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# Consequences of corruption: determinants of public servants' job satisfaction and performance

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## ABSTRACT

Little research has focused on the consequences of corruption on civil servants' performance outside OECD countries. Yet, corruption is endemic in many countries, and it is unclear how it affects performance and how can organizations use HRM practices to tackle the issue. While most research remains at the national level, we explored corruption's impact at the individual level of performance. To test these issues, we obtained a unique data set from 1,344 civil servants in Bhutan via a random sampling of the entire civil servants' population. We contribute to the theory of planned-action/behavior by testing empirically a model linking corruption, job-satisfaction, selected HRM practices and performance. The findings support the 'sand in the wheel' theoretical perspective of corruption. The results of SEM analysis reveal that job-satisfaction mediates the relationship between corruption and individual performance. Corruption exhibits an indirect negative one performance via job-satisfaction. Moreover, autonomy, performance-management and promotion opportunities improve job-satisfaction. The lack of linkage between some HRM practices and performance calls into question the contextual application of HRM practices. We offer practical insights into how civil servants' job-satisfaction and performance can be improved by promoting ethical, anti-corruption policies along with contextualized HRM policies to enhance job-satisfaction.

## KEYWORDS

Corruption; civil service; performance

## Introduction

Corruption is 'the abuse (or misuse) of public power for private benefit' (Collins et al., 2009, p. 91). Focusing on corruption in the public service, we relate to a situation in which individual civil servants misbehave

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and abuse the system. Corruption is a social phenomenon negatively impacts economic growth (Grabova, 2014; Mo, 2001; Scholl & Schermuly, 2020), including in Asia (Lee & Oh, 2007; Mudambi et al., 2013), thus tackling it is of high relevance to society. A challenge for the world development is the magnitude of corruption in different regions.

The literature suggests two opposing views regarding corruption. In creating the expression 'grease in the wheel' perspective, Kaufmann and Wei (1999) highlighted that corruption could lubricate a system characterized by 'wrong' regulations and practices. From the 'grease in the wheel' perspective, corruption is described as a solution for economic agents facing unsatisfactory regulations and time-consuming bureaucratic processes. Thus, corruption might be taken as a necessity for circumventing administrative, regulative, and human constraints (Heo et al., 2021; Leff, 1964; Leys, 1965; Nur-Tegin & Jakee, 2020). Dreher and Gassebner (2013) suggested that corruption helps new firms overcome bureaucratic obstacles. An example of how corruption may have a positive effect on the profitability of private firms and help them circumvent regulation is provided by Jiang and Nie (2014). Scholars also argued that corruption could allow public services to attract better civil servants. Indeed, Leys (1965) stressed that corruption is higher in developing countries that struggle to recruit top-quality civil servants to low-paid positions. In such situations, corruption can be seen as a source of additional benefits that allows the recruitment of higher-quality staff to the civil service. If a bureaucrat received a bribe, the process of obtaining licences or permits from him/her could be speeded-up and therefore the performance (Shleifer & Vishny, 1994).

The possibility of receiving bribes attracts highly motivated civil servants, and having them implies an increase in public sector performance. This last argument is crucial, since this research aims to study the impact of both corruption and job satisfaction on performance. Accepting such moral view could lead to justifying corruption, whereas corruption in any form should be unacceptable. We share the argument of Aidt (2009, p. 274) against the 'grease the wheels' described by him as the 'fallacy of efficient corruption', which can be 'dangerous because it encourages tolerance of corruption'.

The opposing perspective is called 'sand in the wheel', in which corruption is seen as negatively affecting economic performance for at least three main reasons: incorrect allocation of resources (Svensson, 2005); increased red tape (Fazekas, 2017); and decreased investments (Cooray & Schneider, 2018), leading to a decrease in economic development (Cooray & Schneider, 2018; Rose-Ackerman & Palifka, 2016), including the wider economic and sustainable development (Fracarolli Nunes et al., 2020; Hoinaru et al., 2020). Indeed, Hoinaru et al. (2020) compare and

contrast both perspectives of the debate between ‘grease the wheels’ vs. ‘sand the wheels’, and its negative impact, providing empirical evidence for the destructive role held by the corruption.

Although many theoretical explanations of corruption relate to the individual level (e.g. Levine, 2005), a large majority of empirical research focuses on the national level (Husted, 1999; López & Santos, 2014; Scholl & Schermuly, 2020) whereas the phenomenon is relevant at different levels (Wang & Hsieh, 2013). Yet, corruption occurs not only as a result of macro-level institutional factors, but also because public employees misbehave (Gorsira et al., 2018). However, the literature has provided little evidence at the individual level of corruption’s consequences for performance (Huang & Snell, 2003) or how it may be tackled by regulation (Ben Khaled & Gond, 2020; Tian et al., 2021). Our study addresses the individual level gap in the literature. We believe that bridging this gap is a critical issue for management studies because corruption, in particular in the public service, is a major obstacle for performing economies at all levels. There is a consensus that ‘corruption is often high in low-income countries and that it is costly’ (Olken & Pande, 2012, p. 480). They found that corrupt behavior has significant adverse consequences for efficiency and equity outcomes. The phenomenon continues to grow at an alarming rate (Hope, 2017) and requires attention from both academe and practice.

Our study offers several important contributions. First, we provide answer to the explanation and the degree of harm of corruption (Castro et al., 2020). Indeed, we show how corruption affects job satisfaction of civil servants, and thereby indirectly negatively impacts their performance. We associate it with the concept of psychological contract (Rousseau, 2001). We believe that this empirical research is the first analysis of the mediating effect of job satisfaction between corruption and performance in the public sector. It is also worth mentioning that many quantitative research on corruption are macroeconomics research at national level (Torsello & Venard, 2016). This means that the analysis of economists linking corruption and performance is done by measuring performance as GDP per capita or similar macro level data (Neog & Gaur, 2021; Saha & Sen, 2021). In addition, other researchers have analyzed how the performance of organizations is influenced by corruption (Ferris et al., 2021). However, there is an urgent need to understand individual level responses and reactions to corruption (Muratbekova-Touron et al., 2022). Our study with a large sample of civil servants is therefore an original evidence-based research at a micro level.

Second, we demonstrate the impact of certain human resource management (HRM) practices on individual performance (Huselid, 1995; Jiang et al., 2012; Tzabbar et al., 2017), an influence insufficiently studied

among civil servants (Blom et al., 2020). We argue for the necessary contextualization of HRM practices in order to be effective. This is in line with recent research about the role of discretionary human resource practices and employee outcomes (Luu, 2021; Memon et al., 2021).

We also provide additional value by developing and empirically testing a model for the civil service in a developing country whereas the vast majority of studies on the topic has been conducted in developed countries. This further expand the relevance of the Theory of Planned Behaviour (Ajzen, 1991; Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975) to a wider domain, as it can also predict unethical behaviour (Chang, 1998).

The paper is structured as follows. We start with theoretical underpinning, integrating both the theory of planned behavior with ethical and unethical behavior, adding the role of HRM as a major actor with relevant input. This leads to the development of six hypotheses, backed up with a cover of the relevant literature. Following this we present the method and analysis, leading to the testing of the hypotheses and the findings. We end the paper with a discussion about the contributions that the study offers.

## Literature review

The theory of planned behavior (TPB) was developed by Fishbein and Ajzen (1975) and Ajzen and Fishbein (1980) and continues to be relevant in the following years (Ajzen, 1991), sometimes under parallel labels like Theory of Planned Action or Theory of Reasoned Action (Jeremiah & Etim, 2019). It was widely applied to understand why people take certain actions, including making ethical decisions (Buchan, 2005) though less so for understanding unethical behavior (for exceptions see Carpenter & Reimers, 2005 and Chang, 1998). The TPB was applied to understand the general issue of Corporate Social Responsibility (Mi et al., 2018), but mostly within the business sector, less so in the public sector, for example, how firms deal with corruption (Gago-Rodríguez et al., 2020). TPB explicate how values as well as norms of behaviors are translated to actions, and as such can offer strong explanatory vehicle to understand why and how corruption can be endorsed by some people.

We couple the TPB with the concept of psychological contract and its breach (Robinson & Morrison, 2000), following Parzefall and Jacqueline (2011). Breach of psychological contract can lead to a number of negative outcomes for both employees and employers (Conway & Briner, 2009). It should be noted that the establishment of psychological contract starts at the early stage of socialization to the workplace, where newcomers learn the values and norms of behaviors in their employing organization (De Vos et al., 2003). Repeated positive treatment of

employees increases trust in its general benevolence (Gould-Williams & Davies, 2005; Kehoe & Wright, 2013) and this will lead to increased job satisfaction (Mozumder, 2018), and the opposite direction is implied. According to the concept of psychological contract, individuals might respond to perceived mistreatment in organizations by retaliatory behaviors (Skarlicki & Folger, 1997; Tepper et al., 2011). The concept of negative reciprocity norms explains why victims of mistreatment may be motivated to seek revenge (Gouldner, 1960). For example, empirical studies have shown that abusive supervision was strongly associated with subordinates' organization deviance (Tepper et al., 2009; Xu et al., 2015).

The breach of psychological contract can cause individual to change their view of their relationship with the employer and their role, and as a result their planned actions may need to be revised or re-shaped. This can happen when the psychological contract is not robust enough (Baruch & Rousseau, 2019). As a result, this may explain the emergence of corruption, the reciprocity process and its continuation. We consider corruption as a negative action that serves the purpose of a few at the expense of the community. Defined as an abuse of power for private gain against the public good (Torsello & Venard, 2016), corruption means that a few people use their power for personal benefit and that has negative consequences for others. This may be due to factors like greed, arrogance, and a sense of personal entitlement (Levine, 2005).

Corruption can lead to negative outcomes for individuals, in particular lower job satisfaction and lower performance of employees. Job satisfaction is 'a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences' (Locke, 1976, p. 1304). When a firm does not have the resources to prevent unfavorable treatment, its employees will have low overall job satisfaction (Eisenberger et al., 1997). Sardžoska and Tang (2009) also demonstrated the link between higher unethical behavior and lower levels of life satisfaction.

Conversely, positive treatment of employees increases trust in its general benevolence (Gould-Williams & Davies, 2005; Kehoe & Wright, 2013) and this will lead to increased job satisfaction (Mozumder, 2018). This is part of the creation of positive psychological contract with employees (Rousseau, 2001). When employees perceive their organization treatment as being fair, they will have more positive attitudes toward it (Cropanzano et al., 2017).

Several empirical studies have investigated the impact of job satisfaction on performance (Judge et al., 2001; Mozumder, 2018). While some studies do not find a positive relationship (Andersen et al., 2016), the majority of research shows the positive influence of civil servants' job satisfaction on performance in government organizations (Meneghel et al., 2016; Mozumder, 2018). The main idea is that a satisfied civil

servant is likely to perform better than a dissatisfied one. We should also argue that employees' well-being should be a priority for organizations (Guest, 2017), and not use only HRM practices for the instrumental reason of performance. For example, Butler and Cantrell (1997) demonstrated the strong effects between leadership and consideration on both the job satisfaction and productivity of group members. Meneghel et al. (2016) also demonstrated that job satisfaction mediates the relationship between collective perceptions of social context and job performance. Thus, the management literature largely supports the idea that job satisfaction positively influences performance (Jiang et al., 2012; Rainey, 2014). We thus offer the following hypotheses at micro level:

**H1:** The higher the level of corruption, the lower the performance of civil servants.

**H2:** The higher the level of corruption, the lower the job satisfaction of civil servants.

**H3:** The higher the job satisfaction, the higher the performance of civil servants.

The hypotheses H2 and H3 raise the possibility that the link between corruption and performance could be mediated through job satisfaction. This indirect effect should then be studied further since it could be argued that corruption can influence performance directly and indirectly.

## Human resource management practices and performance

There is a wide literature suggesting that applying HRM practices leads to positive outcomes. Since the seminal work of Huselid (1995), a number of studies confirmed the relationship between various HRM practices and performance (Jiang et al., 2012; Shin & Konrad, 2017; Tzabbar et al., 2017). The HRM-organizational performance model (Katou et al., 2014; Teclemichael & Soeters, 2006) is firmly supported by a number of studies. According to this model, organizational performance is affected by employees' attitudes and behaviors, which are shaped by HR practices.

There is a need to find a fit between HR practices and specific conditions (Brewster & Bennett, 2010), and a definite set of 'best practices' could lead to increased organizational effectiveness, (Paauwe & Boon, 2018). It is yet unclear how HRM practices influence job satisfaction. It is likewise important to add HRM practices since the 'grease in the wheel' supporters argue that corruption could increase the job satisfaction of civil servants and then their performance.

Job satisfaction may mediate the relationship between HRM practices and performance (Gould-Williams, 2007; Kehoe & Wright, 2013). It should be noted that there may be certain discrepancy between what



HRM aim to deliver via its practices and what employees perceive (Baruch, 1997). Nevertheless, actual perception of employees of HRM practices is important for organizational outcomes (Chang, 2005). As indicated by Bos-Nehles and Meijerink (2018) HRM implementation may be taken differently by the multiple HRM actors it is intended to serve. Indeed, relationships between employees, civil servants included, and their organizations are based on social and economic exchanges (Kehoe & Wright, 2013) and on the psychological contract they establish Rousseau (2001). The public administration provides salary, vacations, and status and, in exchange, its civil servants provide performance. Thus, HRM practices could be part of wider perspective of exchange (Mostafa et al., 2015). For reciprocity in the exchange to occur, HRM practices should be evaluated as beneficial by the employees, in our case, civil servants. When civil servants perceive HRM practices to be a signal of the public administration's investment in them, they are more likely to respond with a positive attitude (higher job satisfaction) and, as a consequence, higher performance (Kehoe & Wright, 2013; Mozumder, 2018; Wood et al., 2012). HRM practices could be perceived by civil servants as investments and inducements, and individuals may reciprocate by engaging in work-related behaviors that benefit the organization (Combs et al., 2006; Zhong et al., 2016). Conversely, when the perception is opposite, this can manifest a breach of psychological contract, and then even well intended policies can lead to increased rather than decreased negative outcomes like of corruption, including in the public sector (Campbell, 2020).

Different HRM practices could influence both the job satisfaction and performance of civil servants (Rainey, 2014; Saridakis et al., 2017). Boselie et al. (2005) revealed the significant variety of different HRM practices that are used to enhance performance. Trying to cover all performance-related aspects of internal management would be a 'Herculean task' (Favero et al., 2016) and it is better to focus on key HRM practices, representing factors extrinsic to the work itself (promotion opportunities) and those intrinsic to the work (job design and characteristics: autonomy, performance management).

Promotion opportunities demonstrate to civil servants that career advancement is possible in public administration. For example, employees who perceive that their organization offers stimulating promotions, such as transfers to a desired position or location, are likely to be more satisfied with their jobs. In their meta-analysis, Cantarelli et al. (2016) found a positive but moderate correlation between promotion and job satisfaction. Promotion opportunities signal an organization's recognition, fairness, and investment in people (Zhong et al., 2016). Employment opportunities are an important component of human-centered approach



to HRM (Cooke et al., 2022). By offering incentives and challenges, promotion opportunities also influence employees' performance (Frenkel & Bednall, 2016; Gavino et al., 2012), functioning as a reward for high performance. Thus, the following hypotheses predict a positive relationship between promotion opportunities and both job satisfaction and performance.

**H4a:** The greater the promotion opportunities, the higher the job satisfaction of civil servants.

**H4b:** The greater the promotion opportunities, the higher the performance of civil servants.

Another factor intrinsic to work is performance management (Gavino et al., 2012; Schleicher et al., 2019) defined as a 'system that generates performance information through strategic planning and performance measurement routines and that connects this information to decision venues, where, ideally, the information influences a range of possible decisions' (Moynihan, 2008, p. 5). At the individual level, performance management involves defining goals, setting performance targets, and appropriately incentivizing workers to meet them (Campbell, 2015). Performance management can provide a clear idea of goals and feedback to enable reaching higher performance (Rainey, 2014). This leads to improved work satisfaction and increased performance (Favero et al., 2016; Guest et al., 2003). As a result, we predict a positive relationship between performance management and both job satisfaction and performance:

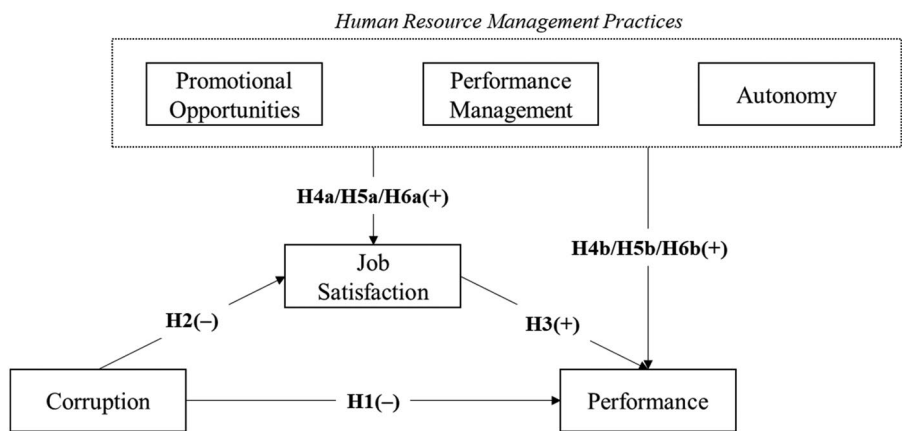
**H5a:** The better the performance management, the higher the job satisfaction of civil servants.

**H5b:** The better the performance management, the higher the performance of civil servants.

Finally, autonomy, a factor related to job characteristics, is added to explain job satisfaction and performance (Salanova et al., 2005). By giving employees more control over their work and more freedom to make work decisions, organizations and managers increase the job satisfaction of their employees (Fernandez & Moldogaziev, 2015). When employees are more autonomous in their work, they can be more satisfied at work and can increase their performance (Jong, 2016; Wood et al., 2012). This leads to the final hypotheses that predict a positive relationship between autonomy and both job satisfaction and performance.

**H6a:** The greater the autonomy, the higher the job satisfaction of civil servants.

**H6b:** The greater the autonomy, the higher the performance of civil servants.



**Figure 1.** Research model.

Figure 1 shows the different variables and anticipated relationships of our research model.

**Methods**

**Context**

The research investigation occurred among civil servants in Bhutan, a nation with several exotic characteristics. Located in South Asia, Bhutan, situated between China and India, is a small country in terms of both area (38,000 km<sup>2</sup>) and population (727,145 inhabitants), (NSB, National Statistics Bureau (NSB), 2018). Since 2008 that the kingdom started to pursue several reforms to become a democratic constitutional monarchy and develop its economy (Turner & Tshering, 2014). Aiming to further integrate the country into the world economy, the government of Bhutan has undergone several reforms since 2008 (Turner & Tshering, 2014). In particular, an important effort has been made to improve the civil service keeping in mind the government’s strong ethical agenda. This was reflected in applying specific HRM practices that are structural determinants of job satisfaction, hence performance.

Bhutan is also unique for the emphasis given to ethics at a national level. The King and the government have developed a specific gross national happiness (GNH) philosophy and policy, to balance the spiritual and material development of the Bhutanese population (Givel, 2015; GNHC, 2015). Bhutan also established the Anti-Corruption Commission, or ACC (ACC, 2011), to combat corruption (Venard & Tshering, 2021). This was instrumental in Bhutan being ranked at the high 24<sup>th</sup> place in the global corruption index (CPI., 2021), a significant improvement from the 36<sup>th</sup> rank gained in 2010.

A crucial stakeholder in tackling corruption is the Royal Civil Service Commission (RCSC). Created in 1973, RCSC manages 26,320 civil servants around the country. Various reforms have been implemented by RCSC to increase the professionalism, efficiency, and integrity of the civil service (RCSC (Royal Civil Service Commission), 2014). Despite these reforms, corruption in the RCSC's functioning remains a possibility.

### **Data collection**

Data were generated from a survey sent to a random sample of civil servants of Bhutan in various jobs, hierarchical levels, public agencies, and ministries. From Bhutan's population of 26,320 civil servants, a stratified random sample (Johnson et al., 2015) of 4,840 civil servants stratified by their different occupational groups received the survey. Therefore, we contacted close to 20% of the whole population of Bhutan civil service. The responses were collected in one single wave. Respondents were contacted by emails. HR Managers in all Ministries were instructed about the survey and wrote to the staff under their supervision that some civil servants will be contacted for a survey based on a random sample. In some case, local HR Managers did oral presentation of the survey to the civil servants under their leadership. The original universe list was generated by the Royal Civil Service Commission (RCSC). The IT Department of the RCSS sent the message and link to answer to the respondents. Researchers had not direct contact with respondents to preserve their anonymity. It was then impossible for the research team to know who were the respondents.

Of the total 1,574 questionnaires collected, 1,334 were fully-completed and were used for the analysis. Thus, the final response rate was 27.6%, in line with the response rates in online surveys in academic research (Baruch & Holtom, 2008). The description of our sample could be done according to occupation and education level. The respondents were 13 executives and specialists, 761 professional and management staff, 476 supervisory and support, and 84 operational. Their educational level varied as follows: 121 had Functional qualification; 156 - Class X (Upper secondary education) and below; 216 had Certificate and further 202 had a Diploma; 523 had Bachelor and postgraduate diploma/certificate, 113 Master, and three had Doctorate degree.

### **Measures**

We adapted 6-point Likert scales from the literature (Table 1). For the core constructs, we measured corruption with the scale developed by Collins et al. (2009), performance with the one by Salanova et al. (2005)

**Table 1.** Reliability and convergent validity.

Constructs	$\alpha$	AVE	Loadings (all $p < .001$ )
<b>Corruption (Collins et al., 2009)</b>	.96	.82	
In an organization like mine, it is usual to receive...			
CORR1 – ...financial allowances such as price deduction from private firms or individuals as a method for improving the responsiveness of a government official.			.84
CORR2 – ... 'unofficial payments' from private firms or individuals as a method for improving the responsiveness of a government official.			.86
CORR3 – ... 'gifts-in-kind' from private firms or individuals in exchange for accelerating the responsiveness of a government official.			.89
CORR4 – ...financial allowances such as price deduction from private firms or individuals as a method for enhancing/maintaining their relationship with government officials.			.96
CORR5 – ... 'unofficial payments' from private firms or individuals as a method for enhancing/maintaining their relationship with government officials.			.95
CORR6 – ... 'gifts-in-kind' from private firms or individuals as a method for enhancing/maintaining their relationship with government officials.			.91
<b>Performance (Salanova et al., 2005)</b>			
PERF1 – Employees try to understand the specific needs of the Bhutanese population that they have to serve.			.76
PERF2 – Employees are able to 'put themselves in the Bhutanese people's shoes'.			.73
PERF3 – Employees are able to adjust what they do to the needs of each service user.			.81
PERF4 – Employees 'surprise' users with their excellent service.			.70
PERF5 – Employees do more than usual for the Bhutanese people.			.74
PERF6 – Employees deliver an excellent service quality that is difficult to find in other organizations.			.74
<b>Job Satisfaction</b>	.77	.50	
JS1 – My superior gives me the information I need to do a good job.			.73
JS2 –My supervisor shows me respect as an individual.			.70
JS3 –I have a clear understanding of how my performance is evaluated.			.67
JS4 –My organization considers the interests and concerns of its employees in making important decisions.			.76
JS5 –Overall, my organization is a good place to work.			.66
<b>Promotional Opportunities (Gavino et al., 2012)</b>	.78	.52	
PROM1 – I could have the opportunity for transfer to another location.			.61
PROM2 – In my organization, there is a good opportunity for transfer to another location.			.87
PROM3 – I have a good chance to get a transfer to another location.			.89
PROM4 – I am very well aware of transfer opportunities.			.44
<b>Performance Management (Gavino et al., 2012)</b>	.77	.49	
PMAN1 – I often agree with my manager on my performance evaluation.			.66
PMAN2 – During my performance appraisal session, I am given opportunity to express my opinion in determining my work objectives.			.78
PMAN3 – I have frequent discussions with my manager about my performance.			.68
PMAN4 – I understand what my performance will be based on.			.61
<b>Autonomy (Salanova et al., 2005)</b>	.83	.63	
AUT1 – In my organization, I have the autonomy to choose what tasks to perform.			.71
AUT2 – In my organization, I myself can decide the order of the work I do.			.71
AUT3 – In my organization, I have the autonomy to decide when to start and finish tasks.			.71

Notes. AVE: average variance extracted. Source: Own processing.

for performance, and job satisfaction with the one. Regarding the human resource management practices, we used the scales by Gavino et al. (2012) to measure promotional opportunities and performance management and the one by Salanova et al. (2005) for autonomy

**Measurement model**

We assessed the measurement model via a confirmatory factor analysis. We ran the analysis on R 4.1 (R Core Team, 2021) with the lavaan package (Rosseel, 2012). The measurement model achieved good fit according to usual fit indices:  $\chi^2 = 1131.101$ ;  $df = 335$ ;  $p < .001$ ; CFI = .94; TLI = .93; NFI = .91; RMSEA = .057; SRMR = .048. We then assessed the reliability and convergent/discriminant validities with the semTools package (Jorgensen et al., 2021). Table 1 shows the reliability and convergent validity for each concept. All the scales are reliable as the Cronbach's  $\alpha$  are upper than 0.7 and they reached convergent validity as the average variance extracted are above 0.5. Table 2 shows the HTMT discriminant validity (Henseler et al., 2015). As the values are below 0.85, the discriminant validity is assessed.

**Social desirability**

Various criticisms have been made concerning subjective indicators, which suffer from social desirability and common source bias (Gorsira et al., 2018). Thus, social desirability is a common problem when investigating human behavior. Informants may answer in the way they believe the researchers and their institution want them to answer. However, subjective indicators are widely used in the field (Brewer & Selden, 2000). Using a survey questionnaire implies accepting the limitations involved in collecting the perception of respondents. However, we used various methods to reduce the social desirability bias.

First, we measured each concept in our research through several statements. Instead of using single-item measures, we presented

**Table 2.** HTMT discriminant validity.

	CORR	PERF	JS	PROM	PMAN	AUT
CORR	1.00					
PERF	.19	1.00				
JS	.32	.57	1.00			
PROM	.11	.23	.37	1.00		
PMAN	.12	.41	.80	.35	1.00	
AUT	.02	.18	.24	.16	.21	1.00

Notes. CORR: Corruption, PERF: Performance, JS: Job Satisfaction, PROM: Promotional Opportunities, PMAN: Performance Management, AUT: Autonomy.  
Source: Own processing.

respondents with diverse statements in relation to each concept. We also tested the reliability of putting all the statements as the measure of one concept. Second, we used only research instruments built by scholars and thus only research tools that have already been tested. Third, we tested our final questionnaire on a small group of civil servants to control its quality and the potential bias. Fourth, the use of a survey instrument online (mainly) ensured that the respondents were not influenced by an interviewer. Fifth, we reiterated to respondents many times during the survey that their answers were completely anonymous. Moreover, the survey was designed to make it impossible for anyone to identify the informants. Response anonymity reduces potential bias (Podsakoff et al., 2003). Sixth, we measured our concepts using the perceptions of civil servants rather than only those of their managers. This method has the potential to generate a more unbiased measurement of management. Finally, we used indirect questioning (Fisher, 1993) for some questions such as about corruption. The pattern of results indicates that indirect questioning reduces social desirability bias on variables subject to social influence. Indeed, empirical evidence confirms that indirect questioning reduces social desirability biases (Neeley & Cronley, 2004). This approach was used in several research about sensitive topics such as corruption (Birhanu et al., 2016).

### ***Common source bias***

Another issue is common source bias, which occurs when information about the dependent and explanatory variables comes from the same source (Andersen et al., 2016; Podsakoff et al., 2003). There is a risk of results bias when different variables exhibit measurement error owing to the use of a common method. The fact that we focus on individual performance can increase the measurement validity, as civil servants could be more precise in evaluating their own performance than evaluating organizational performance (Andersen et al., 2016).

### ***Common method variance***

We finally assessed that common method variance is not an issue for our study (Podsakoff et al., 2003). We used the ConMET package (De Schutter, 2021) to test competitive models where items from two constructs load on the same latent variable. All the configurations significantly decreased the fit of measurement model (i.e.  $\chi^2$  significantly increase with  $p < .001$ ), as shown in Table 3. In addition, we tested the performance of the Harman's One Factor (Harman, 1967). The results show that it performed poorly compared to the measurement model ( $p < .001$ ).

**Table 3.** Evaluation of common method bias.

	$\chi^2$	df	$\Delta\chi^2$
Measurement Model	1134,199	335	
PMAN and PROM	2008,524	340	874.325***
PMAN and JS	1316,593	340	182.394***
PMAN and AUT	1914,315	340	780.116***
PMAN and PERF	1949,656	340	815.457***
PMAN and CORR	2234,619	340	1100.42***
PROMO and JS	2001,861	340	867.662***
PROMO and AUT	1973,003	340	838.805***
PROMO and PERF	2141,449	340	1007.25***
PROMO and CORR	2216,92	340	1082.721***
JS and AUT	1905,76	340	771.561***
JS and PERF	2019,505	340	885.306***
JS and CORR	2665,245	340	1531.046***
AUTO and PERF	1949,792	340	815.593***
AUTO and CORR	6494,572	340	5360.373***
PERF and CORR	3242,135	340	2107.936***
Harman's One Factor	7308,636	350	6174.437***

Notes. CORR: Corruption, PERF: Performance, JS: Job Satisfaction, PROM: Promotional Opportunities, PMAN: Performance Management, AUT: Autonomy. \*\*\*  $p < .001$ . Source: Own processing.

**Table 4.** Results for the structural model.

	Model 1		Model 2		Model 3
	PERF	JS	PERF	JS	PERF
CORR	-.19***	-.32***	-.01 ns	-.23*** (H2)	.00 ns (H1)
JS			.57***		.66*** (H3)
PROM				.08* (H4a)	.02 ns (H4b)
PMAN				.72*** (H5a)	-.13 ns (H5b)
AUT				.09*** (H6a)	.04 ns (H6b)
R <sup>2</sup>	.04	.10	.33	.V68	.34

Notes. CORR: Corruption, PERF: Performance, JS: Job Satisfaction, PROM: Promotional Opportunities, PMAN: Performance Management, AUT: Autonomy.

\*\*\*  $p < .001$ , \*\*  $p < .01$ , \*  $p < .05$ , ns: not significant. Source: Own processing.

## Main results

### Hypotheses testing

We estimated the structural model on R 4.1 (R Core Team, 2021) with the lavaan package (Rosseel, 2012). We report the results in Table 4. The direct-only effect of corruption on performance (Model 1) is negative and significant ( $\beta = -.19$ ,  $p < .001$ ). However, when integrated with job satisfaction (Model 2), this direct effect becomes non-significant ( $\beta = -.01$ ,  $p > .05$ ). This is partial support for a mediated-only effect, hence the additional mediation analysis in the next part. We use the full model (Model 3) to test the hypotheses. We reject H1 as the results show that the effect of corruption on performance is not significant ( $\beta = .00$ ,  $p > .05$ ). Conversely, we accept H2 because corruption significantly decreases job satisfaction ( $\beta = -.23$ ,  $p < .001$ ). In line with H3, the higher job satisfaction, the higher performance ( $\beta = .66$ ,  $p < .001$ ). Regarding promotional opportunities, its effect on job satisfaction is significant and positive ( $\beta = .08$ ,  $p < .05$ ), thus supporting H4a, while its effect on performance



**Table 5.** Results of the mediation analysis.

	$\beta$	95%		99%		99.9%	
		Lower	Upper	Lower	Upper	Lower	Upper
CORR	-.15***	-.198	-.079	-.227	-.067	-.265	-.053
PROM	.05*	.002	.098	-.011	.117	-.023	.145
PMAN	.47***	.333	.695	.285	.773	.222	.873
AUT	.06*	.012	.097	-.002	-.069	-.012	.134

Notes. CORR: Corruption, PERF: Performance, JS: Job Satisfaction, PROM: Promotional Opportunities, PMAN: Performance Management, AUT: Autonomy.

\*\*\*  $p < .001$ , \*\*  $p < .01$ , \*  $p < .05$ , ns: not significant. Source: Own processing.

is not significant, thus rejecting H4b ( $\beta = .02$ ,  $p > .05$ ). Similarly, performance management significantly increases job satisfaction ( $\beta = .72$ ,  $p < .001$ ), which support H5a, but not performance ( $\beta = -.13$ ,  $p > .05$ ), which rejects H5b. Finally, the results show that the effect of autonomy on job satisfaction is positive and significant ( $\beta = .09$ ,  $p < .01$ ), but not the one on performance ( $\beta = .04$ ,  $p > .05$ ). We thus accept H6a and reject H6b.

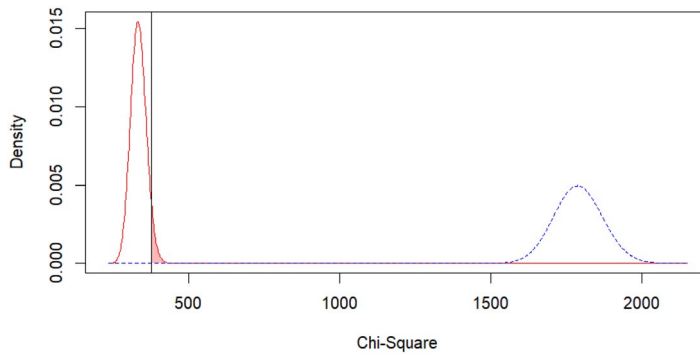
### Mediation analysis

We ran a mediation analysis R 4.1 (R Core Team, 2021) with the lavaan package (Rosseel, 2012), with 5,000 bootstrap samples (Zhao et al., 2010). The results (Table 5) show that all the indirect effects that run through job satisfaction to performance are significant as their 95% confidence intervals exclude zero. More precisely, (1) the indirect effect from corruption is negative and significant ( $\beta = -.15$ ,  $p < .001$ , 99.9% CI =  $[-.265, -.053]$ ), (2) the indirect effect from promotional activities is positive and significant ( $\beta = .05$ ,  $p < .05$ , 95% CI =  $[.002, .098]$ ), (3) the indirect effect from performance management is positive and significant ( $\beta = .47$ ,  $p < .001$ , 99.9% CI =  $[.222, .873]$ ), and (4) the indirect effect from autonomy is positive and significant ( $\beta = .06$ ,  $p < .05$ , 95% CI =  $[.012, .097]$ ).

### Robustness checks

#### Post-Hoc power analysis

To make sure that our results are robust, we ran a series of robustness checks. The post-hoc power analysis allows to know if the sample size is sufficient to provide robust estimates (Moshagen & Erdfelder, 2016). We used the semPower package (Jobst et al., 2021) to evaluate the power of our analysis. Given that the RMSEA is .057, the sample size is 1338, the degrees-of-freedom are 335, and the alpha is .05, the computation shows that the power is satisfactory ( $> .999$ ). Figure 2 shows the associated central and non-central  $\chi^2$  distributions.



**Figure 2.** Associated central and non-central  $\chi^2$  distribution.

### **Other estimation**

We then ran the estimation of the research model with another type of computation to compare the results. We used the PROCESS macro (Hayes, 2021), a regression-based path analysis without measurement errors. The results are similar to that of the structural equation modeling. We reject H1 as the results show that the effect of corruption on performance is not significant ( $\beta = -.04$ ,  $p > .05$ ). Conversely, we accept H2 because corruption significantly decreases job satisfaction ( $\beta = -.22$ ,  $p < .001$ ). In line with H3, the higher job satisfaction, the higher performance ( $\beta = .42$ ,  $p < .001$ ). Regarding promotional opportunities, its effect on job satisfaction is significant and positive ( $\beta = .11$ ,  $p < .001$ ), thus supporting H4a, while its effect on performance is not significant, thus rejecting H4b ( $\beta = .04$ ,  $p > .05$ ). Similarly, performance management significantly increases job satisfaction ( $\beta = .58$ ,  $p < .001$ ), which support H5a, but not performance ( $\beta = .05$ ,  $p > .05$ ), which rejects H5b. Finally, the results show that the effect of autonomy on job satisfaction is positive and significant ( $\beta = .09$ ,  $p < .01$ ), but not the one on performance ( $\beta = .06$ ,  $p > .05$ ). We thus accept H6a and reject H6b.

### **Potential boundary conditions**

As arguments could be made for the moderating effect of HR practices on the link between corruption and job satisfaction, we alleviate this issue via a moderated mediation analysis. As there might be some moderating effects of human resource management practices on the link between corruption and job satisfaction, we ran a series of moderated mediation analyses with the PROCESS macro (Hayes, 2021, Model 7). The results show that none of the constructs for human resources management moderated the effect of corruption on job satisfaction. More precisely, (1) the effect of the interactive term of corruption and promotional opportunities on job satisfaction is not significant ( $b = .01$ ,  $p$

**Table 6.** Results of the moderated mediation analysis.

	Model 1		Model 2		Model 3	
	JS	PERF	JS	PERF	JS	PERF
CORR	-.21***	-.04 ns	-.21***	-.04 ns	-.21***	-.04 ns
JS		.40***		.40***		.40***
PROM	.09***	.03 ns	.09***	.03 ns	.09***	.03 ns
PMAN	.52***	-.04 ns	.52***	-.04 ns	.52***	-.04 ns
AUT	.06**	.04 ns	.07**	.04 ns	.07**	.04 ns
CORRxPROM	.03 ns					
CORRxPMAN			.01 ns			
CORRxAUT					.00 ns	
R <sup>2</sup>	.48	.24	.48	.24		
Index of Moderated Mediation	.01 95% CI = [-.0091, .0331]		.01 95% CI = [-.0184, .0311]		.00 95% CI = [-.0177, .0175]	

Source: Own processing.

< .12), (2) the effect of the interactive term of corruption and performance management on job satisfaction is not significant ( $b = .01$ ,  $p < .58$ ), and (3) the effect of the interactive term of corruption and autonomy on job satisfaction is not significant ( $b = .00$ ,  $p < .96$ ). The full results of the moderated mediation analysis are shown in Table 6. Given that the indexes of moderated mediation are not significant (i.e. their 95% confidence intervals exclude 0), we reject the existence moderating effect of HR practices on the link between corruption and job satisfaction.

## Discussion

With a unique data set from Bhutan obtained by a stratified random sampling of the entire civil servant population, this investigation empirically tested a theoretical model linking corruption, HRM practices, job satisfaction, and performance.

### Theoretical contribution

Our results expand the TPB which posits that societal values and norms of behavior will lead to specific actions. Corruption related to a decrease in individual performance of civil servants. The great majority of previous research has focused on the influence of corruption on performance at the national level (Husted, 1999; López & Santos, 2014; Scholl & Schermuly, 2020). While most studies investigated the macroeconomic effects of corruption on several measures of economic growth (López & Santos, 2014; Scholl & Schermuly, 2020; Venard, 2013), this investigation assessed its impact on the individual performance of civil servants. We expand the literature about wrongdoing and misconduct (Gabbioneta et al., 2019; Kenny, 2018) and provides evidence that an ethical environment including the fight against corruption (Menzel, 2015) could be

beneficial for public administration by contributing to its performance. Thus, we bridge the gap in the current literature on corruption by supporting the ‘sand in the wheel’ perspective of corruption at the under-researched individual level.

Second, we identified the mediating effect of job satisfaction between corruption and performance. A major contribution, then, is showing that corruption has negative relationship with job satisfaction, and lower job satisfaction subsequently related to individual performance of civil servants. Our empirical research is the first analysis of the mediating effect of job satisfaction between corruption and performance in the public sector. From the ‘grease in the wheel’ perspective, the supporters of corruption argue that allowing civil servants to take bribes will attract civil servants to achieve higher results considering the incentives of the bribes. The bribe is thus seen as a supplementary salary for these civil servants. Further, accepting the grease in the wheel point of view could lead to justify corruption and its vicious cycle, whereas corruption in any form should be condemned. However, an argument against the ‘grease in the wheel’ perspective is linked to the dissatisfaction that results from corruption. If civil servants see other corrupt civil servants keeping their positions and even being promoted, they are likely to have lower job satisfaction. As a result, their performance will also decrease. From the ‘sand in the wheel’ perspective, corruption is an abuse of the rights of individuals and, here, of the rights of the vast majority of civil servants who might witness criminal behavior and become dissatisfied with their work, resulting in lower performance.

A third contribution is to expand the TPB to both the public sector and to developing countries, in testing the reciprocal effect of positive actions leading to positive actions, by showing the positive influence of various HRM activities, such as performance management, promotion opportunities and autonomy, mediated through job satisfaction, on the performance of civil servants. Thus, an increase in autonomy and promotion opportunities and a better performance management enhance the job satisfaction of civil servants and, as a consequence, their individual performance.

The mediation effect of job satisfaction is important to consider. Opportunity-enhancing practices, such as gaining more autonomy, and motivation-enhancing practices, such as having the opportunity of promotion and performance management, play a role in stimulating additional performance by increasing job satisfaction (Jiang et al., 2012; Tzabbar et al., 2017). While authors question whether there is an identical impact of HRM practices on performance (Combs et al., 2006), this investigation shows that not all HRM components have the same influence on performance.

Fourth, another contribution is to stress the contextual influence on the social exchanges. For example, one surprising result was that in the civil service of Bhutan, autonomy and performance management do not significantly influence directly performance. This result is easy to explain. Indeed, during the inquiry it was noted that performance management was not conducted effectively in Bhutan. At the time, nearly all civil servants were evaluated at the maximum level, with little difference between high-performing civil servants and others. With such high levels of evaluation, performance management was not effective in motivating civil servants to increase their performance. Further, autonomy was well not developed at the time in Bhutan. Further, autonomy is often limited in civil services around the world and this was the case in Bhutan. However, HRM activities influence job satisfaction, leading to an indirect effect on performance through the mediating effect of job satisfaction.

HRM practice implementation is a social process in which the implementation depends on the social exchanges and interactions among the various actors. A social exchange is seen as 'a two-sided, mutually contingent, and mutually rewarding process' (Emerson, 1976, p. 336). A social exchange is also highly contextual. Before private managerial models and techniques are introduced to the public sector in any country, they should be evaluated for their suitability, and consideration given to necessary adaptations and conditions for their appropriate implementation (Combs et al., 2006; Gerrish, 2016). The belief that any HRM practice can work anywhere in the private or public sectors, in any type of agency or country, is, of course, naïve (Paauwe & Boselie, 2005). There is no such thing as universalistic HRM best practices. In any organization (public or private), a new practice should only be accepted after its applicability and effectiveness have been considered. Further, generic HRM techniques (such as performance management or given more autonomy) should be adapted and transformed for use in different contexts (O'Toole & Meier, 2015). For example, it is important to consider how different employees in a given organization and country perceive and appreciate different HRM practices (Jiang et al., 2017). Further, it is crucial to understand the key 'value chains' or mediational paths that explain how and why any HRM practice such as performance management (Schleicher et al., 2019) could add value to organizations. Finally, this investigation is also a clear example of the limited effect of management practices that are not well implemented. Implementing a managerial technique (such as performance management) for symbolic reasons (Moynihan, 2006) or to imitate the private sector or Western companies without regard for the real problems is not likely to solve public sector-specific issues. Management 'tricks' are not sufficient by

themselves: they must be implemented correctly. For example, several research studies have shown the difficulties of successfully implementing performance management to the public sector (Moynihan, 2008; Moynihan & Pandey, 2004; Nielsen, 2014). This article further highlights the necessity of selecting appropriate HRM practices and adapting them to its specific contexts, in particular national and cultural, if performance is to improve.

### *International perspectives*

This research in Bhutan may lead to consider that our inquiry is only useful for this country. On the contrary, our research adds to the literature on corruption by new findings that could be insightful to other countries and the international community. Indeed, we have collected a large sample in Bhutan, sufficient to support our findings for Bhutan, but also we were able to formulate an analysis linking in particular HRM practices, corruption, job satisfaction and performance that could be generalizable to similar situations, poor countries with weak resources, trying to reduce corruption.

Firstly, corruption is an international issue, spread in developed and developing countries, involving sometimes multinational executives bribing local executives or civil servants. Considering the global effect of corruption (everywhere more or less), it is important to study this illegal activity in relations to HRM practices. Further, organizations from less corrupted countries could set up subsidiaries in more corrupted countries, leading to an increase exposure to this risk. Corruption research should be developed in different settings and countries to offer new findings and test previous findings. Our findings are not only specific to Bhutan. Indeed, the increase of corruption leading to decline job satisfaction and decrease performance is of great importance for any country and organization.

Second, to fight corruption, policy makers and executives could use the result of this research to stress that corruption is bad for business, not only wrong ethically or illegal. Indeed, we have showed that with the increase of corruption, job satisfaction and performance decrease. In the fight against corruption, international agencies such as OCDE or the World Bank have been trying to join forces with different stake-holders including international firms. Showing the negative effect of corruption on performance could motivate even more international firms to join their forces with the international agencies.

Third, our paper calls for a more contextualized implementation of HRM practices. In a global world, some HR managers may think that

one best solution could solve all problems everywhere. On the contrary, in our survey, performance management (PM) has no effect on performance in Bhutan since PM is not well implemented in the country. This is in line with Muratbekova-Touron et al. (2022) arguments that some HRM practices (such as performance management) could be difficult to implement in some countries, facing intense informal social networks. Internationalization of HR practices should not result in copying them elsewhere, but obviously making the necessary adaptation.

Fourthly, internationalization of HRM practices required a deep understanding of the context of implementation. Thus, before applying any HR practice, we should do a deep analysis of its environment of application (Cooke et al., 2022). Obvious criteria of contextualization are the national and organizational cultures and the legal frameworks.

### ***Managerial and policy implications***

The policy implications of this research are important. This article provides practical insights into how civil servants' job satisfaction and performance can be improved. In order to increase job satisfaction and then the performance of public service agencies, policy makers should pay attention to corruption and HRM practices (such as promotion opportunities, autonomy). Our research leads thus to consider an holistic approach in increasing performance by reducing corruption and considering at the same time HRM practices.

Of course, there is no simple answer to the question of how performance can be stimulated, since the public administrations should contextualize HRM practices. Since culture and regulations can influence wrongdoing (Banerjee, 2018; Veldman & Willmott, 2016), practitioners should consider the specific context of the HRM practices implementation, such as the culture (national and/or organizational). At the national level, both cultural foundation and economical wealth are influencing factors (Husted, 1999). The world diversity of cultures supports the need for the contextualization of management practices, and the HRM role is typically associated with ethical leadership (Parboteeah et al., 2014). Our research is thus a call for a contextualized approach to HRM practices. It is especially relevant for international companies that could want to spread some management practices worldwide in countries with different cultures without paying attention to this diversity.

From an ethical point of view, since this inquiry demonstrates the effects of corruption on performance though its impact on job satisfaction, it provides a quantitative indication of the positive effect of the moralization of the economy. When an organization fights corruption, this ethical policy 'pays' by increasing individual performance. This



relationship is not specific to Bhutan and is a crucial finding to stimulate executives to further reduce corruption.

In addition, our research shows that developing a more ethical workplace (i.e. with little corruption) leads to higher job satisfaction and after performance. New generations of employees seem to require ethical value driven organizations. For example, under the current climate change crisis, some new graduates refuse to work for the oil or gas industry. Thus, a more ethical workplace is 'useful' not only to increase morality of corporations, but to increase the job satisfaction of employees and their performance. With the growing concerns of new employees, this influence could increase overtime.

These findings also suggest that despite being difficult to implement, ethical behaviors and intentions should be considered when recruiting new civil servants. From a practical point of view, ethical integrity programs such as ethical training could also increase the moral standards of civil servants. These practices (ethical criteria in recruitment) could help to decrease corruption, not only for ethical reasons, but also for wholly economic reasons. In general, developing ethical trainings, having a zero tolerance to corruption and strengthening compliance departments could increase the satisfaction of employees and as a result their performance. This is a crucial message of this research.

## Conclusion

The study sheds new light on the way corruption is formed and applied in the public sector in developing country context. We support the sand in the wheel perspective of corruption, stressing its negative influence on societies.

We contribute to the understanding of the dark side of organization life and economy in general. By conceptualization the role of job satisfaction as a mediator between corruption and HRM practices to performance, we contribute to the literature of HRM.

Our research is also a call for more contextualization of management practices. Indeed, we argued that HRM practices cannot work anywhere in the private or public sectors, in any type of agency or country. There is no such thing as universalistic HRM best practices. In order for HRM practices to work, they should be adapted to their specific contexts.

An important contribution of our research is to show that corruption affects performance through job satisfaction. We consider then corruption as 'sand in the wheel' of the economic development. Such conclusion has important repercussion outside of Bhutan. At the very least, this research could give an argument to people worldwide suffering from corruption trying to fight corruption, due to its effect on performance. Not only

fighting corruption is necessary on moral grounds, but also because this combat pays by increasing job satisfaction and therefore performance.

### ***Limitations and future research agenda***

Corruption is a sensitive issue, and it can always be the case that people do not reveal the information about it in a transparent manner. The methods sections indicated how we have mitigated for such sensitivities. This investigation has a number of limitations that suggest areas for future research. Although access to objective measures of performance was not possible in this study, the same research questions using such measures and paying attention to the different dimensions of performance should be encouraged. This is clearly a challenge in developing countries that lack the necessary resources for effective monitoring. Further, this study in Bhutan is context dependent, and research in different settings is necessary. Comparative analysis between different countries at the same time could evaluate the effects of different cultural, economic, and political contexts. For example, an international research initiative to test the impact of both managerial practices and corruption on job satisfaction and performance in different nations (developed and developing) could be conducted. Cross-cultural investigations could considerably enrich the findings in this article by comparing results as a function of different institutional frameworks. An international analysis could also compare the effects of managerial practices that might be understood differently in different contexts. However, the current research design, analyzing data from a single country, eliminates the institutional- and cultural-level variation that could occur in a survey of multiple countries.

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