutchinson 2012). Based on the above explanations and analysis results, another hypothesis should be investigated.

**H5**: Job commitment of public employees will positively relate to the organizational performance of public organizations in Laos.

#### 3.5 Job Motivation and Organizational performance

Employee motivation is a significant factor in improving organizational productivity and performance. According to Gerhart & Rynes (2003, p. 115), organizational performance will increase if employee motivation is high, conversely, organizations will have a poor performance if employee motivation is low. In the same vein, the study of Zhu (2016) which researched on the motivation of Public service officers and the performance of the performance of public organizations in Chinese provincial governments. It also revealed that Public servants' motivation has a significant positive impact on local government performance in China. In addition, Mostafa and Leon-Cazares (2016) claimed that motivation can have both direct and indirect influence on organizational performance based on his research on the motivation of public service and the performance of public organizations in Mexico. To verify these analysis results again in different context, it is possible to develop and propose a research question as below.

**H6**: Public officers' Job motivation will positively affect the performance of public organizations in Laos.

#### 3.6 Perceived Corruption and organizational performance

Generally, corruption has both indirect and direct negative effect on the development of socio-economy and organizational productivity. The corruption is still considered as a main



drawback of all development progress for all public organizations as well as all nations (Borja, 2017). In terms of workplace, corruption directly undermines fairness perception within organization which is another significant motivation driving-force of organizations. Additionally, high perceived corruption still leads to ineffectiveness and less-productivity of both employees and organizations (Asia Pacific Economic Cooperation 2006). Besides this, there are some significant researches on the relationship between organizational performance and corruption or perceived corruption. Some studies show that perceived corruption can have a great negative influence on organizational performance. In some circumstances, perceived corruption is perceived and categorized as a main threat on organizational transparency, role ambiguity or false judgement which might contribute to deiminishing both individual and organizational performance (Osrecki 2015). In the study of Aven (2012), Corruption or corruption intention can also have indirect impact on organizational performance through organizational network and individual behaviors. Conversely, it is also interesting to find out that some studies argue that corruption positively relates the performance of organizations. Based on the research of Williams & Kedir, (2016), corruption significantly contributes to enhancing firm's annual sales, employment and productivity rather than harming organizational performance. Based on the contradictory results, it is more interesting to figure out more about correlations between perceived corruption and organizations' performance through this empirical research.

**H7**: Organizational performance of public organizations will be negatively impacted by the perceived corruption of public employees.

#### 4. Mediator

In the conceptual model, perceived corruption is also identified as a main predicting factor and the mediating effect on the relationship between work driving-force factors and organizational performance. In fact, there is still limitations in the academic research relating to on the mediating role of perceived corruption on the areas of human resource management or organizational behaviors. Interestingly, there was a research which dipped on the mediating effect of corruption on the relationship between institutional effectiveness and entrepreneurships in 90 countries around the world. The research findings claimed that corruption negatively relates to the entrepreneurship and intuitional quality and corruption significantly moderated the relationship between effectiveness of institutions and entrepreneurships (Mohammadi Khyareh, 2017). Additionally, another interesting research is the study on the correlation between life satisfaction and perceived corruption. This research findings indicated that perceived corruption can indirectly and negatively impact individual life satisfaction through institutional trust (Ciziceno, Travaglino & Giovanni, 2018). This academic study finding is also corresponding to the argument of Chang and Chu (2006) which claimed that perceived corruption diminishes the trust of individuals in organization and it also negatively affects organizational effectiveness in functioning organizational roles and task responsibilities. Tobin and Lee (2012) investigated the connection between organizational fairness, satisfaction, motivation factors and corruption intention. The empirical findings revealed that pay satisfaction, public service motivation, organizational justice, job satisfaction and position satisfaction have a negative and significant relations to corruption intention among public officers in Korea. Based on these research findings, two

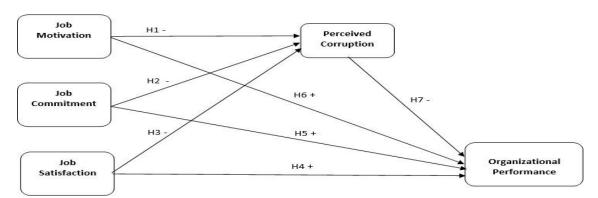


hypotheses on the mediating roles of perceived corruption on the relations among job satisfaction, commitment and organization performance are proposed as below.

**H8:** The relationship between public employees' job commitment and the performance of public organizations will be partially mediated by perceived corruption in Laos.

**H9:** The association between employee satisfaction on jobs and the performance of public organizations will be partially mediated by their perceived corruption in Laos.

#### Conceptual Model



#### 5. Research Methodology

Since this research solely concentrates on the influence of perceived corruption the on the association among job satisfaction, commitment, motivation and organizational performance in public organizations in Laos and some other organizations where have public employees to perform their jobs. Therefore, 276 public officers from a wide range of working areas, both local and central government organizations in Laos were selected as group samples in this research. Originally, 5 point-Likert on-line questionnaire forms were designed and translated into Lao language. Next, this data collecting tool was firstly tested by collecting data from 20 Lao government officials who have been studying in South Korea. 500 links of questionnaire from were sent to target samples through Facebook and other social media channels and only 281 questionnaire forms were received, and 5 incomplete questionnaire forms were sorted out. The collected data was then analyzed by some functions of IBM SPSS 23.0 and IBM Amos 23.0.

#### 5.1 Sample characteristics

The target sample for this research is quite balance between males and females and most samples are categorized as working age (25-40 years old). Regardless of education, mostly public officers obtained a university degree in either homeland or foreign countries such as undergraduate (47%), master (42%) and doctor (7%). These samples mostly worked for government organizations and state-run enterprises which covered (84%). The rest is private sector, NGO and other international organization. Majority of these officers worked at ministries and other central equivalent organizations which covered 57% and 22% of these samples worked at provincial level. Regardless of working age, 40% of these has been



working for the current organization between 6-10 years and another 27% of them already work for 4 or 5 years (**figure 1**).

#### 5.2 Measures

The measure tools were adapted and developed from the empirical researches on organizational performance, commitment, satisfaction and motivation which were originally influenced by the researches of Mowday et al. 1979 and Tella et al. 2007. The measuring tools was then tested by 30 Lao students in South Korea before distributing to the target samples. Principle component analysis with Promax rotation was used to evaluate 41 variances for five factors including Job motivation, satisfaction, commitment, perceived corruption and organizational performance. Based on Eigen value (>1) and the variance loading which was equal or less than 0.7 was omitted. As the result, only 23 variances were classified with five main factors in the conceptual model and entirely variance loading was higher than 0.88.

The dependent factor was organizational performance ( $\alpha = 0.90$ ) which consisted of 4 items such as "My organization highly and continuously achieve in main responsibilities (loading= 0.83), The management system of my current workplace is organized and effective (loading= 0.82), My workplace can achieve main organizational goals every year (loading= 0.87), My current workplace has been growing continuously in terms of quality and quantity (loading= 0.85)". There were three predicting factors. The first independent factor was job motivation ( $\alpha = 0.94$ ) which included 6 variances such as "I enthusiastically do all activities in my job description (loading= 0.86), I am willing and satisfied in dealing my daily tasks at workplace (loading= 0.91), I enthusiastically enjoy learning new tasks from my colleagues and other sources (loading= 0.89), I feel worthy and exciting in doing my current job (loading= 0.81), I am willing to continue for improving my job performance to be better (loading= 0.90), I will devote more effort, knowledge, ability for my current job and job responsibilities (loading= 0.83)". The second independent factor was Job commitment ( $\alpha = 0.93$ ) which had 5 variances including "I am satisfied and enjoyable in working at current workplace (loading= 0.82), My current workplace is a very good workplace(loading= 0.83), I am happy to work at this current workplace (loading= 0.84), My decision for working at this workplace is correct (loading= 0.86), I will continue to work for this

Figure 2: Factor loading and factor reliability

Factors	Variances	Factor loading	N	Cronbach's Alpha	
	JM1	0.86			
	JM2	0.91			
Job	JM3	0.89			
Motivation	JM4	0.81	6	0.94	
	JM6	0.90			
	JM7	0.83			
	JC3	0.82			
	JC1	0.83			
Job Commitment	JC2	0.84	5	0.93	
Commitment	JC4	0.86			
	JC5	0.87			
	PC2	0.86			
	PC3	0.87			
Perceived	PC6	0.83			
Corruption	PC7	0.91	6	0.95	
	PC8	0.89			
	PC9	0.89			
	OP1	0.83			
Organizational Performance	OP3	0.82			
	OP4	0.87	4	0.91	
	OP5	0.85			
Job	JS7	0.83			
Satisfaction	JS4	0.81	2	0.88	
Esteration Mathead	Dainein al Cana				

Extraction Method: Principal Component Analysis. Rotation Method: Promax with Kaiser Normalization. Variance loading <7 is omitted.

Eigen value >1



organization if the organization still keep remaining the same (loading= 0.87)". The third independent factor was job satisfaction ( $\alpha = 0.88$ ) and there were only 2 variances for this factor like "I can receive a reasonable pay from my current workplace (loading= 0.83) and I am satisfied with compensation system and other incentive programs at current workplace (loading= 0.81). Apart from these factors, perceived corruption ( $\alpha = 0.95$ ) was another factor which was used as a mediator in this research and it consisted of 6 variances such as "I sometimes witness the corrupt behaviors of public officers at my current organization (loading = 0.86), Some public officers still use their power and position to influence for personal gains (loading= 0.87), Some public officers often expect to get something in return after providing public services (loading= 0.83), Some public officers often use public property for personal gains (loading= 0.91), Some public officers do not use public funds carefully and reasonably (loading= 0.89), some Public officers still secretly claim the ownership of public property or steal public property (loading= 0.89) (**figure 2**).

#### 5.3 Pearson's zero-order correlations

In this research, there are five main factors and other five controlled variables. These variables are tested by Pearson Correlation method and its findings indicated that five main factors are moderately correlated with each other at the significance level .01 and .001. (VIF=1-3; P<.05). Interestingly, it was noted that job motivation and perceived corruption factors are not significantly correlated with each other. In connection with controlled variables, five variables which were considered as significant and famous demographic variable in social science researches were selected including gender, age, education, working sectors and employment age. Generally, these variables were not significantly correlated with main factors except job motivation and commitment and working sectors.

Figure 3: Pearson's Correlation

	Pearson's Correlations											
Items	M	SD	1	2	3	4	5	6	7	8	9	10
1. Gender	1.42	0.50	1									
2. Age group	4.16	1.00	123*	1								
3. Education	5.46	0.81	112	.080	1							
4. Working sectors	1.46	1.03	.001	181**	.022	1						
5. Working Age	3.00	1.08	027	.492***	.151*	108	1					
6. JM	9.92	4.86	.006	027	.019	.144*	068	1				
7. JC	10.87	4.34	.102	.018	.039	.136*	051	.672***	1			
8. JS	5.35	2.00	.000	034	.083	099	057	.405***	.564***	1		
9. PC	16.22	6.73	014	018	.023	.081	.030	.000	170**	201**	1	
10. OP	9.36	3.34	.057	027	.015	.026	047	.521***	.748***	.615***	299***	1

JM= Job Motivation, JC= Job Commitment, JS= Job Satisfaction, PC= Perceived Corruption, OP= Organizational Performance

<sup>\*.</sup> Correlation is significant at the 0.05 level (2-tailed).

<sup>.</sup> Correlation is significant at the 0.01 level (2-tailed)

<sup>\*\*\*.</sup> Correlation is significant at the 0.01 level (2-tailed).

#### 5.4 The goodness of research model

Testing the goodness of this conceptual model, structural equation model was developed and analyzed for verifying the goodness of the model. This research model was also analyzed by Hierarchical multiple regression. Based on the model fit indicators of structural equation model and hierarchical multiple regression, it indicated that this research model is considered a highly fit and reliable research model. The dependent varibale could be significantly explained by predictong varibales by 63% ( $R^2$ = 0.63; p< .001).  $\chi$ 2 was categorized between 1 and 3, so it was acceptable ( $\chi$ 2=2.28; IFI= 0.95; NFI= 0.92; TLI= 0.94 and CFI= 0.95). Additionally, RMSEA (.07) was lower than .08 and RMR (.05) was .05 which was acceptable. These indexes indicated that the model fit is completely good and unquestionable. Exceptionally, Goodness of Fit Index (GFI) was .86 which was quite low by comparing to the standard point (.90). However, when GFI was equal to .85 or higher it was still reasonably acceptable to indicate the fitness of model (Hong & Goo, 2004; Conners et al. 1998).

Figure 4: Model Fitness Index

Model Fit Index	CMIN/DF (χ2/DF)	RMSE A	RM R	GFI	CF I	NFI	IF I	TL I	R²	Р
Tested Model	2.2 8	.07	.05	.86	.95	.92	.9 5	.94	.6 3	.00

#### 6. Results

Based on the hierarchical regression analysis, there were three main independent variables and one dependent variable. Surprisingly, Job motivation had no significant effect on perceived corruption ( $\beta$ =.001, t= .007, p> .05). Therefore, H1 was rejected. Conversely, job commitment significantly and negatively related to perceived corruption ( $\beta$ = -.309, t= -3.891, p< .001). In a similar vein, job satisfaction also negatively and significantly associated with perceived corruption. Even

Figure 6: Coefficient table of organizational performance

Mode	l	β	t	p	VIF
1	JM	.521***	10.106	.000	1.000
2	JM	.034	.625	.533	1.822
	JC	.725***	13.388	.000	1.822
3	JM	.020	.399	.690	1.826
	JC	.575***	10.217	.000	2.238
	JS	.282***	6.176	.000	1.469
4	JM	.054	1.077	.283	1.876
	JC	.541***	9.761	.000	2.291
	JS	.256***	5.723	.000	1.498
	PC	156***	-4.105	.000	1.076

Note: + Dependent Variable: OP (Organizational Performance) + Independent variables: JM (Job Motivation), JC (Job Commitment), JS (Job Satisfaction), PC (Perceived Corruption) \*\*\*p<.01; \*\*p<.01, \*p<.01, \*p<.05

Figure 5: Coefficient Table

Mo	del	β	t	p	VIF
1	JM	.001	.007	.995	1.000
2	JM	.208**	2.619	.009	1.822
	JC	309***	-3.891	.000	1.822
	JM	.216**	2.737	.007	1.826
3	JC	223*	-2.545	.011	2.238
	JS	164*	-2.308	.022	1.469

Note: + Dependent Variable: PC (perceived corruption) + Independent variables: JM (Job Motivation), JC (Job Commitment),

 + Independent variables: JM (Job Motivation), JC (Job Commitment, JS (Job Satisfaction), PC (perceived Corruption)

\*\*\* p<.001; \*\*p<.01, \*p<.05

though this relationship was quite weak ( $\beta$ = -.164, t= -2.308, p< .05). So, H2 and H3 were supported respectively (**figure 5**).

According to the coefficient table of the hierarchical multiple regression (**figure 6**), there are four separated models and each model organizational performance was assigned as dependent variable. Job motivation significantly and positively contributed to organizational performance

and this coefficient path was considered as a strong relationship ( $\beta$ = .521; t= 10.106, p< .001).



As the result of this, H6 was supported. In addition, job commitment positively and strongly related to organizational performance at significant level .001 ( $\beta$ = 725.; t= 13.388, p< .001) as well as job satisfaction ( $\beta$ = .282; t= 6.176, p< .001). Therefore, H5 and H4 were also supported respectively. Regardless of the coefficient value of the relationship between perceived corruption and organizational performance, perceived corruption had a strongly negative relationship with organizational performance at the significance level .001 ( $\beta$ = -.156; t= -4.105, p<.001). Therefore, H7 which is stated that individual perceived corruption will negatively relate to organizational performance was supported.

In this research, perceived corruption was also used as the mediator of the relationship between three predicting variables (Job motivation, Commitment and Satisfaction) and organizational performance. To figure out the mediating role of perceived corruption on the relationships between job commitment, motivation, satisfaction and organizational performance, Sobel (1982) and Baron and Kenny (1986) methods were collaboratively conducted and simple regression for each path relationship of each main predicting was also conducted. The results of the Sobel (1982) test indicated that perceived corruption partially mediates the relation between job commitment and organizational performance at the significant level 0.05 (p< .05). So, H8 was supported. In a similar vein, the relationship between job satisfaction was also partially mediated by perceived corruption (p< .01) and H9 was also supported. Based on Zhao, Lynch and Chen (2010), when the coefficient of indirect path is not significant, but the direct path is significant, it means that there is no mediating effect, but it has a direct effect. The indirect effect of job motivation and organizational performance was not significant, but job motivation significantly and positively affected organizational performance. As the result, there was no mediating effect of perceived corruption on this relationship (p>.05), but there was an important direct positive effect in the association between job motivation and organizational performances. Therefore, the mediating effect on the relationship between job motivation and organizational performance was not examined (Figure 7).

Figure 7: Coefficient Tables and Sobel Test

Path	Unstandardized Coefficients		Standardized Coefficients	t	Sobel (1982) test	
	В	S.E	β		P-value	
JC> PC	263	.092	170	-2.848**	012	
PC> OP	148	.029	299	-5.190***	.013	
JS> PC	677	.199	201	-3.404***	005	
PC> OP	148	.029	299	-5.190***	.005	
JM> PC	.001	.084	.001	.007	000	
PC> OP	148	.029	299	-5.190***	.990	

Note: JM= Job Motivation, JC= Job Commitment, JS= Job Satisfaction, PC= Perceived

Corruption, OP= Organizational Performance.

\* p < 0.05; \*\* p < 0.01; \*\*\* p < 0.001.

N = 276



#### 7. Discussion

The research findings significantly contribute to enriching attribution and performance theories and reaffirming the previous research results in the areas of performance, motivation, commitment and satisfaction. Surprisingly, this research finding indicated that job motivation insignificantly contributed to individual perceived corruption among public officers in public organizations in Laos. Based on this finding, whether low or high motivation will not have any influence on individual perceived corruption. This finding absolutely contradicted with the research findings of Kwon (2014) which claimed that both intrinsic and extrinsic motivation have a negative relationship with corruption. This study seemed corresponding with the research results of Navot, Reingewertz and Cohen (2016) and Dhillon, Nicolò and Xu (2017) which researched on the financial motivation and corrupt intention and behaviors in public organizations.

Secondly, Job commitment of public officers can play a crucial role in diminishing individual perceived corruption. It is possible to argue that public officers with a strong job commitment will have a low perceived corruption on individuals and organizations. This finding was similar to the argument of Myint (2000) Friesenbichler and Selenko (2017). They claimed that public servants with low organizational commitment have a high risk to involve in corruption intention by comparing to the ones with a strong organizational commitment. As well as the empirical research results of Friesenbichler and Selenko (2017) who found out that managers with high level of job commitment have a low risk in engaging corrupt behaviours. This result also reaffirmed one of the most effective measures of UN conference (1999) for fighting against corruption is to reinforce work commitment of workers within organization. In a related vein, job satisfaction of public officers is also a critical factor which negatively associated with individual perceived corruption in public organizations. This become another significant evidence to support the argument of Pecikoza (2014) who claimed that a strong job satisfaction can prevent workers in committing a corrupt behaviors. As well as the research results of Asghar-Rashid and Bayanloo (2013) and Khan and Jan (2014) who also claimed that individual corruption perception has a negative effect on the job satisfaction of public officers in Pakistan. This means that this academic research results can also apply in the context of Public organization in Laos as well.

Additionally, this research can still confirm some the previous research findings and theories on the association among job motivation, commitment, satisfaction and organizational performance. Based on the findings of this empirical research, job motivation, commitment and satisfaction were not only crucial factors to diminish individual perceived corruption, these factors were also important driving factors for improving performance of public organizations in Laos. These findings had become a crucial empirical evidence to prove conception of Gerhart & Rynes (2003, p. 115), Bartram (2011) and Aguinis (2013) Mostafa and Leon-Cazares (2016) who had recognized job motivation and satisfaction as critical driving forces for organizational performance in both public and private sectors. Apart from this, these findings were also correspondent with the empirical researches such as the studies of Hutchinson (2009), Mone et al. (2011) and LakshmiG, (2012). These researchers found out that job commitment can positively and significantly boost organizational performance.



Interestingly, the findings of this empirical research were the mediating effect of perceived corruption on the relation between driving-force factors of performance and organizational performance. The mediating effects were figured out by the methods of Baron and Kenny (1986) and Sobel (1982). The findings indicated that perceived corruption of government officials can possibly diminish the strength of satisfaction and commitment which are considered as important driving-forces of organizational performance. This can be a new dimension of researching on corruption and its effects on individual and organizational performance. The reason is that perceived corruption can also strain the effectiveness and efficiency of organizations and individual employees as the same as the actual commitment corruption. Based on this finding, Mohammadi Khyareh (2017) might be right to argue that corruption damages intuitional effectiveness, quality and process. The findings also showed the contradictory evidence against the research findings of Williams & Kedir (2016) which claimed that corruption can enhance organizational effectiveness and performance. This empirical research result also supported the argument of Ciziceno, Travaglino and Giovanni (2018) who claimed that perceived corruption can negatively affect life satisfaction through the low level of organizational trust on individuals. Besides this, it was still correspondent with the empirical research of Tobin and Lee (2012) which demonstrated the negative connection between job satisfaction with perceived corruption in Korean context. Another interesting point in the research findings, job motivation positively associated with organizational performance but there was not mediating impact of perceived corruption on the association between job motivation and the performance of public organizations. Job motivation did not significantly relate to perceived corruption among public officers in Laos.

### 8. Managerial Implications

The findings of this empirical research might be able to apply in both human resource management and anticorruption areas. Since there are still lots of limitations in making a research on corruption behaviors especially among government officials as target samples in public organizations. Perceived corruption can be another significant indicator for measuring organizational and individual performance and effectiveness especially in public organizations. This research term and indicator will help to increase the capability of scholars in getting deeper for researching on corrupt behaviors or corruption phenomena in public organizations. Based on the findings, organizational performance can be strained by the level of perceived corruption of individuals on colleagues or workplaces. In additional, perceived corruption also negatively influences main driving forces for organizations such as employee satisfaction and commitment. In human resource management perspective, perceived corruption can diminish the strength of individual job motivation, satisfaction and commitment. This trend has a direct and negative impact on organizational effectiveness and efficiency. Therefore, another crucial task for HRM managers is to decrease and get rid of perceived corruption of workers at workplaces for better individual and organizational performance.

Secondly, identifying the causes of corruption behaviors or perception is another integral part in combating corruption in public organizations. The research finding can be another dimension for verifying the corruption causes especially job satisfaction and commitment. These two factors seem to play a key role in controlling individual corruption perception in



this research. This means that reinforce individual satisfaction and commitment will be able to reduce the perceived corruption level of individuals as well as increasing organizational transparency and diminishing role ambiguity which are considered as another significant driving factor for boosting up employee satisfaction, motivation, commitment and organizational performance (Osrecki 2015).

#### 9. Limitations and Suggestions for the future research

It might be true to say that this empirical research is the first work on researching on perceived corruption at individual level and its influences on organizational performance in public organizational context in Laos. When we take a whole process and conditions of this research into a careful consideration, there are some certain limitations. Firstly, the sample size could not reach the expectation for this research and the target samples still lacked the high-risk groups which were prone to corruption intention or behaviors especially among high ranking officials at both central and local governments. Secondly, this research could not clearly demonstrate contributing factors of main predicting variables such as motivation, commitment and satisfaction. For instance, Job motivation consisted of intrinsic and extrinsic motivations and each type of motivation might influence perceive corruption or organizational performance in different degree. Finally, Baron and Kenny (1986) test for mediating effect might not be fit this research. Since this method could not apply for the association between job motivation and organizational performance which was proposed to be mediated by perceive corruption. Because of the path between job motivation and perceived corruption had not significant relationship with each other, it was considered as unqualified for testing mediating effects. Based on these limitations, the criteria, size and characteristics of target samples should concentrate on the high-risk groups and organizations which are prone to involve or engage in corruption activities or behaviors. Apart from this, main contributing factors of each main predicting factors are suggested to identify for more deep understanding about the causes of perceived corruption and its influences on organizational performance. Finally, it might be a good idea to consider more carefully about the fitness and effectiveness of analyzing tool and collected data for investigating mediating effects in the future research

#### 10. Conclusion

As the wave of corruption has been spreading to all over human society and public organizations especially in the developing world. Corruption has become a significant drawback for social economic development in many countries. In government perspective, corruption is considered as a serious disease which diminishes its effectiveness and performance. To cope and solve this chronic issue, a comprehensive and specific measure are needed. Therefore, a wide range of research on corruption area in different dimension is necessary. Even though this article mainly researches on HR aspects which are considered as main driving forces of organizational performance and effectiveness such as job satisfaction, commitment and motivation, but the influence of perceived corruption on both organizational performance and those performance driving-forces is also included. Perceived corruption as mediator can comprehensively demonstrate its effect and relationship with performance driving-factors and organizational performance. Due to the limitation in researching on



corrupt behaviors or attitudes, perceived corruption can be a new dimension which is used as indicator of actual corruption behaviors among public organizations. Generally, the research findings can reaffirm the concept of attribution and performance theories as well as the previous empirical researches on the relationships between motivation, commitment, satisfaction and organizational performance.

Figure1: Frequency Table

	Item	Frequen	Valid Percent (%)
	S	cy 159	, ,
G and Lan	Male		57.61
Gender	Female	117	42.39
	20 Below	1	0.36
	21-25	14	5.07
	26-30	40	14.49
Age group (Years old)	31-35	133	48.19
,	36-40	63	22.83
	41-45	24	8.70
	51-60 and over	1	0.36
	High School and Lower	1	0.36
	Elementary diploma	2	0.72
	intermediate Diploma	$\frac{1}{2}$	0.72
Educational qualification	High Diploma	9	3.26
quanneation	Bachelor	129	46.74
	Master	115	41.67
	Doctor	18	6.52
	Public Sector	218	78.99
	State-run enterprises	15	5.43
	Private sector	31	11.23
Workplace sectors	NGO	2	0.72
•	International Organizations	6	2.17
	Other	4	1.45
	Central level (Ministries and	4	1.43
	Equivalent organization)	158	57.25
	Provincial level	62	22.46
Organizational level	District level	22	7.97
	Village level	5	1.81
	Other	29	10.51
	Less than 1	16	5.80
	1-5	74	26.81
	6-10	111	40.22
Working age (Years)	11-15	50	18.12
(/	16-20	19	6.88
	21 and Above	6	2.17
	Total	N= 276	100



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