

TALLINN UNIVERSITY OF TECHNOLOGY

School of Business and Governance

Department of Business Administration

Caner Çiçek

**DEMOGRAPHIC FACTORS AFFECTING PERCEPTION OF
CORRUPTION**

Master's thesis

Programme International Business Administration

Supervisor: Merle Ojasoo, Associate Professor

Tallinn 2018

I declare that I have compiled the paper independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously presented for grading.

The document length is 14385 words from the introduction to the end of summary.

Caner Çiçek

(signature, date)

Student code: A156486

Student e-mail address: canercicek55@gmail.com

Supervisor: Merle Ojasoo, Associate Professor:

The paper conforms to requirements in force

.....

(signature, date)

Chairman of the Defense Committee:

Permitted to defense

.....

(name, signature, date)

TABLE OF CONTENTS

ABSTRACT.....	4
INTRODUCTION.....	5
1. THEORETICAL FRAMEWORK OF CORRUPTION.....	8
1.1. Concept of corruption.....	8
1.2. Perception of corruption.....	13
1.3. Demographic Factors Affecting Corruption.....	17
2. RESEARCH METHODOLOGY.....	21
2.1. Research Design and Approach.....	21
2.2. Research Method.....	22
2.3. Survey and Data.....	24
2.4. Data Analysis.....	27
3. RESULTS AND DISCUSSIONS.....	29
3.1. Respondent's characteristics and overall perception of corruption.....	29
3.2. Perception of Corruption by Gender.....	35
3.3. Perception of Corruption by Age and Generation.....	37
3.4. Perception of Corruption by Education.....	40
3.5. Perception of Corruption by Work Experience.....	42
3.6. Discussions.....	44
CONCLUSION.....	48
LIST OF REFERENCES.....	51
APPENDICES.....	56
Appendix 1. Self-Completion questionnaire.....	56
Appendix 2. Tables.....	60

ABSTRACT

Corruption is defined as, role behavior in any organizations (not just government or public service) that violates formally defined role obligations for the sake of a private gain according to the organizational perspective. (Luo, 2004) The researchers have turned their focus in direction of understanding the root of corruption and clarify the reasons behind it in order to have transparent global economy and administrations. Research problem of this Master's thesis comes from the lack of studies in the literature and not so many research is conducted over the demographical factors leading to corruption especially at individual level of analysis. This thesis investigates the influence of demographics (gender, age and educational background) of an individual over the perception towards acts of corruption. The aim of the research is to find out the indicators which influence most of factors on perception of corruption to know more about these factors and improve the quality of corporate governance. Therefore, the author asks the central research question: how does demographical factors as age, gender and educational background of an individual relates to perception of corruption?

The study is based on the data collected by the survey of Estonian residents asking questions about their demographics and their response to different situations leading to corruption in the private as well as public sector. To measure the significance of the results on perception, statistical model of regression analysis is adopted.

The analysis finds significant relation between the individual demographics and the perception towards corruption. Women in comparison to men are found to be less tolerant to corrupt acts and people from generation Z which is the youngest of all the age groups in the study are found most tolerant to fraudulent acts. People with higher educational degrees in comparison to the ones with lower are less tolerant of corruption. The analysis advocates for better awareness programs across several platforms to engender better behavioral response of individuals and raise the levels of fairness in corporate governance.

Keywords: Perception of corruption, corruption and gender, corruption and Y/Z generations, corruption and education

INTRODUCTION

Corruption is a phenomenon which occurs even in the most developed and economically stable countries in the world. It is also high on the list of the thing to prevent in the modern global community. With the continuous growth in world's population and the impact of globalization, currently corruption does not have borders at all. With the strengthening of social media and globalization, the general public now has a very critical and denounced view over the corruption cases. Since 1990s, the international organizations such as the International Monetary Fund and the World Bank are responsible for economic stability across the globe have come up with measures to curb the issue and fine the act more rigorously. The researchers have also turned their focus in direction of understanding the root of corruption and clarify the reasons behind it.

Researchers such as Goldsmith (1999) and Lambsdorff (2004) define corruption as exploitation of power for personal benefits which includes bribery, larceny or payoffs not including acts such as violent burglary or political instability. The term power used by the researchers refers to a broad category of people not only confined to the government but also to those in private industries and communities. Even though there have been many definitions of corruption, many explanations in the present literature define corruption as the misuse of power, the self-centered characteristics of an individual and the ignorance that leads to detrimental consequences in the society (Tanzi, 1998).

Businesses cannot reach success without appropriate and responsible corporate governance, therefore, companies that spend their funds and resources on financing corruption practices should increasingly lose their competitiveness. Therefore, businesses in the private sector have to come to realization that corruption distorts fair competition and the rules of a free market economy, as well as it has a negative impact on the quality of products and services, decreases the level of economic investments and weakens the business ethics as a whole. Also, in the private sector if individual employees take decisions that are not in the best interest of their company and society, the internal decision-making process is distorted with harmful outcomes to their company and to the society they belong to (Vlassis, 2014).

As a cell is the main unit of a living creature, an organization is the core unit of corruption practices. Most of the corruption practices and activities occur between profit-driven organizations and government officers or legislators. Organizations that are eager to offer and

accept bribes for their process specific gains are mostly the reason why corruption is hard to exterminate. On the other hand, by focusing on organization-level corruption, we cannot underestimate the individual-level corruption. Indeed, organizational-level corruption is operated and executed by administrators, directors or employees at various levels, who do so, partially or completely on behalf of the organization. Therefore, corruption in the organizations are triggered by corrupted individuals (Luo,2004).

According to Ostroff (1993), when analyzed at a higher level we see additional mechanisms that influence the relationship between individual personality and levels of corruption. Author in his approach would restrict the research to the individual characteristics of inhabitants of Estonia and the various situations that leads them to corrupt behavior. Participants were recruited based on their residency rather than citizenship to the country.

Research problem of this Master's thesis comes from the lack of studies in the literature and not so many research is conducted over the demographical factors leading to corruption especially at individual level of analysis. Therefore, the aim of the research is to find out the indicators which influence most of factors on perception of corruption to know more about these factors and improve the quality of corporate governance. Academic value of current thesis is to increase the awareness about perception of corruption for private and as well as for public sector in order to have more transparent corporate governance and a better organizational culture. The research question will evolve around the following statement: how does demographical factors as age, gender and educational background of an individual relates to perception of corruption?

In addition, for further insight into the research topic, the sub research questions of this thesis are:

Sub-Question 1: What is the difference between generation Z and Y for perception of corruption?

Sub-Question 2: What is relation between working experience and perception of corruption?

Sub-Question 3: What are the most important external factors impacting corruption?

These sub questions will allow more structured view towards the perception of corruption by different groups that are important to achieve the aim and answer to the research inquiry.

In order to achieve the aim, the following research tasks have been set by the author:

- To provide overview about main concept of corruption and demographic factors affecting corruption acts

- Conduct a survey of the select residents of Estonia
- Analyze the results of survey outcome and construct a correlation between the core elements
- To make suggestions to managers and decision makers on ways to improve transparent corporate and legislative governance

This Master's thesis consists of three chapters. First chapter is theoretical framework of corruption and consists of three sections. First section defines the concept of corruption and gives a short overview of history of corruption practices from beginning of humanity until nowadays. Next two sections give further information about the perception of corruption and relation of corruption to demographical factors such as gender, age and educational background.

The second chapter is research methodology and will give further information about how survey has been constructed, conducted and analyzed. By conducting the survey, researcher will have possibility to answer all of the above questions and to reach the main goal of his Master's thesis. Finally, the last chapter gives overview of the survey results and provides further discussions for research questions and each of the three sub-questions respectively.

The author would like to thank the participants of the study, colleagues, family members, friends, and his supervisor Ass. Professor Merle Ojasoo for the constant support and useful comments during the whole process.

1. THEORETICAL FRAMEWORK OF CORRUPTION

1.1. Concept of corruption

There is no one prevailing and universally accepted definition of corruption. The word corruption originally comes from the Latin “corruptus, past participle of *currumpere*” which means “to abuse or destroy” (UNODC, 2004). Today definition of word “corruption” in English is present when public officials abuse their positions of public authority for private gain and a failure in ethics and moral standards of public officials (Martinez-Vazquez et al. 2006).

Discussions on corruption primarily starts with definition of this concept. In narrow sense corruption defined as “illegal, unethical and spurious”, however in broad meaning; there are plenty of different definitions of corruption subject on cultural, historical and social climate differences so definitions differ from country to country and one culture to other culture (Gedikli, 2011).

Behaviors that can be described as corruption in some cultures and norms are not perceived as corruption in some other societies. Thus, that situation pushes scholars to have a divergence in definition of corruption (Gedikli, 2011). Therefore, there a lot of descriptions available about corruption in politics, public administration, sociology, anthropology, economy, etc. However, there are points that each definition is missing about corruption, even corruption phenomenon is hard to define but a fact that easily noticeable. In most cases, different observers agreed that certain behaviors should be assessed within the scope of corruption. Unfortunately, observing these behaviors are often difficult because corruption activities are typically not a transparent or an activity that takes place in sight (Tanzi, 1998).

The ambiguities and debates in the definition of corruption have led to a rivalry between different views and definitions in order to express this concept more clearly. There are many definitions about corruptions in the literature because the phenomenon is complex and multiple causes. Viewed most broadly, corruption is using or abusing the public resources for private ends or interests or using public responsibility against the law (TEPAV,2006). Corruption is the conscious abuse of public power by a person to his or her family, the party, or the social class for whom he or she is related (Tanzi,1998). Klitgaard (1997) formulized dynamics of corruption as following a formula:

“C (corruption) = M (monopoly) + D (discretion) - A (accountability)”

Corruption creates its own fertile environment according to the model developed by Klitgaard, if a firm, whether in the public or private sectors, is allowed to have monopolistic power without competing in the market for services or products, and public officials have the power to make decisions on goods and services to be received on behalf of the public. Moreover, if public officials do not have clear, comprehensible and regular accounts on decisions they make, and if there are no legal arrangements and criminal mechanisms to deal with them, corruption is expected to happen (1997). By adding the ethical factor to the Klitgaard’s formula, Berkman (2009) stated that ethical values have a decreasing effect on corruption process according to his studies. Berkman defined corruption as:

“C (corruption) = M (monopoly) + D (discretion) - A (accountability)-T (Transparency)-E (Ethic)”

According to that formula, Berkman mentioned that; it is possible to prevent many small corruption attempts without giving legal punishments with the creation of the necessary moral values at the social level (Gedikli,2011).

From organizational perspective, corruption can be defined as, role behavior in any organizations (not just government or public service) that violates formally defined role obligations for the sake of a private gain. Whether the activity is public, private, or nonprofit (Luo, 2004). It is possible to multiply the definitions of corruption but from the general aspect, definition of corruption refers to a deviation from the law or ethical values for personal interests. In this sense, corruption is the victimize of social interest in favor of private interest by a member of society (Güvel&Ata, 2009).

Corruption is not a new phenomenon in 21st century, it is a very old practice that goes back to the beginning of social life. This phenomenon has emerged with the establishment of social organizations of human beings from the old ages. It is estimated that the first recorded corruptions in history were experienced by the Sumerians. The Sumerian tablet that belongs to B.C. 4000 years is translated by sumerologist Veysel Donbaz and the tablet is first documented evidence of bribery in the history. Tablet titled ‘Sumerian School Days’ tells story of an unsuccessful student and later how he became a successful student afterwards. Student’s parents invited the teacher as a guest to their house and offered many gifts during the visit. After that visit to student, suddenly he became the most successful student in the class and even later on became the president of his class. So, this tablet is officially the first written document of bribery in the human history. 2300 years ago, the Brahman Prime Minister counted forty

different ways of corruption. Also, in ancient China, it is known that in order to prevent bribery, an additional payment was made to the officers to their salary in the name of "yang-lien" (TEPAV,2006).

The "Arthashastra" written by the prime minister of Indian King Kautilya in the fourth century B.C. is one of the first written sources known to be about corruption (Tanzi, 1998). "Just as it is impossible not to taste the honey (or the poison) that finds itself at the tip of the tongue, so it is impossible for a government servant not to eat up, at least, a bit of the king's revenue. Just as fish moving under water cannot possibly be found out either as drinking or not drinking water, so government servants employed in the government work cannot be found out while taking money for themselves." (Bardhan, 1997). Seven hundred years ago, Dante one of the greatest French philosopher reflected the hatred of medieval corrupt behavior with putting bribers in the deepest parts of hell. Shakespeare also emphasized corruption in some of his plays and expressed his complaints about corruption (Tanzi, 1998).

From old-times to today's century many large and small corruptions have occurred no matter if they have been documented or not in the course of human history. Many corruption acts have been surfacing in the last decade due to working the hand in hand with development of the international business globalization. Biggest documented corruption according to numbers in history is the involvement of the Siemens Company in bribe actions in the production of identity cards in Argentina. Siemens is a multinational German Conglomerate company headquartered in Munich. Siemens Company is the largest electrical engineering and Electronics Company that transacts in the fields of energy, healthcare and industry. In 2008, the company shocked the world with the 1.3 billion United States Dollars' worth corruption which is the biggest corruption of all times (Lichtblau & Dougherty, 2008).

Battle against corruption has existed as long as corruption itself. Three important events in recent years indicate that corruption is still an important issue in today's world. In 1992, Italy's "Clean Hands" operation is the first of these three. The operation brought light into illegal funding of political parties and abuses of officers for private gain in the democracies. Second one is; President of the World Bank Mr. Wolfensohn, defined corruption as the "cancer" of developing countries and made a commitment to Bank for increasing the volume of battle against corruption. The third and the last one is; Organization for Economic Co-operation and Development (OECD) Member countries agreed to fight against corruption with one accord and accepted to evaluating a common strategy on this topic. (Cartier-Bresson, 2010) In addition to this, The

Financial Times declared 1995 as the year of corruption and the title remained the same following two years. Also in recent years, many countries suffered from subversion of the governments and resignation of presidents because of corruption acts. These and similar situations show that corruption is still one of the major problems of today's world (Tanzi, 1998).

As a result, despite the fact that corruption history is very old, also it is also a phenomenon that continues its triumphal march even today and even more for so in the future. Corruption has taken its place in the history beginning with primitive societies to modern societies and corruption activities have exploded all over the world after 1990s. (Jiang, 2017)

Tanzi (1998) describes basic causes, which endorse corruption, and divides into two broad groups according to demand side (by the public) for corrupt practices and the supply (by public servants) of practices of corruption. The most important causes amongst this group affecting supply sides: 1) bureaucratic legacy, 2) the level of public officials' income, 3) the punishment system, 4) institutional authority, 5) the transparency of rules, laws, and procedures; 6) the samples established by the leadership. The most important factors amongst this group affecting demand sides: 1) regulations and government, 2) features of the tax systems, 3) expenditure decisions, 4) procurement of goods and services at under-market prices.

A research made by Husted (1999) resulted in a significant correlation between corruption and culture. According to their research level of income and culture are the biggest factors of corruption. Corruption observed more often in collectivist and high power-distance countries. There are four core elements that play the main reasons in a corruption act (TEPAV, 2006):

- 1) people or a person equipped with common authority,
- 2) existing rules that governing the decision-making power or common authority of a person or group,
- 3) violation of rules by person or a group,
- 4) finally, violation of the rules does harm to the common values while the person or group gain as a result or these violations

Economists who have done their study in corruption argue that it destabilizes the economic growth and cuts off economic investments. There are various reasons that validate this. Firstly, an act of briber is most often not reported which leads to depleted tax revenues. Acts like bribery serves to evade the usual business transaction which otherwise would have led to tax revenue generation. Secondly, assistance to those who bribe is a common regime in public services which further results in biased and often uneven services to those who do not bribe. Thirdly, economy

suffers the most when corrupt service providers offer below par services and goods ignoring the established norms. Lastly, corruption takes the power from rule of law and weakens the judiciary. As a result, irrationality in monetary transactions become frequent, such as offering contracts to those who bribe rather than the one with highest quality service and low cost. (Williams, 1999).

Mauro (1997) performed a large-scale study of more than 100 countries from 1982-1995. The findings claimed that GDP goes down by 0.5% for every 2 points increase in corruption on a 10-point scale. This further leads to 4% decrease in public investments. The study additionally pointed out that investments in education sector decreased by 0.5% for every 2-point increase in corruption. Rahman et. al. (2000) stated that if a country like Bangladesh known for high corruption rate had reduced the level of corruption to moderate, its GDP would have been 18% higher than it was during the period 1990-1997. The World bank in 1997 through cross-national pattern found that investments in countries with high levels of corruption was nearly half of what it was in countries with low corruption levels.

Gupta et. al. (1998) found a relationship between levels of corruption and income inequality. It showed that the income growth declines for the poor as corruption levels increase. Fisman and Svensson (2007), Mauro (1995, 1997a) found similar results. Friedman et. al. (2000) studied consequences of corruption in 69 countries. Their study found that higher levels of corruption results in lesser business tax revenues and thus less effective governance. Based on considerable amount of empirical evidence, there is a strong opinion on the negative economic consequences of corruption.

Businesses in the private sector cannot reach success without obeying local legislations, complying international business ethics and responsible corporate governance, therefore, companies that spend their funds and resources on financing corruption practices should increasingly lose their competitiveness. Most of the employers have come to realize that corruption distorts fair competition and the rules of a free market economy, as well as it has a negative impact on the quality of products and services, decreases the level of economic investments and weakens the business ethics. Also, in the private sector if employers or individual employees take decisions that are not in the best interest of their company and society, the internal decision-making process is distorted with harmful outcomes to their company and to the society they belong to. (Vlassis, 2014)

However, corruption practices do not occur only with or within corrupted individuals, they are observed within organizations and individuals but also with organizations themselves that are increasingly being structured as corrupt firms and companies. Scholars firstly analyze the cases starting from microlevel, therefore, corrupt behaviors in organizations are initially investigated in microlevel terms. Bad apple view assumes that an individual within the organization is responsible for whole corruption acts as it was observed too often in the corruption history. Bad barrel view claims that organizations influence the actions of their members because organizational culture shapes the manner and norms of an individual that belongs to this corrupted organization (Ashforth et. al. 2008).

1.2. Perception of corruption

Corruption is a universal phenomenon. When the historical development process of societies is examined, it can be seen that there is corruption in every kind of social structure and it never stay at zero level. In addition to universality feature of corruption, another feature of corruption is being relative. The elements of corruption can vary from society to society, even in the same society over time. At times, perception of general population towards corruption leads to the failure of the entire system (Gioia, 2002). The perception causes a pretentious environment where companies and officials are presumed to be corrupt without any evidence (Colvin, 2004). To investigate corruption in a country or to investigate the increase process of corruption in different countries, it is necessary to measure corruption primarily in order to study or research the causes and consequences of corruption. (Vazquez-Martinez, 2004)

The World Bank defines four different methods to measure corruption. Those are; survey method, net asset valuation, arrests and convictions, lastly macroeconomic empirical studies. The criteria of corruption are divided into objective criteria and subjective criteria. Objective measures are measures based on verifiable data and statistical data. For example, it is a measure based on provable and clear evidence, such as the number of convicts convicted of corruption offenses in the country. Another example can be, the number of incoming connections when searching on internet search engines is used to measure corruption. Subjective criteria is based on data that has been collected from surveys related to understandings and experiences. (Bayar, 2010)

Transparency International (TI) is a global non-governmental organization that fights against corruption on a worldwide basis. TI uses the Corruption Perception Index (CPI) for the measurement of corruption. CPI has an important place as a reliable source of corruption indices prepared by international organizations. The organization conducts surveys every year to measure the perceived level of corruption in the public sector in 176 different countries all around the world. In this context, the CPI has an important place among all surveys. Transparency International used to classify the countries' corruption levels based on the average score according to the criteria set by the organization with the scores ranging from zero to ten before the year 2012. However, the organization has changed its rating system since 2012 and the countries have scored from zero to one hundred. In conclusion, the score of a country is zero indicates that corruption perception is at its highest level in that country and a score of one hundred means that the country is very clean in terms of perception of corruption. The CPI Index is a general indicator in a sense that blends factors that cause corruption and allows countries to compare with each other. (TI,2012a)

CPI Index covers and evaluates the data from the topics given below:

- Relation between bribery or corruption among the decision makers of the country
- Government's anti-corruption policies
- Whether the public power is exploited for private interests
- The extent of the seriousness of corruption in the public sector
- Taking precautions in various dimensions to exploit the funds that are important in the field of public finance
- Public contracts, collected taxes, judicial decisions, public facilities, undocumented abnormal payments for imports and exports. (TI,2012b)

According to CPI 2016, there isn't any country that one hundred percent distant from corruption. In the Figure 1, dark red reflects to highly corrupted countries and regions in the world. As color turns to orange and light yellow, it shows the areas that are partially clean from corruption.

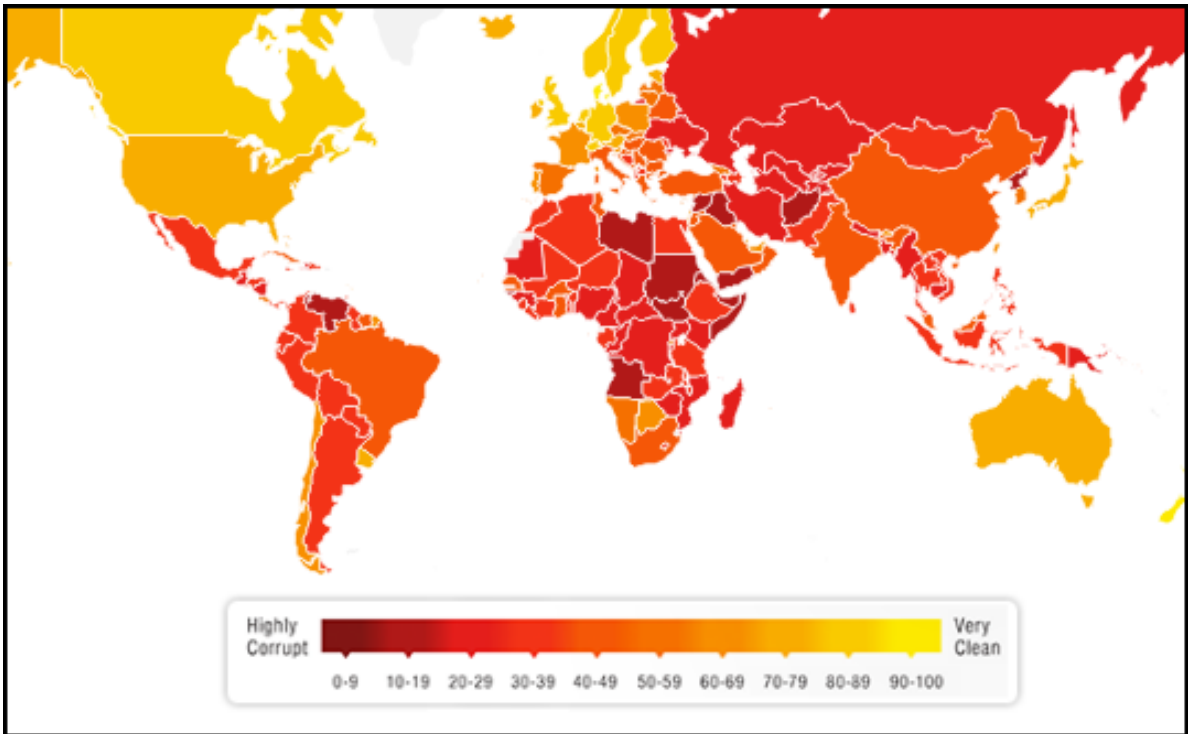


Figure 1. Corruption Perceptions Index 2016

Source: (TI, 2016)

Minimum level corruption activities are shown in countries which were Denmark and New Zealand ranked number one in the list with 90 points. In the same index, Estonia ranked 22th place with 70 points among 176 countries. Estonia is quite cleaner than most of its neighbors from corruption according to CPI 2016. Latvia is ranked 44th with the score of 57, Lithuania 38th (59); and Russia 131st (29). Also, Figure 2 shows that 4 Nordic countries (Denmark, Finland, Sweden, Norway) are in the top 10 in CPI 2016. That means, these countries are fairly clean from corruption activities. At the bottom of the list, highly corrupted countries are placed such as: Syria, North Korea, South Sudan and Somalia. (Hankewitz, 2017)

2016 Rank	Country	2016 Score	2015 Score	2014 Score	2013 Score	2012 Score	Region
1	Denmark	90	91	92	91	90	Europe and Central Asia
1	New Zealand	90	88	91	91	90	Asia Pacific
3	Finland	89	90	89	89	90	Europe and Central Asia
4	Sweden	88	89	87	89	88	Europe and Central Asia
5	Switzerland	86	86	86	85	86	Europe and Central Asia
6	Norway	85	87	86	86	85	Europe and Central Asia
7	Singapore	84	85	84	86	87	Asia Pacific
8	Netherlands	83	87	83	83	84	Europe and Central Asia
9	Canada	82	83	81	81	84	Americas
10	Germany	81	81	79	78	79	Europe and Central Asia

Figure 2. CPI 2016 Ranking List of Countries

Source: (TI, 2016)

The most basic indicator in the context of economic factors is the level of economic development which is one of the reason why corruption differs between countries. In fact, this factor is shown as the most fundamental reason for the differentiation of corruption among countries. Because economic development also plays an important role in shaping the political, social and institutional structures of the countries. In this context, the difference between the economic structures of the countries emerges as the main factor leading to the differentiation of the corruption (Husted, 1999). Corruption is seen both in developing countries and in developed countries. However, the general view on the differentiation of corruption is; corruption and corruption activities are more intense in less developed countries (Acemoglu & Verdier, 2000). In less developed countries, corruptions first start in small corrupted groups such as businesses, institutions and so on, therefore, look in through window of an organization is the easiest way to determine the national corruption environment of a country (Luo,2004).

TI conducts surveys all around the world and analyzes that how corruption affects individuals' daily lives and businesses. United Nations Development Fund for Women (UNIFEM) 2008 analysis of TI's data, determined statistically significant difference between women and men for perception of corruption. Most well known and internationally accepted corruption measurement tools do not include gender as a relevant element. However, studies of UNIFEM have proven that gender dimensions of corruption have to be captured by adding respondents' sex and economic status in order to detect the perception of corruption for different genders and its affects to women (Musembi et. al. 2010).

1.3. Demographic Factors Affecting Corruption

The increase in the interest and rapidly growing research on corruption on the basis of newly available datasets have been seen for the past three decades. The literature tells the story of factors influencing perception of individuals towards corruption and demographics associated with the individuals is one of such factors. Corruption is a widely accepted economic problem which affects the future generations and increases the chances of replication (Andvig and Moene, 1990). Tirole in 1996 concluded that with the increase in the acts of corruption, the perception of youngsters towards honest attitude start to change negatively as not much incentive is perceived from honesty. This further weakens the confidence in institutions and leads to disregard towards the law.

Becker (1968) and Stigler and Becker (1974) performed behavioral experiments to understand the behavior when an individual starts to value his/her serviceableness in comparison to the rewards and time allocation to various other activities. Perception towards corruption more often induce individuals to act differently than they should which is been linked to the cultural, social and ethical patterns at an individual level (Colombatto, 2003).

Gottfredson and Hirschi (1990) argue that women are less likely to commit a crime than males. The study says that men are less oriented towards building up of relationships and have lower ethical standards when compared to women. Other than that, women think about public good before their own personal benefits which is not as common in men referred to in the study. This pattern remains a constant over time and across different geographical locations. Moreover, crimes committed by women are less serious than the ones committed by men. Sutton and Farrall (2005) also found differences in how the two gender groups perceive an act of crime where men in comparison to women were found to be less fearful of the judiciary punishment and more acceptable to the criminal acts.

Study done by Croson and Gneezy (2004) on psychology, economics and sociology find women less risk averse and less tolerant towards acts of dishonesty. There is also a negative correlation that exists between participation of women in acts of corruption and politics which increases the possibility of women being an honest leader as compared to men. It has been established by various experiments that one of the reasons behind women being less corrupt is their higher degree of risk aversion behavior. It is extremely important to know as corruption or any other crime relates to the probability of being caught and punished fear of which might influence one's

decision. The other explanation given in the study states that women as compared to men have recently entered the politics and labor market, so there is a possibility of lack of knowledge among women in how to get involved in illegal activities as well as lack of access to corruption network. Other than that, women getting involved in every profession is more often seen in a liberal democracy that in fact promotes gender equality and just governance.

The research by Dollar et. al. (1999) based on International Country Risk Guide's corruption index of 100 countries finds statistically significant relation between the corruption index and the percentage of women representatives in the political assembly. There is a presence of negative correlation between number of seats occupied by women in the assembly house and level of corruption. The study uses the measure of GDP, population, educational background, ease of trade, civil liberty index etc. and concludes that higher participation of women in politics benefits the society. Swamy et. al. (2001) refers to the World Value Surveys data which includes the Questionnaire related to dishonest behavior in hypothetical situations to check for the differences in gender perspectives. Based on the responses which could be "never justified" to "always justified" on a scale of 1 to 10, the study found women less tolerant compared to men towards acts of corruption and dishonesty. The results were the same across different countries. Marital status, age as well as education were the influencing factors behind the results. Katz and Kahn (1966), Gioia (2000) found that people without education especially ethical academia in schools and colleges are more prone to corrupt acts and crimes.

Torgler and Valev (2006) studied the differences in the behavior of gender groups and the influencers to know which of the groups is more compliant. European Values Survey data from 1981 to 1999 was used, significant statistical numbers illustrated that men are less willing to comply when compared to women. The pattern remains consistent over the period of time and it contradicted the theory that more equality among both the genders would decrease the gender differences over time. Eckel and Grossman (2000) performed several experiments to find the behavioral gender differences. The results couldn't give any significant differences in the behavior perspectives of both gender groups when exposed to risk, but in the absence of risk the researchers found that women are more socially oriented and less individually oriented when compared to men. Andreoni and Vesterlund (2001) performed an experiment that included reactions of the subjects over changing cost of being honest. The study found out that when the price of being honest is high men are less generous but when the price of altruism is low men are more unselfish. The study concludes that men are more cost elastic and women are more democratic towards the choices.

Song et. al. in 2004 in their study found that men behave less other-regarding when they represent a group as compared to when they act alone whereas no such behavioral pattern is exhibited by women. Gneezy et. al. in 2003 found that in presence of a competitive environment, men perform better but no significant change is seen in women. The study by Gneezy et. al. was extended by Gupta et. al. (2005) and Vesterlund and Niederle (2005) which said that given an option to choose the level of competition-based payment scheme, women are less likely than men to choose competition based pay scale which in turn makes women less risk averse. Women choose to be more generous than men if the price of being honest is high and happen to be more socially looking in the absence of risk. Women also make better business managers and handle top tier positions with more integrity as compared to men (Fondas and Sassalos, 2000). Also, women handling managerial positions ask more number of questions from their superiors instead of simply agreeing to their decisions (Konrad et al., 2008).

Survey done by Torgler and Valev (2004) using the World Values Survey Wave during the period 1995-1997 pointed out that citizens of different age groups do perceive corruption differently. The study finds older people to be less likely to commit a crime as compared to younger people. Other than that older people are more tax compliant. It also said that people from younger generation are more likely to perceive corruption as a justifiable act. Swamy in 2001 conducted a study found significant relation between age as a control variable over justifiability of corruption. The study found generation effects over the rise of corrupt activities during the early 1990s at the time of economic transitions in different parts of the communist world. The results addressed the age effect across different regions and cultural environments.

Mocan (2004) used micro data to reveal that people of the age group 20 to 54 years have a higher possibility of being asked for a bribe as compared to a younger group with age less than 20. Also, the justifiability towards corruption is higher among younger reference group. Hirschi and Gottfredson in 2000 stated that age is one of the influencers in criminology and there exist a negative correlation between the age and the willingness to break law for personal benefits. The study shows that the pattern of the relation has been the same for the past 150 years and it holds for each gender and race group. Also, age is in negative correlation with the seriousness of offenses in the study. In terms of tax evasion, higher age group is more reluctant towards tax evasion although there are some studies that imply no such relation such as the one by Torgler (2003). A similar study by Mears et al. (2000) found positive correlation between age of individuals and their reluctance towards corrupt acts.

Hirschi and Gottfredson (2000) explain their study conducted in a prison by means of two concepts: the age theory and the desistance theory. The desistance theory states that factors related to age change the attitude of an individual towards an illegal activity. The study indicates that even though with age comes along many social changes such as marriage, employment and parenthood. But these social changes in fact do not influence the pattern of criminal mindset of people both inside or outside a prison. Age theory asserts that aging changes the attitude of people towards illegal activities. The study says that older people with time and experience become more responsible towards the society. Hung-En (2003) describes statistical differences on corruption between the three generations X, Y and Z in regard to their behavioral patterns. The results showed generation Z to be most acceptable and generation X to be most reluctant of the corrupt acts.

Study done by Glaeser et. al (2005) based on corruption convictions found that states with better education and higher levels of income have comparatively less corruption. The historical criminal data in U.S. was approached with regression modelling process along with education, income and other ethnic control variables to differentiate the rate of crime for each group. Fisman and Gatti (2002) found significant relationship between levels of corruption and demographics of government officials. Glaeser et. al. (2005) concluded that with the development of individuals both in terms of education and income, the levels of corruption decrease. Melgar et al. (2010) found that those with better access to information, higher academic credentials and a higher financial status perceive lower levels of corruption.

2. RESEARCH METHODOLOGY

2.1. Research Design and Approach

This Master's thesis focuses on the detailing the data collected by survey to find the general perception of people in Estonia towards the levels of corruption. The study gives enough answers in response to how inhabitants of Estonia perceive the levels of corrupt practices in their day to day activities. The research has been conducted based on the quantitative analysis of the data so collected and it files a comparative study on how the demographics of an individual change his/her perceptions towards corruption. This study follows the research methodology that makes a comparative study of the groups involved in the questionnaire and puts up factual figures to establish the differences among them. Comparative studies have been part of the existing literature since 1880. Comparative studies do not follow any peculiar methodology rather puts up an act of comparing multiple things concerning certain entities and elements. The differences thus deduced presents a schematic overview of why similar things appear different in different circumstances and events. (Heidenheimer et. al. 1983).

The very general schema of comparing and analyzing different aspects of a study is similar to our everyday comparison of things. There are different orientations that exist among the methodological approaches of comparativists and non-comparativists. The comparativists at a very general level find their interests in understanding and interpreting the similarities and differences among large social units. The cross-cultural differences and similarities constitute one of the most significant aspect of preferences over this methodology by the researchers (Ragin, 1987). As to any methodology there are agreements as well as disagreements over the comparative analysis of units/entities at the cross-societal level. Such studies at times lead to imprecise results because of within country differences, since in some nations e.g. Germany post unification have a higher degree of internal diversity compared to its other European neighbors (Galtung, 1982). On the other hand, the comparative methodology when used to establish the differences and similarities at the very individual level leads to the best possible results (Lijphart, 1971).

Following the motive of the study and the evident literature over the comparative methodology, the author decided to use it in this Master's thesis. A questionnaire survey strategy was chosen for the research design. Opinionated approach is associated with the survey questionnaire

strategy. It is one of the most commonly used strategy in understanding business needs in every dimension. The approach is carried for descriptive research purposes and more often gives valid response to the questions in the survey. Surveys serve the purpose of identifying the potential participants, testing questions, checking the accuracy and consistency of data files and selecting appropriate mode of presenting the questions (Groves, et. al 2009). Relevant questionnaire with the help of eight corruption questions (Svensson, 2005) has been created to get our primary data which can be statistically analyzed and explored.

2.2. Research Method

The methodology author follows in this thesis has several comparative methods. There are however some more common comparative methods than the others such as quantitative methods are considered as and pursued in majority of the studies over qualitative methods (Clasen, 2004). Author has chosen quantitative method for this study. Quantitative research model employs numerical models, statistical techniques and computational algorithms to systematically investigate a discernible phenomenon (Given, 2008). The main goal under the quantitative research model is to establish a relationship between dependent and independent variables used in the study. The author tries to determine if any significant relationship exists between the personality traits of an individual and his/her perceptions towards the corruption levels in Estonia.

The statistical approach which widely forms the crust of quantitative analysis of data in sciences is used in this study. The statistical methods are commonly implemented in biology, social sciences as well as economics research sector. Even though the survey data author collected was in the form of open questions, he reconstructed the responses into numbers and figures to elucidate the significance of each response to his research question. The field of study where human psychology is explained by means of mathematical modelling is also known as quantitative psychology. Some very preeminent contributions to the field of quantitative psychology Helmholtz's research (1850) and Wilhelm Wundt (1850) who is also referred to as the founder of this methodology. The survey author took for this thesis was presented to Estonian residents which includes the students from Tallinn University of Technology. The surveys were taken via internet and on hard copy papers, the answers were accumulated on a spreadsheet.

The process of population selection (sampling) was based on the accumulation of groups and people of different demographics. (Lance & Hattori, 2016) The author wanted to generalize the results and all the survey was conducted to have a diverse population sample but with common interests. Statistical sampling is selection of individuals from a large groups of people (population) to characterize the entire population. Population is described as a group of people sharing similar characteristics and/or any common goal which interests the researcher. (Ibid) For this particular Master's thesis, population is the general public of Estonia which is more than a million. The author has decided to carry on the survey involving a small portion of the general population that would be used to generalize the entire public of Estonia.

There are two categories of sampling methods; probabilistic sampling and non-probabilistic sampling. Probabilistic sampling incorporates several methods which are random sampling, stratified sampling and systematic sampling. (Priscilla & Dillman, 1994). Non-probabilistic sampling methods on the other hand are based on non-random selection of samples illustrated in quota sampling, convenience sampling, judgement sampling and snowball sampling. (Strauss & Corbin, 1990) The author in this particular work has decided to go with random selection method or the probability sampling method.

Based on the different types of survey questions used in studies on corruption, the author formulated a given list of close ended questions. Close ended questions have a predetermined list of responses and the respondents have to choose their answer from one of the given choices only. The questions were based on the methodology developed by Kubiak (2001) which measures the acceptance levels of individuals towards corrupt acts in order to formulate their opinion over corrupt behavior. There have been some studies on the pros and cons of questionnaires in research methods. According to Keuth (2004), the advantages include accumulation of large amount of information in limited time and a practical approach towards objectively and scientifically analyzing the data. The limitations are, there isn't a way to detect the credibility of the responses as the respondents might try to hide their real inclination.

During the survey, the respondents were recruited based on their residency rather than citizenship to the country. Therefore, the sample included Estonians, international students and expats working in Estonia. The survey has been presented in English language to make sure the questions get easily understood by internationals and locals at the same level. Also, there has been a pre-test of the questions in the survey through a few students of Tallinn University of technology in order to have an implicit and understandable set of survey questionnaire. The

survey was conducted using Google Survey online platform and with hard copies at Tallinn University of Technology.

2.3. Survey and Data

This part of the methodology gives further information about the primary data collected from the survey questionnaire along with the response from the participants; further explaining necessary motive behind the questions to assess the data deeply. The questionnaire involves an introduction of the motive behind the survey, its implications and why does the survey need to be answered with utmost integrity and concern. The questionnaire involves the respondent answering about their personal demographics, but it doesn't ask anything interferes with their personal space. In the final part of the survey, the author has provided his personal information in case someone has any questions related to the survey.

The questionnaire puts forward first 4 questions asking about the socio-economic characteristics as well as the demographic features of the respondents. Question 1 asks about the gender (male/female) of each respondent. Question 2 asks respondents about the age group they belong to. The given age groups in years are - below 18, 18-22, 23-25, 26-30, 31-36, 37 and older. The age separation was built on generation structure based on Table 1.

Table 1. Chronological generation classification

Generation Name	Chronological Generation Classification
Traditionalists	1900-1945
Baby Boomers	1946-1964
Generation X	1965-1979
Generation Y	1980-1994
Generation Z	1995-2012

Source: (Berkup, 2014)

Participants of the survey fall into three different categories according to classification made by Berkup. Respondents born in 1995-2012 fall into generation Z which are 22 and under 22 years old in year 2017. Generation Y is respondents born in 1980-1994 which are between 23 years and 36 years old in year 2017. Respondents over 36 years old fall into generation X in this

Master’s thesis. There is not any participant from Baby Boomer generation for this study, therefore, older than 36 years old stands for generation X.

Table 2. Survey participants’ generation classification by ages

Participant Generation in the Survey	Age of participants to survey in 2017
Generation X	Older than 36 years old
Generation Y	23-36 years old
Generation Z	22 years old and under 22 years old

Source: Compiled by the author

The third question is about the highest degree of educational qualifications of individuals and the choices were high school, bachelor and Master/PhD. The fourth question was based on the work experience of the individuals which was grouped into - 0 years, less than 1 year, 1-3 years, 3-5 years, 5-10 years and more than 10 years of work experience. The responses to these questions assisted the author to see if there is any significant relation between the corruption perceptions of the individuals based on their individual demographics.

All the questions were closed ended with specific choices. Question 5 was based on the respondent’s view of corruption levels in Estonia and the scale was from 1-10, 1 being least corrupted and 10 being highly corrupted. This question reveals what level of transparency and integrity across private and public organizations is perceived by the residents of Estonia. There is a corruption perception index published by Transparency index (TI) which provides an annual ranking to 176 countries in regard to the assessed data which calculates perceived levels of corruption in each region. Even though the author of this thesis has a completely different approach of finding the perception levels of residents in Estonia, it is worth mentioning that according to the analysts, Estonia on a global scale is 22nd least corrupt country in the world (TI, 2016).

Question 6 have six parts. Each part asks the respondent to rate what he/she thinks is the importance of level of national income, culture, gender, education level, lack of governmental legislations and other factors on the corruption levels in a region. Other factors are defined as religion of person who integrates corruption practices and the social environment that this person has and so on. The scale for each part is 1-5, 1 being the least important and 5 being the most important factor. The question assesses some very key points in what motivates the people the most to get drawn into committing dishonest acts. The response clarifies the most important things that might compel an individual to get involved in various acts of corruption.

Question 7 has two parts. The first part asks the respondents on how much they agree with the statement that corrupted individuals have a bigger impact on turning an organization into a corrupted one. The second part asks their degree of agreement towards the statement that corrupted organizations (management) have a bigger impact on turning individuals corrupt. The scale for each part is 1-5, 1 being the least agreement and 5 being the most agreement with the statements. The purpose of this question is to know more of how the people in Estonia perceive how much the organizations and individuals influence each one's behavior in regard to the moral values and honesty.

Question 8 is the most significant part of the survey. It has 10 situations and each one assigns a scenario to the respondent. The response to each situation determines the thought process of individuals at the time when their integrity as a social citizen or a worker is at test. Response to each situation is scaled from 1-5. 1 being not acceptable and 5 being acceptable. The response to each situation is assessed using different statistical models to know the significance of each response to the individual's personal demographics and socio-economic characteristics. The situations are described as follows:

How acceptable for you are the types of behavior below?

	Questions	Not Acceptable	Most likely not acceptable	Neither acceptable nor unacceptable	Most likely acceptable	Acceptable
Q8.1	A state officer hires someone from his/her family or friends to work in a public office, and not another candidate with higher qualification	1	2	3	4	5
Q8.2	One member of a married couple offers some money to the surgeon to operate her husband (or his wife) out of the waiting list in a state hospital.	1	2	3	4	5
Q8.3	It normally takes between 3 and 6 months to issue building permits. A businessman offers a public servant money to get a permit within 2 weeks.	1	2	3	4	5
Q8.4	A driver has committed a serious violation and to avoid depriving a driver's license, offers	1	2	3	4	5

	money to a policeman.					
Q8.5	The parent offers money to the Director of the prestigious school to take his/her son without further testing.	1	2	3	4	5
Q8.6	A businessman offers money to the tax inspector to avoid a fine.	1	2	3	4	5
Q8.7	The patient offers money to doctor, in order to he gave him/her a definitive diagnosis, through which he/she will be able to obtain the benefits.	1	2	3	4	5
Q8.8	A businessman offers money to an auctioneer to get benefits to win a bid.	1	2	3	4	5
Q8.9	An employee works for an organization which is a corrupted one to earn a monthly salary and pay his/her monthly expenses.	1	2	3	4	5
Q8.10	A company manipulates its environmental results and tests to make more profit.	1	2	3	4	5

In the survey, it was compulsory to answer all the questions, therefore, respondents had to give answer to all of the questions given in the survey in order to finalize the process. Attitudes towards corruption can be divided into the following two broad groups, first one is potential-bribe taker and second one is the potential-bribe payer. (Tanzi,1998) In this study, author focused on the attitudes of the potential bribe payer and general tolerance toward bribe takers and bribe payers. Survey question number eight was structured on that basis and respondents could mark only one oval per row.

2.4. Data Analysis

The data collected from the survey is explored via statistical modelling methods such as regression analysis and analysis of variance methods. Regression analysis comprises of mathematical processes which are used to establish relationships between dependent and independent variables used in the study. It helps to how change in the value of an independent variable affect the values of dependent variables. Regression analysis is more commonly used by analysts to forecasts and predicts futuristic events. (Armstrong, 2012) There are two categories

of regressions; linear and non linear. In Linear regression analysis the interdependence of variables is linear in nature whereas in non linear regression the interdependence is non linear. The nature of interdependence is formulated after working on the data. (Freedman, 2009). In this work, the author is using excel spreadsheets to perform the regression analysis on the given data. The Data analysis section of Excel 2015 is being used and the results are shown in the findings section of the thesis. In this thesis, the independent variables are the demographic characteristics of individuals in the survey and the dependent variable is their perception towards the levels of corruption in Estonia. Multiple regression uses the following equation as the base model for formulating the extent of interdependence:

$$Y = a + b_1x_1 + b_2x_2 + \dots + b_px_p$$

where:

Y = dependent variable

x_1, x_2, \dots, x_p = independent variables

a, b_1, b_2, \dots, b_p = constants

To formulate the descriptive statistical analysis of results, the author has decided to use analysis of variance (ANOVA) model. It is very much similar to a multiple group t-test and is used very widely in different fields/researches. ANOVA characterizes the comparative analysis and significance of different variances. The method is used to compare the average values of responses among the different groups and exploring how significantly different the groups are from one another. (Neyman, 1934)

ANOVA analysis results are given in Appendices section of the Master's thesis. Standard deviations and means for variables can be found in that section. Figures in the thesis are drawn with the help of Excel 2015 as well. In the survey, question 8 is the most critical question and it consists of 10 questions as it is elaborated in previous chapter. Questions are quite hard to fit into figures, therefore, author decided to shorten to questions as Q8.1, Q8.2, Q8.3, etc. in order to fit the texts into the figures. As an example, Q8 stands for question number 8 in the distributed survey. Q8.1 means that the answer of respondent to survey question 8 to first question and it is followed with Q8.2, Q8.3, ..., Q8.10.

3. RESULTS AND DISCUSSIONS

The purpose of this work is to find out the indicators which influence most of factors with heavy impact on perception of corruption. This is done to know more about these factors and through that knowledge improve the quality of corporate governance. The approach of this analysis goes in accordance with the different situations and scenarios that test the moral values of individuals on the basis of the way they react. The study identifies the link between the demographic characteristics of individuals with their acceptance levels towards corrupt acts. The survey that takes the note of the responses is intended for people of different age groups, educational background and work experience. The author analyses the significance of the given responses in the survey with the help of statistical models.

The given Master's thesis offers the author an opportunity to come up with a very relevant research question, create and develop the questionnaire and analyze the perception of each individual. The survey allows the author to collect primary data, perform mathematical algorithms, make conclusions and make a comparison with the previous empirical literature. The questionnaire thus used is developed and tested to find out the characteristic mindset behind corrupt activities in Estonia. The research comprises of 240 replies, all of which come from the Estonian residents. The participants have made sure that while answering they are true to their word that makes this research a much valuable study.

3.1. Respondent's characteristics and overall perception of corruption

In the first question, the participants were asked about their gender. Among the total respondents there were 129 females and 111 males (see Figure 3).

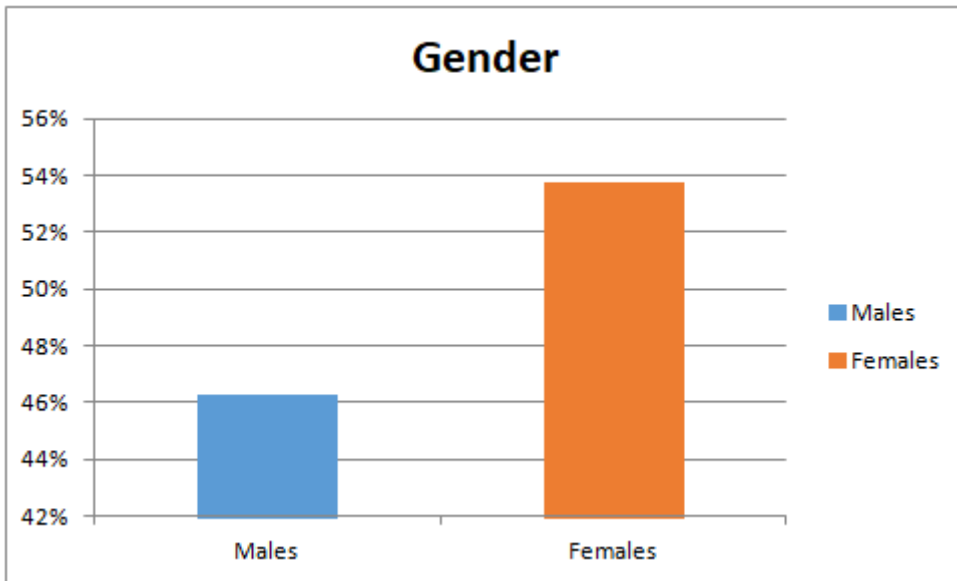


Figure 3. Gender distributions, total (%)

The next question was about the age of the respondents. The respondents were given the choices to choose between six age groups: below 18 years old, 18-22 years old, 23-25 years old, 26-30 years old, 31-36 years old and 37 years and older. Among the 240 respondents, there 4 participants are below 18 years, 86 participants are from 18-22 years, 43 participants are 23-25 years, 61 participants are 26-30 years, 32 participants are 31-36 years and 14 participants are 37 years or older (see Figure 4). Therefore, total number of participants for generations is given as: a) Z:90 , b) Y: 136 , c) X: 14.

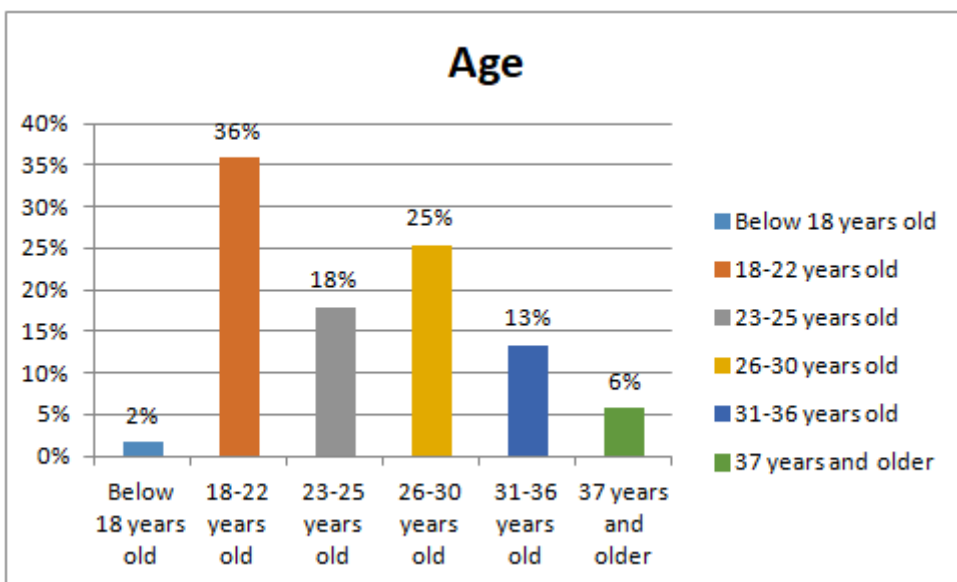


Figure 4. Age distributions, total (%)

Question three was about the educational background of the participants asking the participants their highest educational degree and the choices to choose were secondary school, bachelor degree and Master/PHD degree. There are 40 participants with a secondary school education as their highest completed qualification, 123 participants are bachelor's degree holders and 77 participants hold a Master or a PHD degree (see Figure 5).

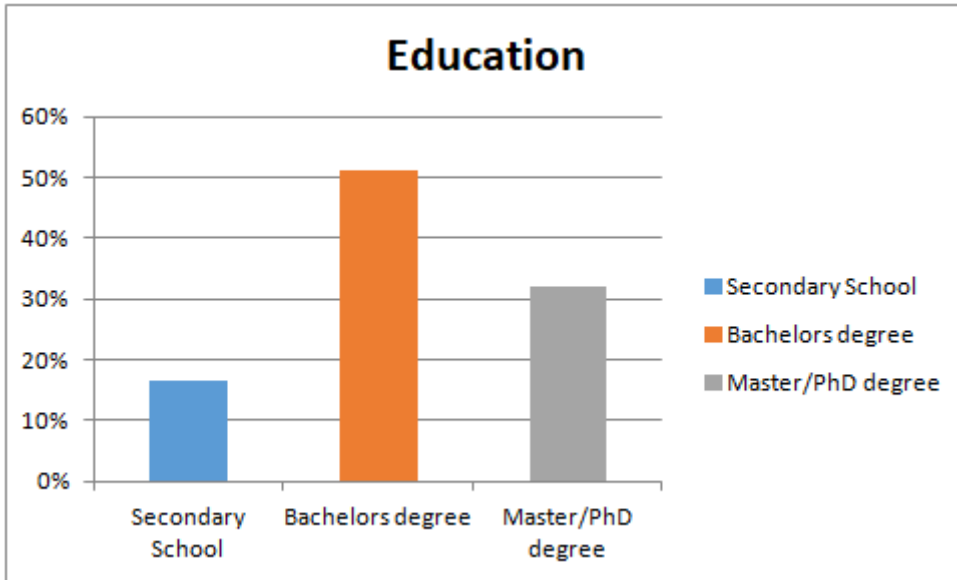


Figure 5. Educational background distributions, total(%)

Question four asked the respondents about their work experience in years and the groups to choose from were 0 years, less than 1 year, 1-3 years, 3-5 years, 5-10 years and more than 10 years. There are 16 participants with 0 years of experience, 21 participants with 0-1 years of experience, 77 participants with 1-3 years of experience, 32 participants with 3-5 years of experience, 52 participants with 5-10 years of experience and 42 participants with more than 10 years of experience (see Figure 6).

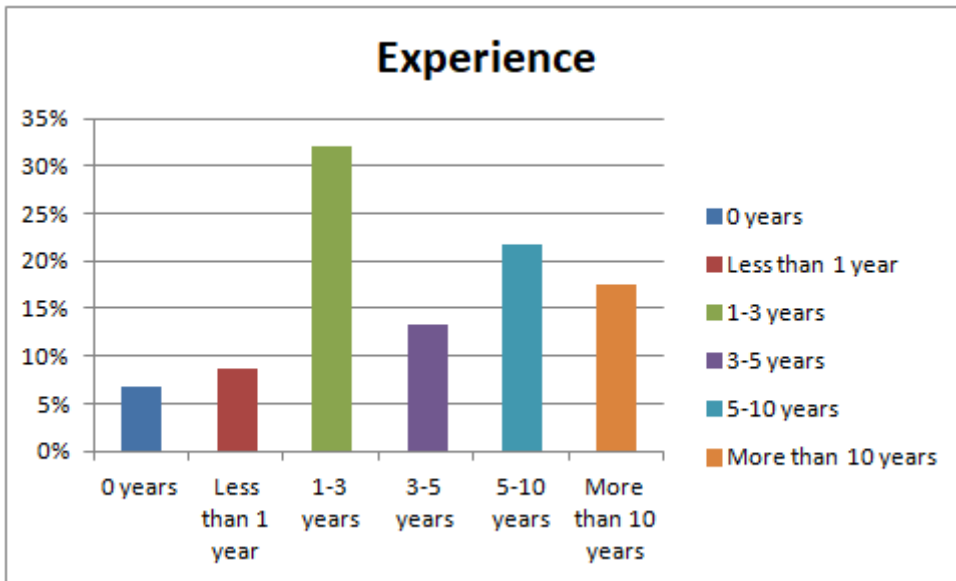


Figure 6. Work experience distributions, total (%)

In the survey, question 5 was built on the respondent's view of corruption levels in Estonia and the scale was from 1-10, 1 being least corrupted and 10 being highly corrupted. Answers and results from this question reveal what level of transparency and integrity across private and public organizations is perceived by the residents of Estonia. There is a corruption perception index published by Transparency Index (TI) which provides an annual ranking to 176 countries in regard to the assessed data which calculates perceived levels of corruption in each region. Estonia on a global scale is the 22nd least corrupt country in the world (TI, 2016). Survey resulted a parallel outcome with TI which shows participants also perceive the level corruption in Estonia in a lower level. Also, 66,3% of the residents ranked the corruption level in Estonia between 1 to 4 points over 10 points. By adding participants who ranked 5 points to this question, survey results show that 77,1% participants think Estonia is a country clean from corruption (see Figure 7).

Percentage %

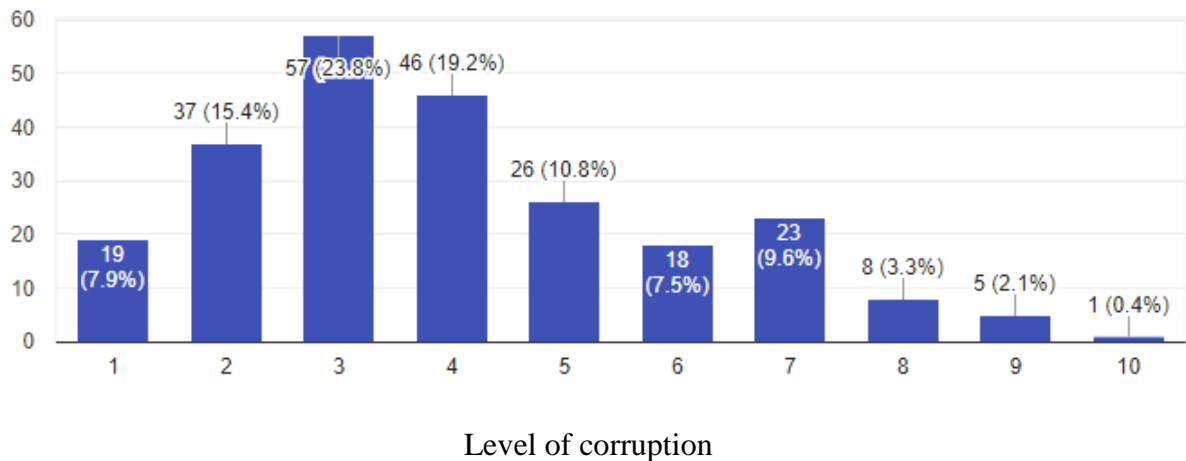


Figure 7. Overall graph of perception of corruption by residents of Estonia

Question 6 asked respondents to rate what he/she thinks is the importance of level of national income, culture, gender, education level, lack of governmental legislations and other factors on the corruption levels in a region. The scale for each part is 1-5, 1 being the least important and 5 being the most important factor.

The respondents gave their views on which factors according to them contribute more to driving an individual in committing corrupt acts. The most prominent factors according to the respondents were level of income, lack of government legislations and culture. As it was resulted earlier by Husted (1999), the most significant correlate of corruption is the level of economic development as measured by the purchasing power parity estimate of gross domestic per capita. The current research disclosed a parallel result with previous researches and residents of Estonia think level of income is the most important factor that pushes an individual to corruption acts. Also, according to Tanzi (1998), at one-point, economic development reduces the level of corruption of a country. Figure 8 shows that wage levels, state regulations and authorizations are the most important factors that affecting corruption in a country. Gender, according to the participants was the least influencing factor followed by education level and other factors.

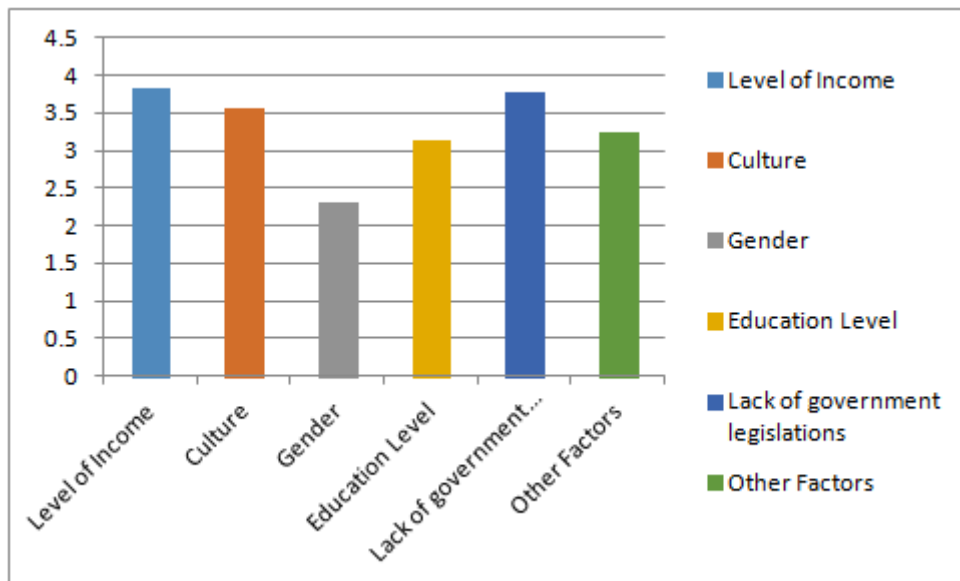


Figure 8. The factors impacting corruption practices

Question 7 asked the respondents about how much according to them does the actions of individuals influence the organization and vice versa. According to the respondents' average response, corrupted organizations which refers to the dishonest acts by the management affect an individual to a greater extent when compared otherwise. As described by Ben-Arieh and Pollatscheck (2002), the flow of most information takes place from up to down the hierarchical structures of organizations. The management has the ability to influence the actions of its employees/individuals to a great extent. Formal ethics infrastructure does not guarantee a corruption-free organization. The larger the unit of analysis, corruption become more complexed topic for organizations and the impact of organizations to individuals' acts is unavoidable. Residents of Estonia also agreed more on bad barrels view rather than bad apples view discussed by Ashforth et. al. (2008). According to this view, bad barrels make bad apples, therefore, an organization has a bigger impact on converting an individual to a corrupted person (see Figure 9).

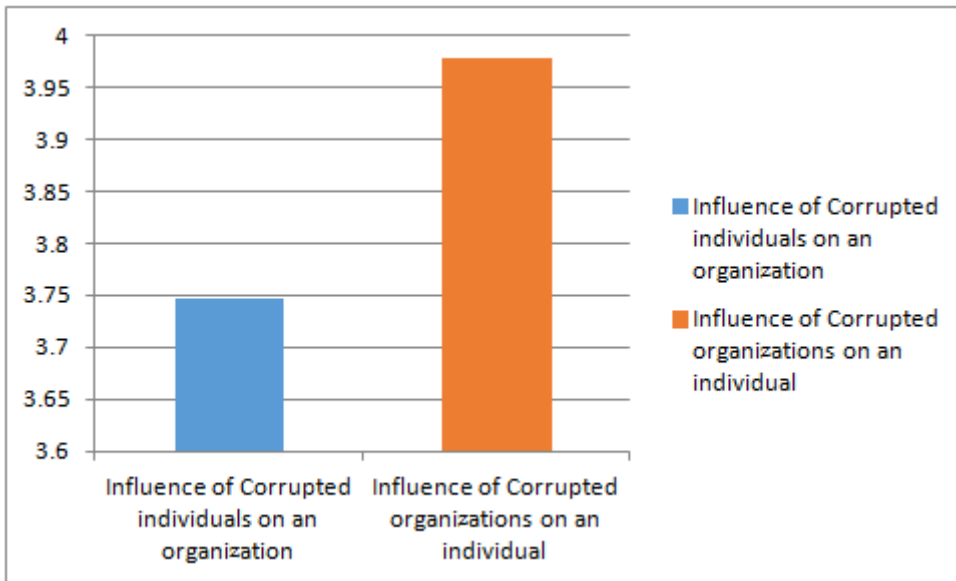


Figure 9. Influence of an individual and organization to corruption

3.2. Perception of Corruption by Gender

The response towards the questions 5 to 7 indicate that women in Estonia see corruption to be at a higher level in comparison to men. The response of the female gender group can be attributed to their lower tolerance towards corrupt acts. An act of crime (bribe, burglary) is perceived differently among the gender groups as men in comparison to women fear less and are more acceptable of any wrongdoing (Sutton & Farrall, 2005). The results also reveal that both the gender groups see level of income as the most important phenomenon behind individual corrupt acts followed by national culture and religion, lack of government legislation and education. The groups believe that gender of the corruptor has the least influence over the act. Other than that, both the gender groups believe that it is the corrupted organizations that have a higher impact on the integrity of its individuals when compared vice a versa.

The quantities survey of the population sample when analyzed through statistical methodologies gives out significant differences between level of acceptance towards corruption of both the gender groups. The findings of author's study follow the similar patterns as observed by the previous empirical researches which state that women have a lower degree of acceptance towards corruption as compared to men. The gender responses towards the 10 situational questions asked in the survey give a clear difference of acceptance to corrupt acts as shown in Figure 10.

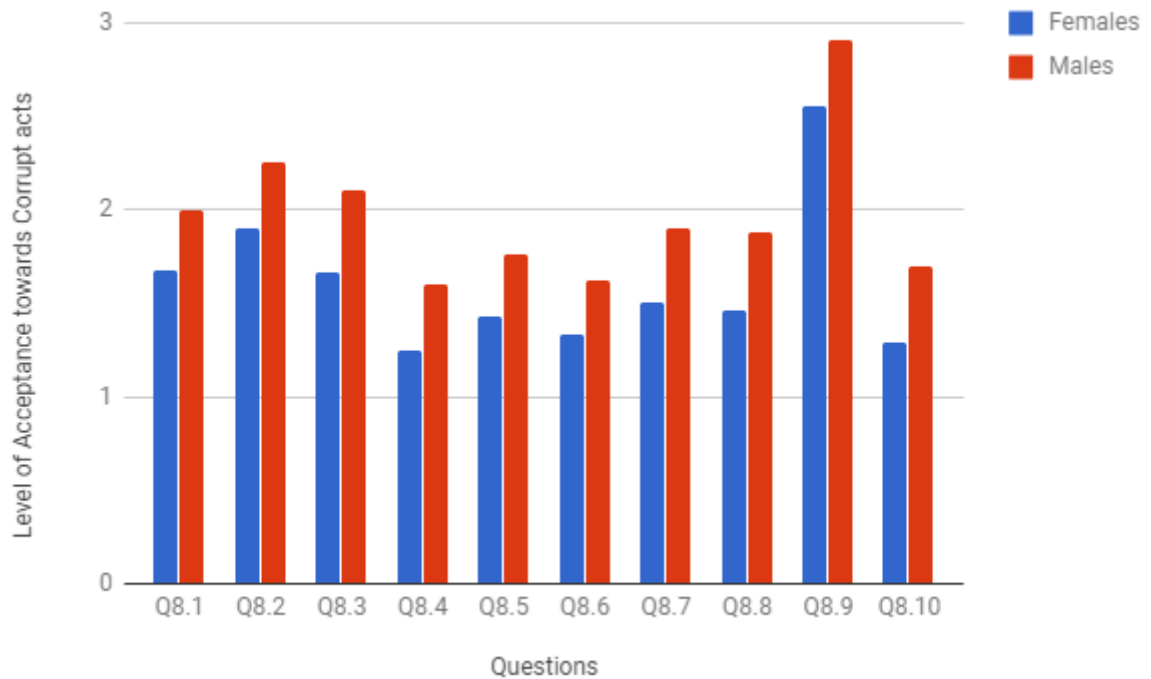


Figure 10. Comparison of acceptance towards corruption among the gender groups

The higher degree of acceptance towards corrupt acts in Estonia over different situations among men is seen as an effective personality difference in comparison to women. The literature highlighting similar results such as the ones by Dollar et. al. (2001) and Swamy et. al. (2001) state that women have considerably lower level of tolerance towards corruption in comparison to men. The response towards each situation in the survey shows lower mean corruption tolerance in men in comparison to women. The combined mean corruption acceptance value for men combined all questions is 22% more than the value for women. The descriptive analysis of the gender specific data is shown in appendix 2.

The study also incorporates the regression analysis of the survey responses to know the significance of the results. The results confirm a significant difference in the attitudes of the gender groups towards the corrupt acts in all the mentioned situations as it is given in Table 3.

Table 3. Significant results of regression analysis to survey question 8 for gender factor

Gender	Q8.1	Q8.2	Q8.3	Q8.4	Q8.5	Q8.6	Q8.7	Q8.8	Q8.9	Q8.10
Significance F	*0.01017	*0.01497	*0.00159	*0.00013	*0.00060	*0.00339	*0.00113	*0.00023	*0.01553	*0.00015

Source: Author's calculations

The research found out a significant difference for ten answers given by females and males to survey question number eight. Significant results of regression analysis to question eight for gender factor is given in Table 3.

3.3. Perception of Corruption by Age and Generation

The response towards the questions 5 to 7 tells us that older people perceive corruption in Estonia at higher levels when compared to the response from the younger respondents. As the age of the respondents increase we find a clear difference in the respondent's perception towards level of corrupt activities in Estonia. The group of people with age less than 18 perceive corruption in Estonia at a very level. The present literature suggests that older people are less tolerant towards acts of crime and more likely to perceive corrupt acts as unacceptable. The other responses reveal that groups with younger generation of people see level of income, educational level of an individual and lack of governmental legislation as the factors responsible for corruption, whereas the people with older age see factors such as gender and culture more responsible for an individual's actions. In addition to that, there is no significant results over the influence of corrupt organization over an individual's actions and vice a versa.

The results reveal that the age group within 18 to 22 years have the highest acceptance level towards the corrupt acts whereas the eldest age group which is 37 or older has the least tolerance level towards corruption. The mean values for the age groups can be found in Appendix 2. Also, Figure 11 visualizes the comparison of acceptance towards corruption based on age groups.

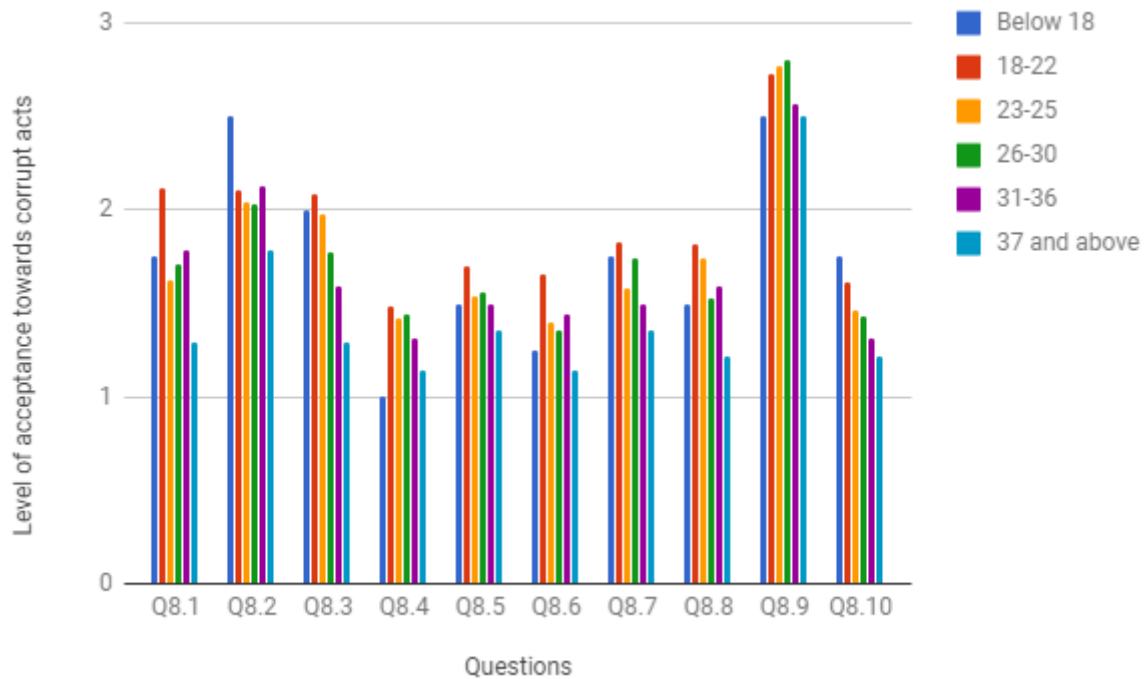


Figure 11. Comparison of acceptance towards corruption based on age groups

The results in the literature on age and corruption support author's results. Tittle in 1980 in a study on corrupt crimes in US stated that as the age increases the chances of a person getting involved in a corrupt act reduces to a great effect. Hirschi and Gottfredson (2000) found negative correlation between the age of individuals and their rule breaking behavior. The regression analysis of the data says that there is significant difference in the mean acceptance levels of the age groups for questions 1, 3, 6, 7, 8 and 10 as it is given in Table 4.

Table 4. Significant results of regression analysis to survey question 8 for age factor

Age	Q8.1	Q8.2	Q8.3	Q8.4	Q8.5	Q8.6	Q8.7	Q8.8	Q8.9	Q8.10
Significance F	*0.00318	4.41E-01	*0.00164	0.186101	0.095297	*0.01728	*0.04208	*0.01423	0.561536	*0.01683

Source: Author's calculations

While comparing the three generations Z (Below 22 years old), Y (22-36 years old) and X (37 years and older) in regards to their acceptance towards corrupt acts, author found that the respondents of the generation group Z have a higher average mean acceptance towards the corrupt activities when compared to people from generations Y and X. Generation X has the least acceptance towards the corrupt acts as it was visualized in Figure 12.

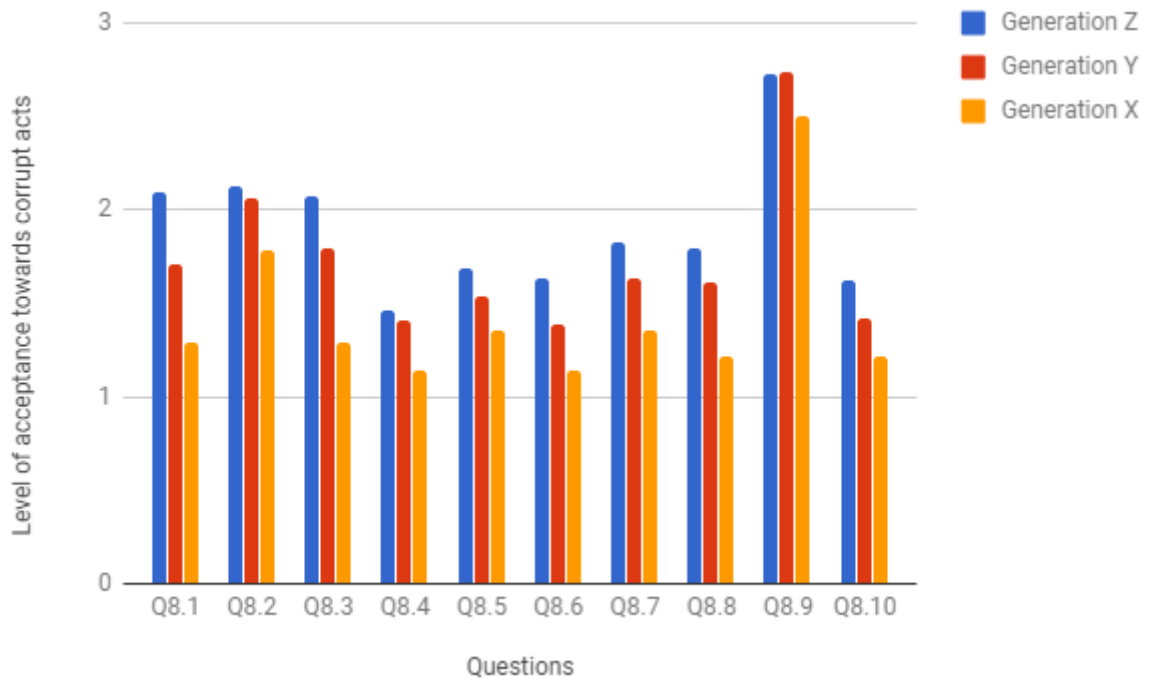


Figure 12. Comparison of acceptance towards corruption based on generations

Generations responses toward the 10 situational questions asked in the survey question eight give statistically significant results of regression analysis for generation factor as it is given in the Table 5 below.

Table 5. Significant results of regression analysis to survey question 8 for generation factor

Generations	Q8.1	Q8.2	Q8.3	Q8.4	Q8.5	Q8.6	Q8.7	Q8.8	Q8.9	Q8.10
Significance F	*0.0002	0.063	*0.005	*0.018	0.066	*0.004	*0.04	*0.016	0.073	*0.023

Source: Author's calculations

After analyzing all information received from the survey, results have found out that there are differences for perception of corruption and acceptance of corruption based on age of an individual as differences have shown in Figures 10 and 11 as well as in Tables 4 and 5.

3.4. Perception of Corruption by Education

The response towards the other questions indicate that respondents with no university education or a bachelor's degree rate corruption level in Estonia to be at a higher level in contrast to the Master degree respondents who based on their personal experiences find lower levels of corruption in Estonia. The respondents with higher educational degrees with their knowledge and exposure might also have considered the happenings around the world and the rating might be in a relative context. People with higher educational degree, better socio-economic status and with better capabilities to analyze and access the information perceive lower level of corruption (Melgar, et al. 2010). The results also reveal that respondents with no university education perceive level of income, gender and religion to be one of the most influential determinants of corruption. People with a university degree see culture and lack of government legislation as the major factors behind the acts of corruption. The response of university degree holders also reveal that they feel corrupted institutions do affect the way of an individual acts in the organization. University degree respondents see major influence of the acts of a management in an organization over its individuals.

The analysis based on the educational background of the individuals in the survey when analyzed with their tolerance level towards corrupt acts reveal that as the education level of Estonians get higher, the tolerance level towards the corrupt acts decrease. The Master/PhD degree students have the lowest mean level of acceptance towards corruption followed by bachelor degree respondents and the people with secondary education as their highest level of study clearly have higher mean values for the acceptance towards corruption. (see Figure 13)

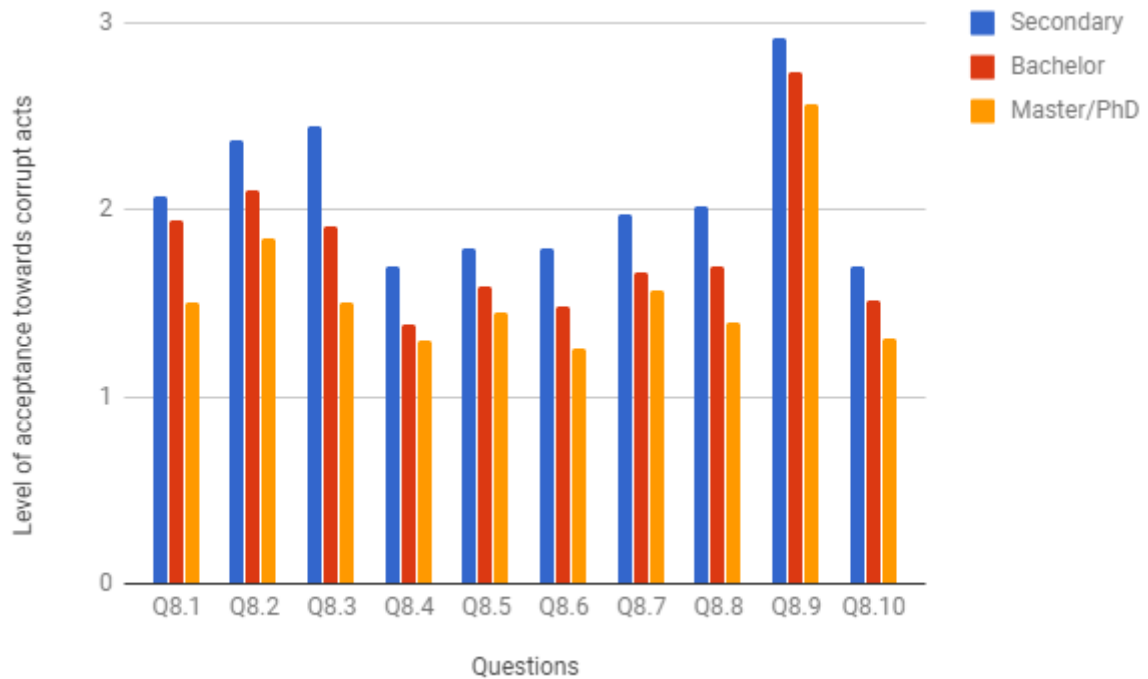


Figure 13. Comparison of acceptance towards corruption based on level of education

There is enough evidence in the present literature that have similar results. The study done by Glaeser and Saks in 2005 based on the criminal data in United states found that people with higher level of education are less likely to commit any corrupt acts and have much higher levels of rejection towards bribery, dishonesty and deceptive acts. The regression analysis of the survey, author conducted shows significant differences between the mean acceptance values of respondents with different levels of education as it is shown in Table 6.

Table 6. Significant results of regression analysis to survey question 8 for education factor

Education	Q8.1	Q8.2	Q8.3	Q8.4	Q8.5	Q8.6	Q8.7	Q8.8	Q8.9	Q8.10
Significance F	*0.00077	*0.01078	*0.00005	*0.00793	*0.02213	*0.00024	*0.04111	*0.00020	0.108205	*0.01202

Source: Author's calculations

The descriptive analysis of the data set as shown in the Appendix 2 reveals that the average acceptance value for respondents with Master/PhD degree is 1.57 followed by respondents with bachelor degree with 1.80 as the mean value and then the group with secondary level education have 2.08 as the average acceptance value. Also, as it is shown in the Table 6., there is a

significant difference for all answers of survey question eight except for sub-question nine. Results have shown that, all individuals from different education groups have a tolerance for people who work for corrupted organizations in order to conduct his/her life.

3.5. Perception of Corruption by Work Experience

The response towards other questions tells us that the respondents with more than 10 years of experience perceive higher levels of corruption in Estonia. The study finds positive correlation between the experience of respondents with the level of corruption they perceive in Estonia. There isn't much literature that can be compared to for better understanding of author's results but Swami et al. (2001) says that with social responsibilities and higher understanding of work culture around, an individual starts to behave in a more honest manner which is what we see in author's results. Study also finds that the respondents with more years of work experience see religion, culture and education background of an individual to be the major factors that affects the extent of a person's rectitude. The groups with no work experience or experience of less than 3 years in the study find gender, level of income and lack of government legislation as the major influencers to corrupt acts. The study doesn't find any significant results regarding the perception of individuals over the influence of corrupt organization over an individual's actions and vice versa.

The statistical analysis of the data based on the work experience of the respondents suggests that the respondents with no work experience have the highest average acceptance value towards the corrupt acts described in the survey. The group with no experience has a mean value of 1.93. The groups with more than 5 years of experience are the least tolerant towards the corrupt acts. Respondents with 5-10 years of experience have a mean score of 1.69 whereas the ones with more than 10 years of experience have 1.72 as the average score.

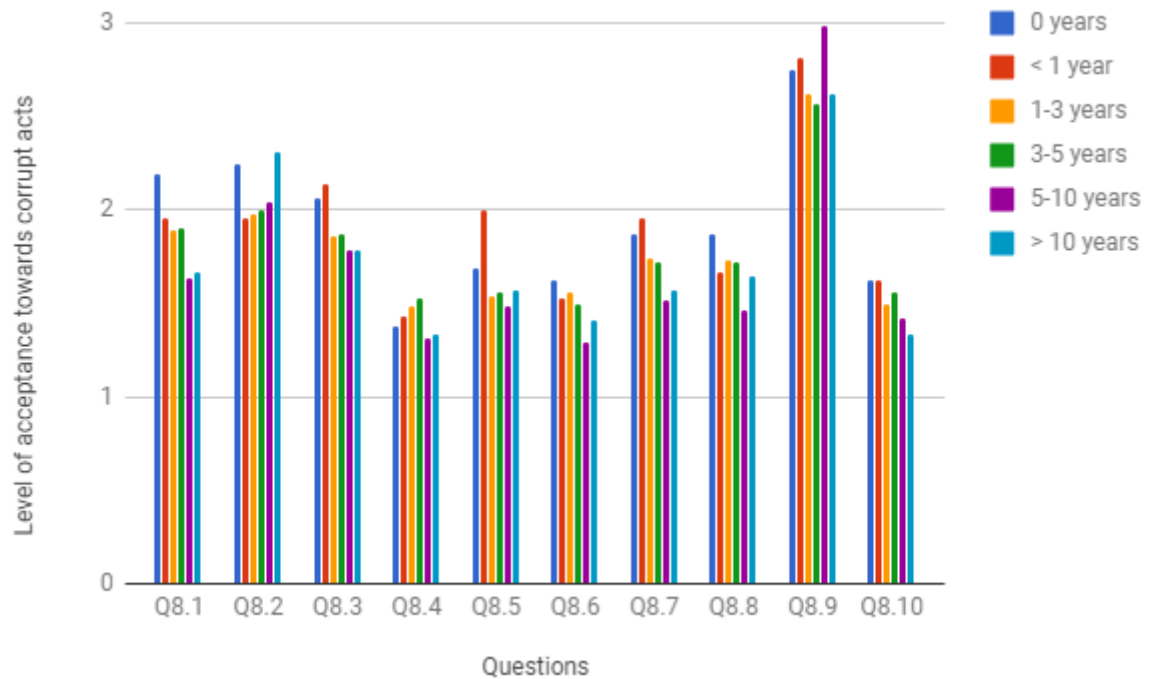


Figure 14. Comparison of acceptance towards corruption based on years of work experience

There isn't much literature that directly relates the work experience of individuals to the levels of corruption or the way they perceive corrupt acts but Mears et al. (2000) do state that with as the age of an individual increase the factors such as work experience, family and responsibility makes him/her a better law-abiding citizen. Regression analysis for questions 1, 6 and 7 have significant results as it is given in Table 7.

Table 7. Significant results of regression analysis to survey question 8 for work experience factor

Experience	Q8.1	Q8.2	Q8.3	Q8.4	Q8.5	Q8.6	Q8.7	Q8.8	Q8.9	Q8.10
Significance F	*0.02150	3.80E-01	0.21262	0.329304	0.157635	*0.03071	*0.04871	0.173393	0.784236	0.121021

Source: Author's calculations

Consequently, statistical results have shown differences for perception and acceptance towards corruption based on experience component and the groups with more than 5 years of experience are the least tolerant towards the corrupt acts.

3.6. Discussions

Reasons behind corrupt behavior at both individual as well as organizational level require much deeper understanding of behavior phenomenon that drives such conduct. The perception of people towards corruption or in a way systemic view over corruption can result in the complete failure of the system (Gioia, 2002). This perception often presumes companies and executives guilty of corrupt acts by the general population (Colvin, 2004). It is therefore important to study the perception of general population and take best measures to curb the acts that might lead to distrust among public. The author in this study has made an honest effort to put forward the perceptions of people living in Estonia over corrupt acts. The results have significant weight to how the current system is viewed by the general public. The demographic characteristics of people who take part in the study have a significant correlation with the way they perceive corruption.

According to Svensson (2005), the strongest factor that impacts corruption is level of income. As he determined, there is a negative relation between gross domestic product (GDP) per a capita and corruption. The research processed by him resulted that if GDP per capita increases in a country, then corruption level decreases, therefore, richer countries have lower corruption. Stated by Tanzi (1998), the correlation between corruption index and wage levels has painted an astonishing picture. Tanzi also stated that an increase in the wage level would reduce corruption, but it might be costly to the budget of a country to reduce the corruption level to minimal levels. The author's findings have shown similar results to Svensson's and Tanzi's theories such as residents of Estonia believe that level of income is the most important factor that impacts corruption. Although, the growth and decrease of corruption strongly linked to reforms of a state on local regulations and legislations. Existing policies of states have to be changed and strengthened in order to keep the individuals and organizations away from corruption (Ibid., 34). Respondents also have agreed that governmental legislations are the second important factor behind corruption practices. Husted (1999), strongly claims that cultural values have a fundamental role on corruption right after level of income in countries as it was resulted by the author of Master's thesis.

The standpoint of author's claims that an individual surrounded by many factors that stimulates the corrupted actions of potential corruption taker or offeror as it is given in Figure 15. Circle works in two directions, first one is from the inside out and second one has a direction through outside to the center. According to the figure 15, first direction can be defined as, a corrupted

person is in the center of circle and it is the core element of corruption which means if an individual has tendency to corruption, there is not any factor that can stop him/her from that action. If a person plans to attend to corruption practices, this impulse comes from the nature of this individual's personal character and socio-demographic characteristics. Therefore, a human is the main element of corruption and in the center of all circles given in Figure 15. Corruptions occurred in the well paid by wages and developed countries with a high welfare can be example that high level of income might not be enough stop an individual from being in favor of corruption if he/she is really prone to it. Corrupted individuals might have detrimental effects to their environment starting from small organizations, to the culture they are member of, to state regulations and politics and lastly to national and global economy.

According to the results and theories that have been used in the Master's thesis, author visualized the factors affecting corruption with Figure 15. If author defines the circle from outside to the center, it shows the path of how to battle against corruption. A global economy clean from corruption should increase the welfare of all world countries. Only way to make it happen is application of globally strict regulations against corruption and compliance of states to those regulations with their local legislations on state level. Then, local culture should be shaped by these strict regulations applied by states, businesses and organizations. As a result, appropriate and strong ethical behaviors might be accepted by individuals and they might develop a self-defense against corruption and corruption practices (see Figure 15).

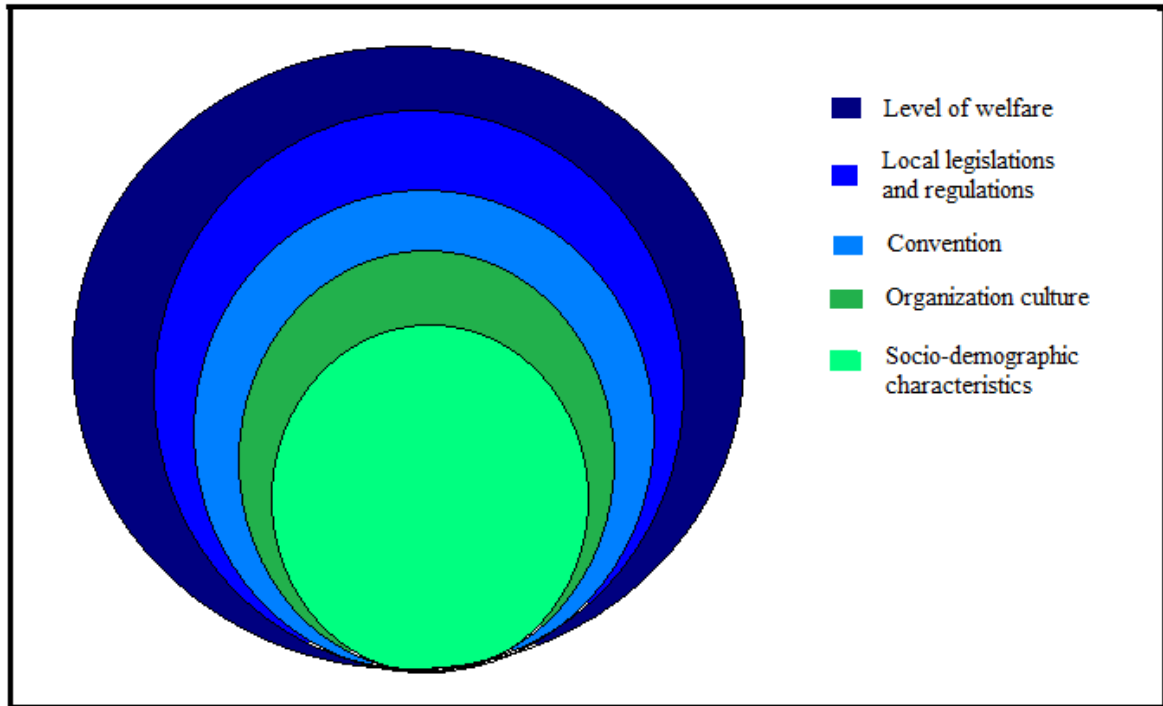


Figure 15. Factors influencing an individual towards corruption

Source: Compiled by the author

According to Fondas and Sasselos (2000) women make better business managers and directors. Women ask more number of questions instead of just agreeing to the decisions of board member (Konrad et. al., 2008). Other than that, women have higher standards of ethics and personal benefits to them come second to the public good (Gottfredson and Hirschi, 1990). So there always is a strong case of having higher number of females in businesses and administrations. In this thesis, author found that women have a higher level of resistance towards the corrupt acts when compared to men which is in accordance to the previous literature. Author determined significant differences in the perception of corrupt acts among the two gender groups and that women take corrupt actions more seriously than men. This further signifies the need to empower higher women to men employee ratio at work places and working towards the gender equality in workplaces in Estonia. It is worth mentioning here that according to the European Union statistical report (2017), Estonia has the highest gender pay gap among all the other European countries.

Older business managers according to Tittle (1980), Gottfredson and Hirshi (1990) are more sensitive towards criminal acts and frauds. The literature finds inverse relation between age of people and their tolerance towards corruption. This study in agreement with previous studies

finds that as the age of the respondents increase their acceptance towards corrupt acts decrease. The justification of the results can be studied in the micro data analysis by Mocan (2004) which reveal that a higher sense of fear and responsibility among older men makes them more honest towards their actions.

The studies on X, Y and Z generations such as the one by Hung-En (2003) describes the relevant differences. The study says that even though generation Z has more access to information and are better equipped with the knowledge of newer systems; people from Z generation are most vulnerable to getting involved in criminal acts. When compared, generation Z has the lowest ethical standards in comparison to generation X and Y. Current study finds similar results. People from generation X have the least acceptance towards corrupt acts followed by generation Y and generation Z which has the highest acceptance towards corrupt acts. The results put forward the need to make changes to the current educational systems with more focus on integrity and ethical values.

As noted by Katz and Kahn (1966), education plays a vital role in providing integral values and maintaining the current private and public systems. Education bereft of socially responsible values at times turns individuals to skilled criminals who are equipped with better technological assets and more powerful intelligence to fool the systems (Gioia, 2002). On the other hand, studies such as the one by Dollar et. al. (1999) shows a positive relation between the educational level of individuals and their resistance to committing corrupt acts. In this study it is found that as the education levels of the respondents increase, their acceptance towards corrupt acts decreases. The relationship is significant and gives us a clear indication of positive effects of education over the mindset of individuals in Estonia.

Author of the Master's thesis finds a positive relation between the work experience of the respondents and their tolerance towards acts of corruption. The age groups with more years of experience have lower average acceptance towards corruption as compared to the groups with less or no experience. The literature has a few studies which show similar results. Swami et al. (2001) found that as an individual makes a progress at the professional and social fronts; a higher sense of responsibility and better understanding of work systems emerge which in turn leads to the individual taking honest business as well as personal decisions.

CONCLUSION

The world becomes a more global place to live in day by day, therefore, detrimental effects of corruption become broader, have bigger outreach and are overall more visible compared to our past experiences. The author in this study aimed to find out the indicators which influence most of socio-demographic factors on perception of corruption to know more about these factors and improve the quality of corporate governance. Therefore, this Master's thesis analyzes the influence of demographical attributes of individuals in Estonia over their perception towards acts of corruption. The contribution of this study to the existing literature on corruption is that it offers deep insights to corporates and law makers to assess the factors that influence the perception of people towards corrupt activities and take appropriate actions to create an environment where corrupt acts are seen as unthinkable. Efficient educational guidelines and efficient systems implemented across private and public sector offered to individuals from different demographics can minimize the activities of corruption. Individuals in Estonia through the survey conducted by the author portray their innermost behavior by giving responses to different theoretical situations. Presented to them factors such as age, gender, educational background and the work experience of the respondents correlate to their judgment towards corrupt activities and how they perceive fraudulent activities. The analysis done through the statistical examination of the data gives critical significance to the study.

Regression analysis is used to find the significance of the correlation between the demographics of respondents and their perception towards corrupt acts. The results show that women in comparison to men in Estonia are less tolerant towards such acts. The average number of tolerance towards corrupt acts for women is lower than that of men. Also, women in comparison to men in Estonia perceive higher levels of corruption in Estonia. The results also state that both the gender groups find income to be the most important factor behind someone falling for a corrupt act. Both men and women find gender to be the least influential factor towards corruption. Additionally, both men and women in the study believe that corrupted organizations influence the integrity of individuals at a much higher level when compared vice a versa. Author also finds enough literature that identify women as better managers when it comes to taking better and more ethical decisions at work. Effective corporate governance relies on corruption free and candid managerial style which can be implemented by incorporating much higher number of women to men employee ratio at work.

The results based on age of respondents conclude that there is a positive correlation between age and the individual's perception towards corruption. Older age groups such as the ones from generation X are least acceptable of corrupt acts, whereas the youngest age groups, more specifically generation Z is most acceptable of corrupt activities. Members of generation Z has started to be active in the business life in the recent years. Their needs, expectations, skills and behaviors are different than the previous generations. This asks for better awareness to be imparted among the younger generation Z by several means. In the near future, generation Z will be the major workforce, so it is extremely important to understand and react towards improving the thought process of people from generation Z. In light of this information, author suggests the need to bring in more thorough research on the behavioral inclination of young people in Estonia. The results in accordance to the most current literature find out older perceive corruption in Estonia to be at a higher level people in comparison to younger people. It is also concluded that older people perceive gender and culture to be most influential factors affecting corruption levels in Estonia whereas younger age groups find level of income, education and lack of government legislations to be the most important causes.

The analysis based on the educational degree of the respondents reveal that as the level of education for an individual rise, so does the individual's resistance towards corrupt activities. Respondents with a Master or a PhD degree have the least acceptance towards corruption followed by bachelor's degree respondents. Those with no university degree are more tolerant towards corrupt acts and have higher average acceptance to fraudulent acts. Also, respondents with higher educational degree perceive corruption to be at lower levels in Estonia. The results also conclude that respondents with a university degree see culture and lack of government legislations to be most influential reasons behind corruption. Respondents with no university level education perceive income, gender as well as religion to be most important influencers to corruption in a state. Author proposes that ethical studies given in the early ages and early education levels of an individual should increase the awareness about perception of corruption.

The analysis based on the working experience of the respondents concludes that individuals with more than five years of experience are the least tolerant of the corrupt activities. On the other hand, respondents with no job experience or less experience seem to be more accepting of corrupt acts. Also, more experienced people perceive corruption in Estonia to be at a higher level. All the groups with more than three years of work experience perceive education, culture and religion to be the most influential factors responsible for corruption whereas the groups with

less than three years of work experience find gender, income and lack of government legislations to be the most crucial reasons behind corruption.

Current Master's thesis contributes to the academic literature to increase the awareness about perception of corruption for private and as well as for public sector in order to have more transparent corporate governance and a better organizational culture. There are some suggestions to further research in the similar domain. Researchers with an access to the economic-crime data can make out a comparison between current thesis's results and the analysis on already committed acts of corruption. Additionally, the research can be extended to Nordics as well as other Baltic states to know the differences in behavior of individuals towards corrupt activities. With real time data, corruption perception index indicators can be applied so as to know if the results align with author's findings.

A global economy clean from corruption should increase the welfare of all the countries. Only way to make it happen is implementing strict regulations against corruption and compliance of states to those regulations with their local legislations on state level. Then, local culture should be shaped by these strict regulations applied by states, businesses and organizations. As a result, appropriate and strong ethical behaviors might be accepted by individuals and that would develop a resistive habitat against corruption and corrupt practices. However, global economy and international legislations are regulated by individuals such as political leaders, business owners, directors and so on. Results of the Master's thesis has shown that demographic factors have an impact to the perception of corruption of an individual and tolerance towards corruption practices. Therefore, transparent individuals can make big changes to corporate and legislative governance in future sense.

LIST OF REFERENCES

- Acemoglu, D., Verdier, T. (2000). The Choice Between Market Failures and Corruption, No. 1, 194-211.
- Andvig, J. C., Karl O. M. (1990). How Corruption May Corrupt, *Journal of Economic Behavior and Organization*, No. 13, 63-76.
- Andreoni, J. C., Vesterlund, L. (2001). Which Is the Fair Sex? Gender Differences in Altruism. - *Quarterly Journal of Economics*, No. 116, 293–312.
- Armstrong, J.S. (2012). Illusions in regression analysis, *International Journal of Forecasting*
- Ashforth, B.E., Gioia, D.A. Robinson, S. L. Trevino, L.K. (2008) Introduction to Special Topic Forum, Re-Viewing Organizational Corruption, No. 3, 670-684.
- Bardhan, P. (1997, September) Corruption and Development: A Review of Issues, 1320-1349.
- Bayar, G. (2010). Türkiye'de Yolsuzluk-Ekonometrik Bir İnceleme, *Sosyal Bilimler Enstitüsü Dergisi*, No. 28, 105-131
- Becker, G. S. (1968) Crime and Punishment: An Economic Approach. - *Journal of Political Economy* No. 76, 169–217.
- Becker, G., Stigler G. J. (1974). Law Enforcement, Malfeasance, and the Compensation of Enforcers. - *Journal of Legal Studies*, No.3, 1-19.
- Ben-Arieh, D., Pollatscheck, M. A. (2002). Analysis of Information Flow in Hierarchical Organizations, *International Journal of Production Research*. No. 40, 3561-3573.
- Berkman, Ü. (2009). Etik Liderlik Seminerleri kapsamında Prof. Dr. Ümit BERKMAN tarafından yapılan Değişen Etik Anlayışı ve Yolsuzlukla Mücadele, 1-6.
- Berkup, S. B. (2014). Working with Generations X and Y in Generation Z Period: Management of Different Generations in Business Life, Vol. 5, No. 19, 218-228.
- Cartier-Bresson, J. (2000). No Longer Business as Usual - Fighting Bribery and Corruption, 11-19.
- Clasen, J. (2004). Defining Comparative Social Policy, *A Handbook of Comparative Social Policy*.
- Colombatto, Enrico. 2003. Why is Corruption Tolerated? *Review of Austrian Economics*, Vol. 16, No. 4, 363-379.
- Colvin, G. (2004). The Verdict on Business: Presumed Guilty, 15-78.
- Crosen, R., U. Gneezy (2004). Gender Difference in Preferences. The University of Chicago.

- Dollar, D., Fisman, R., Gatti, R. (1999), Are Women Really the 'Fairer' Sex? Corruption and Women in Government. Policy Research Report on Gender and Development, -Working Paper Series, No. 4.
- Dollar, D., Fisman R., Gatti, R. (2001). "Are Women Really the "Fairer" Sex? Corruption and Women in Government. - Journal of Economic Behavior and Organization, Vol. 46, No. 4, 423-429.
- Eckel, C., Grossman, P. (2008). Men, Women and Risk Aversion: Experimental Evidence, Handbook of Experimental Economics Results.
- Fisman, R., Gatti, R. (2002) Decentralization and Corruption: Evidence across Countries. - Journal of Public Economics, No. 83, 325-345.
- Fondas, N., Sasselos, S. (2000) A different voice in the boardroom: How the presence of women directors affects board influence over management Global Focus, No. 12, 13-22.
- Freedman, D. A. (2005). Statistical Models: Theory and Practice, Cambridge University Press
- Friedman, J., Hastie, T., Tibshirani, R. (2000) Additive logistic regression: A statistical view of Boosting. Annals of Statistics, No. 28, 337–374.
- Galtung, J. (1982). Environment, Development, and Human Activity: Towards Alternative Security Doctrines, Oslo: Norwegian Press, 7.
- Gedikli, A. (2011). Kamu Hizmetlerinin Yönetimi Sürecinde Yolsuzluğun Derinleştiği Ekonomik Büyüme ve Yoksulluk Sorunu Üzerine bir Değerlendirme, No. 9, 169-188.
- Given, L. M. (2008). Qualitative research methods, In The Encyclopedia of Educational Psychology, 827-831.
- Gioia, D. A. (2002). Business Education's Role in the Crisis of Corporate Confidence, Academy of Management Executive, Vol. 16, No. 3, 142–144.
- Glaeser, E. L., Gyourko, J., Saks, R. (2005) Why is Manhattan so expensive? Regulation and the rise in housing prices. -The Journal of Law and Economics, Vol. 48, No. 2, 331-369.
- Gneezy, U., Niederle, M., Rustichini, A. (2003). Performance in competitive environments: Gender differences, -*Quarterly Journal of Economics*, 1049-1074.
- Gupta, D., Rothstein, D. S. (2005). The impact of worker and establishment-level characteristics on male–female wage differentials: Evidence from Danish matched employee, No. 19, 1–34.
- Gupta, S., Abed, G.T., Ebrill, L., Clements, B., McMorran, R., Pellechio, A., Schiff, J., Verhoeven, M. (1998). Fiscal Reforms in Low-Income Countries: Experience Under IMF-Supported Programs, IMF Occasional Paper, No. 160
- Gottfredson, M., Hirschi, T. (1990). A general theory of crime. Stanford, CA: Stanford University Press.
- Güvel, A. E., Ata, A.Y. (2009) The Role of Asymmetric Information on the Cause of Corruption, 168-187.
- Goldsmith, A. (1999). Slapping the Grasping Hand: Correlates of Political Corruption in Emerging Markets. -*American Journal of Economics and Sociology*, No. 58, 865–883.

- Groves, R. M., Fowler, F. J. Jr., Couper, M. P., Lepkowski, J. M., Singer, E., Tourangeau, R. (2009). Principles and practices related to ethical research, *Survey methodology*, Vol. 2, 371-400.
- Hankewitz, S. (2017). Estonia ranks 22nd in the 2016 Corruption Perception Index. Accessible: <http://estonianworld.com/business/estonia-ranks-22nd-2016-corruption-perceptions-index/> , 19.04.2014
- Heidenheimer, A.J., Heiclo, H., Adams, C.T. (1983). *Comparative Public Policy: The Politics of Social Choice in Europe and America*, 2nd edition, New York: St. Martin Press.
- Hirschi, T., & Gottfredson, M. G. (2000). In defense of self-control, *Theoretical Criminology*, 55-70.
- Hung-En, S. (2003) Fairer Sex or Fairer Systems? Gender and Corruption Revisited, *-Social Forces*, 705-725
- Husted, B. W. (1999). Wealth, Culture, and Corruption, Vol. 30, No. 2, 339-359.
- Jiang, G. (2017). Corruption, Theories and Perspectives, No. 9, 11-29.
- Katz, D., Kahn, R.L. (1966). *The Social Psychology of Organizations*
- Keuth, H. (2004) *The Philosophy of Karl Popper*, Cambridge University Press, 384.
- Klitgaard, R. (1997). International Cooperation Against Corruption, 1-6.
- Kubiak A. (2001) Corruption in Everyday Experience. Report on the Survey
- Konrad, A. M., Kramer, V., Erkut, S. (2008). Critical mass: The impact of three or more women on corporate boards. *-Organizational Dynamics*, Vol. 37, No. 2, 145–164.
- Luo, Y. (2004). An Organizational Perspective of Corruption, *- Management and Organization Review*, 119-154.
- Lambsdorff, J. G. (2005). Consequences and Causes of Corruption, What Do We Know From a Cross-Section of Countries.
- Lance, P., A. Hattori. (2016). *Sampling and evaluation: A guide to sampling for program impact evaluation*. Chapel Hill, North Carolina: MEASURE Evaluation, University of North Carolina.
- Lichtblau, E., Dougherty, C. (2008). Siemens to Pay \$1.34 Billion in Fines, Accessible: <http://www.nytimes.com/2008/12/16/business/worldbusiness/16siemens.html> , 16.03.2017
- Lijphart, A. (1971). Comparative politics and the comparative method. *-Amer. Pol. Sci.* No. 65, 682–693.
- Martinez-Vazquez, J. Arze, F.J. Boex, J. (2006). Corruption, Fiscal Policy, and Fiscal Management, 1-11.
- Mauro, P. (1995). Corruption and Growth, *Quarterly Journal of Economics*, No. 10, 681-712.
- Mauro, P. (1997) *Why Worry About Corruption?* Washington: International Monetary Fund, (1997), 7-13

- Melgar, N., Rossi, M., Smith, T. W. (2010). The perception of corruption in a cross-country perspective: Why are some individuals more perceptive than others? *-Economia Aplicada*, Vol. 14, No. 2, 183–198.
- Mears, D. P., Ploeger, M., Warr, M. (2000). Explaining the Gender Gap in Delinquency: Peer Influence and Moral Evaluations of Behavior, 143-148.
- Musembi, C. N. Hossain, N., Hughes, J. (2010). Corruption, Accountability and Gender: Understanding the Connections, 5-40.
- Mocan, N. (2004). What Determines Corruption? International Evidence from Micro Data. Cambridge, MA: Natl. Bur. Econ. Res.
- Neyman, J. (1934). On the two different aspects of the representative method: The method of stratified sampling and the method of purposive selection. No. 97, 558-606.
- Niederle, M., Vesterlund, L. (2005). Do Women Shy Away from Competition? Do Men Compete too Much?
- OECD. (2000). Organization for Economic Co-operation and Development: No Longer Business as Usual, *-Fighting Bribery and Corruption*
- Ostroff C., Schmitt, N. (1993). Configurations of Organizational Effectiveness and Efficiency, *-Academy of Management Journal*, Vol. 36, No. 6, 1345-1361.
- Priscilla, S., Dillman, D. A. (1994). How to Conduct Your Own Survey, 232.
- Rahman, A., Kisunko, G., and Kapoor, K. (2000) Estimating the Effects of Corruption: Implications for Bangladesh, Washington DC: The World Bank, No. 2479.
- Ragin, C. C. (1987). The Comparative Method. Moving Beyond Qualitative and Quantitative Strategies. Berkeley, Los Angeles and London: University of California Press.
- Sutton, R., Farrall, S. (2005). Gender, Socially Desirable Responding, and the Fear of Crime: Are Women Really More Anxious about Crime? - *British Journal of Criminology*, Vol. 45, No. 2, 212-224.
- Swamy, A., Knack, S., Lee Y., Azfar O. (2001). Gender and Corruption, *Journal of Development Economics*, No. 64, 25-55.
- Song, F., Cadsby, C. B., Morris, T. (2004). Other-Regarding Behavior And Behavioral Forecasts: Females Versus Males As Individuals And As Group Representatives, *International Journal of Conflict Management*, Vol. 15, No. 4, 340-363.
- Strauss, A., Corbin, J. (1990). Basics of qualitative research: Grounded theory procedures and techniques. Newbury Park, CA.
- Svensson, J. (2005). Eight Questions about Corruption, *Journal of Economic Perspectives*, Vol. 19, No. 3, 19-42.
- Svensson, J., Fisman, R. (2007). Are Corruption and Taxation Really Harmful To Growth? Firm Level Evidence. *-Journal of Development Economics*. No. 83, 63-75.

- Tanzi, V. (1998). Corruption Around the World: Causes, Consequences, Scope, and Cures, - *International Monetary Fund*, 1-35.
- TEPAV (2006). Türkiye Ekonomi Politikaları Araştırma Vakfı, Yolsuzlukla Mücadele, Bir Olgu Olarak Yolsuzluk, 19-49.
- TI. (2012a) TI. (2012a). Transparency International, Corruption Perception Index 2012, 1-5.
- TI. (2012b). Transparency International, Annual Report 2012, 3-60.
- TI. (2016). Corruption Perception Index 2016. Accessible:
https://www.transparency.org/news/feature/corruption_perceptions_index_2016 , 15.04.2017
- Tirole, J. (1996). A Theory of Collective Reputations with Applications to the Persistence of Corruption and to Firm Quality. -*The Review of Economic Studies*, Vol.63, No. 1, 1-22.
- Tittle, C.R. (1980) Labelling and Crime: An Empirical Evaluation. -*From Labelling of Deviance*, 241-263.
- Torgler, W. B., Valev, N.T. (2006) Corruption and Age, - *Journal of Bioeconomics*, No. 8, 133-145.
- Torgler, B. (2003). Tax morale and tax evasion: Evidence from the United States, -*WWZ Discussion Paper Vol. 2, No.7*
- Torgler, B., Valev, N. T. (2004). Corruption and Age, CREMA Working Paper Series, Center for Research in Economics, -*Management and the Arts*, No. 24.
- UNODC (2004). United Nations Hand Book on Practical Anti-Corruption Measures for Prosecutors and Investigators, 11-44.
- Vlassis, D. (2014). An Anticorruption Ethics and Compliance program for Business: A Practical Guide, 279-289.
- Williams, R. (1999). The New Politics of Corruption, *Third World Quarterly*, Vol. 20, No. 3, 487-489

APPENDICES

Appendix 1. Self-Completion questionnaire

Perception of Corruption

Dear Participant,

First of all, thank you for your time to being part of this survey. I would like to analyse the perception of corruption among the young people to make a better picture for our future. In my master thesis, corruption is a term where an individual uses the power/position for any misconduct. Please kindly note, answers will be anonymous. As corruption is a very sensitive topic for our society, your honest answers will have a huge impact on the survey results. If you have any questions or comments about the survey, please email at canercicek55@gmail.com. Once again, thank you for your participation !

***Required**

1. What is your gender? *

Mark only one oval.

- Female
 Male

2. What is your age? *

Mark only one oval.

- Younger than 18
 18 to 22
 23 to 25
 26 to 30
 31 to 36
 37 or older

3. What is the highest level of education you have completed or you still study? *

Mark only one oval.

- Secondary education
 Bachelor degree
 Master degree
 PHD
 Other: _____

4. How many years of total working experience do you have? *

Mark only one oval.

- Zero
- Less than 1 year
- 1-3 years
- 3-5 years
- 5-10 years
- More than 10 years

5. On a scale from 1 to 10, how would you rate the corruption level in Estonia?(1= less corrupted, 10= very corrupted country) *

Mark only one oval.

1	2	3	4	5	6	7	8	9	10
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. How would you rate the importance of factors impacting corruption?(1=less important 5=most important) *

Mark only one oval per row.

	1	2	3	4	5
Level of Income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Culture	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gender	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Education Level	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of governmental legislations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other Factors(Such as Religion, Social Environment, etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. From the following statements, which one of them would you agree more? *

Mark only one oval per row.

	Strongly Disagree	Disagree	Neither disagree nor agree	Agree	Strongly Agree
Corrupted individuals have a bigger impact on turning organisations to a corrupted one	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corrupted organisations have a bigger impact on turning individuals to a corrupted one	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. How acceptable for you the types of behavior below? *

Mark only one oval per row.

	Not acceptable	Most likely not acceptable	Neither acceptable nor unacceptable	Most likely acceptable	Acceptable
1. A state officer hires someone from his/her family or friends to work in a public office, and not another candidate with higher qualification	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. One member of a married couple offers some money to the surgeon to operate her husband (or his wife) out of the waiting list in a state hospital.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. It normally takes between 3 and 6 months to issue building permits. A businessman offers a public servant money to get a permit within 2 weeks.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. A driver has committed a serious violation and to avoid depriving a driver's licence, offers money to a policeman.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. The parent offers money to the Director of the prestigious school to take his/her son without further testing.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. A businessman offers money to the tax inspector to avoid a fine.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. The patient offers money to doctor, in order to he gave him/her a definitive diagnosis, through which he/she will be able to obtain the benefits.

8. A business man offers money to an auctioneer to get benefits to win a bid.

9. An employee works for an organisation which is a corrupted one to earn a monthly salary and pay his/hers monthly expenses

10. A company manipulates its environmental results and tests to make more profit.

Appendix 2. Tables

Table 8: ANOVA single factor test for gender factor

Anova: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Column 1	16	30.9	1.93125	0.788958		
Column 2	21	40	1.904762	0.445476		
Column 3	77	137.7	1.788312	0.398414		
Column 4	32	57.4	1.79375	0.755444		
Column 5	52	88	1.692308	0.312489		
Column 6	42	72.4	1.72381	0.319419		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	1.23409	5	0.246818	0.558157	0.732016	2.25262
Within Groups	103.4752	234	0.442202			
Total	104.7093	239				

Table 9: ANOVA single factor test for age factor

Anova: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Below 18	4	7	1.75	0.276667		
18-22	86	164.5	1.912791	0.61007		
23-25	43	75.5	1.755814	0.330144		
26-30	61	105.9	1.736066	0.374344		
31-36	32	53.5	1.671875	0.300151		
37 or older	14	20	1.428571	0.202198		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	3.763442	5	0.752688	1.744787	0.125222	2.25262
Within Groups	100.9459	234	0.431393			
Total	104.7093	239				

Table 10: ANOVA single factor test for education factor

Anova: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Secondary	40	83.3	2.0825	0.525071		
Bachelor	123	222	1.804878	0.436042		
Master/PhD	77	121.1	1.572727	0.315694		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	7.041783	2	3.520891	8.543792	0.000261	3.03392
Within Groups	97.66755	237	0.412099			
Total	104.7093	239				

Table 11: ANOVA single factor test for work experience factor

Anova: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Column 1	16	30.9	1.93125	0.788958		
Column 2	21	40	1.904762	0.445476		
Column 3	77	137.7	1.788312	0.398414		
Column 4	32	57.4	1.79375	0.755444		
Column 5	52	88	1.692308	0.312489		
Column 6	42	72.4	1.72381	0.319419		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	1.23409	5	0.246818	0.558157	0.732016	2.25262
Within Groups	103.4752	234	0.442202			
Total	104.7093	239				