

Fall 2013

Are Bribes the Only Way to Get Things Done? An Analysis of Public Perception and Willingness to Pay Bribes in Armenia

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ARE BRIBES THE ONLY WAY TO GET THINGS DONE? AN ANALYSIS OF PUBLIC
PERCEPTION AND WILLINGNESS TO PAY BRIBES IN ARMENIA

A Thesis

Submitted to the McAnulty College and Graduate School of Liberal Arts

Duquesne University

In partial fulfillment of the requirements for
the degree of Master of Arts

By

Arpine Porsughyan

December 2013

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PERCEPTION AND WILLINGNESS TO PAY BRIBES IN ARMENIA

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ABSTRACT

ARE BRIBES THE ONLY WAY TO GET THINGS DONE? AN ANALYSIS OF PUBLIC PERCEPTION AND WILLINGNESS TO PAY BRIBES IN ARMENIA

By

Arpine Porsughyan

December 2013

Thesis supervised by Dr. Charles Hanna

It is widely recognized that corruption hinders the development of a country, negatively impacting its political, economic, social, and environmental spheres. Armenia is no exception; corruption tops the list of problems the country is currently facing. Armenia continues to rank poorly on corruption indices, despite the government's anti-corruption strategies, international community involvement, and ratification of various conventions.

Existing research on corruption mostly focuses on institutional corruption, while little attention is paid to the perceptions of the Armenian population. Using the Caucasus Research Resource Center's (CRRC) Corruption in Armenia Survey 2010 data, the research explores the relationship between public belief in the possibility of eradicating corruption and their willingness to give a bribe. The goal of the research is to contribute to the anti-corruption policy-making processes in Armenia through a better understanding of public perceptions and the factors influencing public attitudes towards corruption.

ACKNOWLEDGEMENT

I am grateful to my supervisors Dr. Hanna and Dr. Schulze for their invaluable guidance throughout the process of writing the thesis. I want to thank Jessica West of IREX for her continuous support and Faith Cotter for the editions. I am also thankful to Joan Lapyczak for facilitating the process of thesis submission.

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LIST OF ACRONYMS

CB	Caucasus Barometer
CRRC	The Caucasus Research Resource Centers
EBRD	European Bank for Reconstruction and Development
LiT	Life in Transition
MAAC	Mobilizing Action Against Corruption Activity
NGO	Non Governmental Organization
TI	Transparency International
USAID	United States Agency for International Development
WVS	World Values Survey

INTRODUCTION

The focus of the study is the attitude of the population in Armenia towards corruption, and more specifically, bribes. The research reveals the level of willingness of the Armenians to engage in corruption, and explores the factors influencing the attitude of the public towards giving bribes. The understanding of public perceptions and attitudes towards corruption is critical for shaping anti-corruption policies, as well as for the enforcement of these policies.

It is widely recognized that corruption hinders the development of a country, negatively impacting its political, economic, social and environmental spheres (e.g. Klitgaard 1988; World Bank 1997; Shen and Williamson 2005). Armenia is not an exception with corruption on the top of the list of problems the country is facing today (CRRC 2010). The Armenian government recognizes the urgency of the issue; local initiatives and international pressure have led the government to join various international coalitions and Action Plans against corruption, such as the Group of States against Corruption (GRECO), the Council of Europe and the Istanbul Anti-Corruption Action Plan, OECD. The Armenian Government developed an Anti-Corruption Strategy and Implementation Plan for 2009-2012, the main document for the fight against corruption in the country, based on the commitment to address corruption and recommendations from the international pressure groups.

The 2003-2007 Anti-Corruption Strategy and Action Plan was the first complex strategy to combat corruption. The 2009-2012 Anti-Corruption Strategy, as the OECD monitoring report notes, was an improvement over the first strategy paper, and consists of 240 actions in various areas, including corruption prevention and law enforcement (OECD, 2011:4).

However, as different studies show, the actions designed under the Strategy remain on paper. The

2010 Freedom House country report on Armenia shows a positive shift in the development of legislation to fight against corruption, including the State anti-corruption strategy, but suggest that there has been little actual change in the practices (Iskandarian 2010). The report notes that many independent experts do not believe that the government's anti-corruption activities are efficient. Transparency International (TI) Armenia, for example, has classified the state strategy as problematic because of "too little emphasis on exposing political corruption" (Iskandarian 2010).

Nation-wide surveys on the perception of corruption conducted by CRRC in Armenia from 2008 to 2010 indicate high levels of perceived corruption. According to the 2010 survey results, over 80 percent of Armenians think corruption is a serious problems in the country (CRRC). Moreover, the survey reveals a perceived increase in the amount of bribes in 2010.

There is little research on corruption in Armenia. Most of the available research consists of evaluation and monitoring reports of specific anti-corruption measures in the country which mainly focus on political and institutional corruption. By focusing specifically on public perceptions of corruption, the level of acceptability of societal corruption would provide a crucial dimension to understanding corrupt practices in Armenia, as well as improving anti-corruption efforts. The national anti-corruption strategy of Armenia was developed without the consideration of public opinion. As Bowser (2001) concludes, "Given the corrupt nature of government institutions in the region, it is highly doubtful that the government alone will be able to formulate effective anti-corruption strategies" (p. 13).

Influenced by a theoretical approach that emphasizes the role of the public, my research examines the factors that influence public willingness to engage in corruption. The research explores the relationship between the public belief in the possible eradication of corruption and public willingness to pay a bribe. The research looks at the belief in possible eradication of corruption

from three different angles – belief in the possible eradication of corruption, belief in one's own efficacy in fighting corruption and belief in the government's willingness to fight corruption. The research hypotheses are:

a/ The lower the level of belief in the possible eradication of corruption, the higher the public's willingness to engage in corruption is.

b/ The lower the level of belief in personal efficacy to eradicate corruption, the higher the public's willingness to engage in corruption is.

c/ The lower the level of belief in the government's willingness to eradicate corruption, the higher the public's willingness to engage in corruption is.

The research also controls for demographic variables such as sex, age, place of residence, level of education, and employment.

The paper is organized in the following way. The first chapter reviews literature on public attitudes towards corruption, particularly looking at the factors influencing public attitudes and behavior towards corruption in the post-Soviet transition context. The second chapter is the discussion of the conceptual framework. The third chapter lays out the research design. Chapter four is a presentation and discussion of the research findings, focusing on the relationship between the public belief towards change and public willingness to engage in corruption. Chapter five draws conclusions and policy recommendations. The last chapter discusses research limitations and opportunities for further research.

CHAPTER 1: LITERATURE REVIEW

It is generally agreed that corruption has negative consequences for the political and economic development of a country. Literature on the causes and consequences of corruption is voluminous. Economic and political perspectives have dominated the corruption scholarship for decades. A more recent approach focuses on public perceptions and attitudes towards corruption. Within this trend, one can separate two directions: cultural and ‘revisionist’ (Montinola and Jackman 2002). The first part of the literature review provides a summary of the works that explain public attitudes towards corruption from both cultural and ‘revisionist’ perspectives, concentrating on the latter, as it relates more to the conceptual frame of this research. The second part of the literature review looks at the situation of corruption in Armenia, focusing on scholarly works devoted to the public perceptions of corruption as well as Soviet legacy in Armenia as it pertains to general disillusionment. The review of the available research in Armenia allows me to better situate my research in addition to providing a context for the policy recommendations.

Cultural Approach

Among the underlying cultural factors of corruption, scholars discuss interpersonal trust and social capital (Harris 2007; Moreno 2003; Putnam 2000, 2003; Rose 1998; Stefes 2006). For example, Alejandro Moreno (2003) argues that certain cultures are more “permissive” of corruption than others. Using World Values Survey (WVS) data, Moreno finds that cultures with low interpersonal trust are more permissive of corruption than those with stronger generalized interpersonal trust. Lipset and Lenz (2000) look at the other dimension of ‘interpersonal trust’ - kinship ties in a given society. In their chapter “Corruption, Culture, and Markets,” while discussing the correlation between kinship ties and corruption, they argue, “[S]olidarity with the extended family and hostility to the outside who is not a member of family, the village, or perhaps the tribe can produce

a self-interest culture” (Lipset and Lenz 2000:119). Using Edward Bandfield’s concept of ‘amoral familism,’ a culture that is deficient in communitarian values but fosters familiar ties, and WVS data, the authors conclude that nations that have strong family ties are among the most corrupt (Lipset and Lenz 2000:120).

Donna Harris (2007), building her research on the work of Lipset and Lenz, also discusses the cultural aspect of corruption, arguing that what is perceived as corruption depends on the social norms of a given society. She continues by arguing that the influence of the social norms on corruption is stronger in societies where family and friendship ties are highly valued. “This is because within such a society, the norms of specific reciprocity and particularized trust towards the members of the ‘in-group’ are strictly enforced within the group, but these norms are not equally applied to the outsiders” (Harris 2007:2).

According to these authors, thus, corruption is embedded in the values and norms of a given country, depending on the strength of interpersonal and kinship ties. I do not discharge the viability of this argument. However, my research is inspired by an approach in the corruption literature that argues that the attitudes towards corruption depend on the stage of the development of a given country. Networks and kinship ties in this approach are a means, rather than a cause, of corruption. Montinola and Jackman (2002) classify scholars belonging to this line of argument as ‘revisionist.’ This approach can still be viewed as cultural -- the attitudes of the population are cultural components as they are shared ways of thinking. However, this culture is a result of modern day history. In the next section, I review literature that focuses on the countries that experienced the collapse of the Soviet Union, and how the Soviet past and a transition to a market economy created preconditions for corruption.

'Revisionist' Approach

The Soviet legacy and the transition to a market economy are among the most discussed factors influencing corruption in post-Soviet countries. An aspect of the Soviet legacy that is directly related to my research is the skepticism among the population towards any possible change and its relationship to corruption.

A group of scholars studying post-communist societies argue that economies in transition undergo a stage of disillusionment and skepticism among the population, leading to public withdrawal.

Ingleheart and Catterberg (2002) argue that after the transition, in the newly established democracies one can observe 'post-honeymoon' effect. The authors argue: "There are elements to the dynamics of democratic transitions that usually stimulate people's expectations about the effectiveness of new administration, ultimately leading to skepticism" (Ingleheart and Catterberg 2002:304). The authors conclude that the discrepancy between the expectations and the reality led people of the newly independent states to democratic disillusionment, particularly in the states where the new regimes were not competent (Ingleheart and Catterberg 2002:304).

Marc Howard (2003) also argues that there is widespread disappointment and disillusionment with the political and economic changes since the collapse of the Soviet Union (p. 29). Howard (2003) suggests that "This disappointment had only increased people's demobilization and withdrawal from public activities since the collapse of communism" (p. 29).

Karklins, the author of one of the most comprehensive studies on corruption in post-Soviet societies, discusses the relationship between public attitudes towards the state and engagement in corruption (2005). Karklins (2005) employs multiple methods and perspectives such as surveys, interviews, case studies, and media analyses to capture as many aspects of corruption as possible.

Among the key questions her work tries to answer are the following: what are the processes and structure involved in post-communist corruption; why is corruption so pervasive, and what are the ways to fight corruption? (Karklins, 2005:3). Karklin's (2005) explanation of the situation in post-communist countries can be summarized as:

Informal means are used because formal institutions, including the judiciary, are widely seen as self-serving and incapable of fulfilling their obligations to the citizenry. Many individuals see themselves as victims of bureaucratic indifference and irrationality, and this can be an excuse for their own questionable behavior. Few people take individual responsibility or see themselves as actors in events and fewer still are prepared to report corrupt acts to the law enforcement agencies, because they do not believe that any action will be taken. (P. 73)

The conceptual frame of my research, discussed in the next chapter, is largely inspired by Karklin's work.

The next section of this literature review looks at the situation of corruption in Armenia, public perceptions on the prevalence of corruption, public attitudes towards corruption and public disillusionment. Taken together, it situates my research in the available literature and provides a context for the policy recommendations.

Corruption and Disillusionment in Armenia

While corruption is a widely recognized problem in Armenia, there is little research on the topic. The available research can loosely be grouped into three categories. The first category includes *country reports and indices* produced by international organizations, such as TI and Freedom House (TI 2011; Freedom House 2010; Iskandarian 2010, EBRD 2010). The second category includes *anti-corruption program evaluations* by international development organizations (USAID 2002; Sullivan 2010; OECD 2011). These studies generally concentrate on what the government of Armenia has promised to do and what it has done in a given period. The third category is comprised of *surveys*, particularly, collected by the CRRC in 2008-2010, funded under

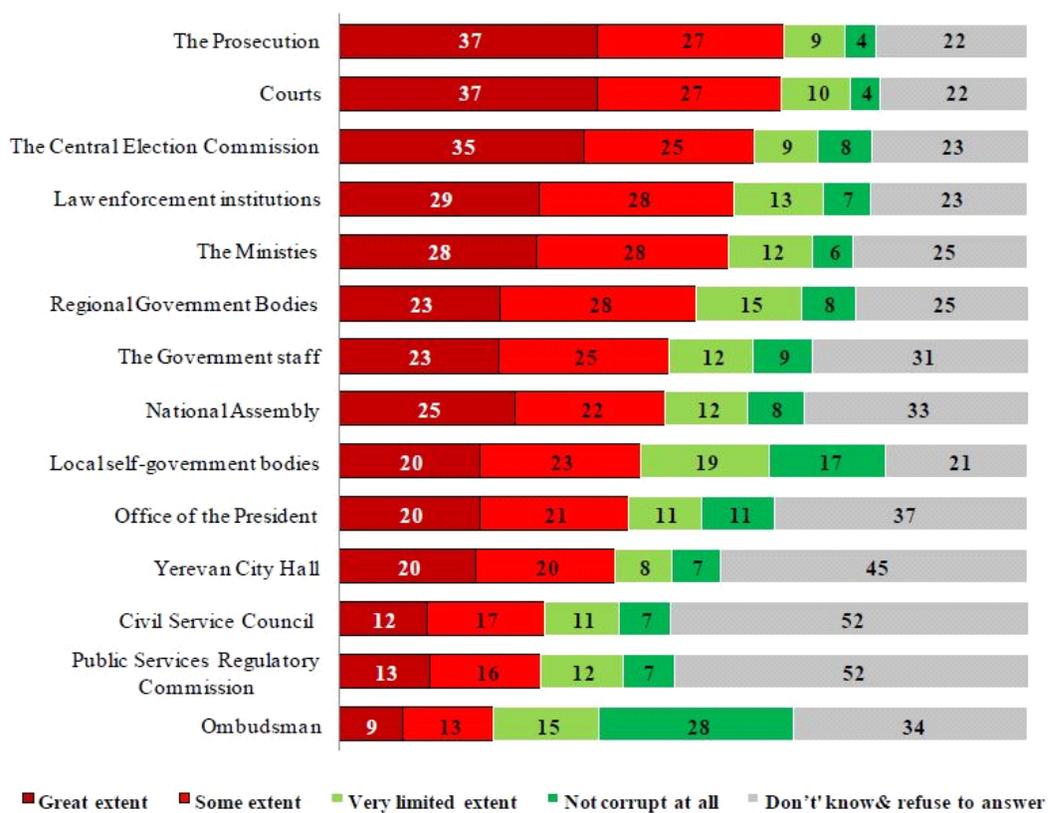
the USAID Mobilizing Action against Corruption (MAAC) program. The surveys cover a wide variety of questions on public perceptions of corruption, causes, consequences and measures to combat corruption.

TI's Corruption Perception Index (CPI) is one of the most recognized measures of corruption perceptions in the world. On a scale 0-10, 0-completely corrupt and 10 not corrupt at all, Armenia scored 2.6 on TI's CPI in 2011, ranking 129 among 182 countries. Freedom House, a Washington, DC based international watchdog, also reports high levels of corruption in Armenia, stating "bribery and nepotism are reportedly common among government officials, who are rarely prosecuted or removed for abuse of office. Corruption is also believed to be a serious problem in law enforcement" (Freedom House 2010).

According to the CRRC survey¹ report (2010), about 82 percent of the survey respondents in 2010 thought that corruption is a serious problem (p. 14). Respondents living in the capital Yerevan were more likely to perceive corruption as a serious problem than those with other urban or rural places of residence (CRRC 2010:14). According to the same report, nearly half of the respondents thought that corruption is more widespread among high-ranking public officials. Courts, the prosecution and the Central Electoral Commission had the highest perceived level of corruption (CRRC 2010:14).

¹ One of the most comprehensive surveys conducted in Armenia particularly looking at corruption is CRRC's Corruption in Armenia survey. The surveys were conducted in 2008, 2009 and 2010 and contained over 60 questions on public attitudes, perceptions and experiences with corruption.

Figure 1: The percentage of Armenians who think the following Armenian institutions are corrupt (%)



Source: CRRC 2010 Armenia Corruption Survey of Households

The survey also asked the respondents if they would take or give a bribe if needed. According to the survey report, more than half of the respondents were willing to give a bribe, a figure three times higher than those who are willing to take a bribe (CRRC 2010:28). The main reason for the willingness to give a bribe, as the survey finds, “is connected to the fact that people know that they cannot solve their problem through the legal channels” (CRRC 2010:28). The survey also found low awareness of state anti-corruption measures. Thus, only 19 percent of the respondents were aware of the government initiatives. The highest level of awareness was revealed in Yerevan (22 percent), with 19 percent in other cities and 16 percent in rural areas. Moreover, the report notes, that the share of those who were familiar with the governmental anti-corruption initiatives had

decreased considerably from 2008 to 2010 (CRRC 2010:43). The findings of this survey inspired me to conduct this research, using the data from the survey conducted in 2010.

In 2009, in the framework of the CRRC fellowship, a number of researchers further explored the Corruption in Armenia survey data. For example, Mikaelyan (2009), using an econometric model of corruption perceptions and willingness to give a bribe, found that corruption perceptions are significantly associated with the willingness of the population to give bribes in Armenia. He notes, “If one perceives an institution to be very corrupt, he/she is more willing to pay a bribe there. This way corruption perception may actually facilitate corruption” (Mikaelyan 2009:18).

Tadevosyan (2009) explored public perceptions of corruption from a human development framework perspective, arguing that corruption hinders human development in Armenia. He concluded that the government of Armenia is an interested party in the corruption cycle, and thus cannot be considered as an implementer of anti-corruption measures (Tadevosyan 2009:43). Tadevosyan sees the role of the civil society and development of social capital as key in combating corruption.

Picking up from where Tadevosyan left his discussion, Paturyan (2009) explored the perceived role of civil society in Armenia in the fight against corruption, demographically and geographically mapping citizens who are more likely to counter corruption. She found that urban residents with a higher education and an upper-middle income are more likely to actively counter corruption (Paturyan 2009:5). These findings situate the recommendations my research draws in Chapter 4.

As the available research in corruption in Armenia shows, while the population recognizes corruption as an urgent problem for the country, there is general inaction to change the situation.

There is also general skepticism towards possible change for a better future in Armenia. The Life in Transition (LiT) study commissioned by the European Bank for Reconstruction and Development (EBRD) finds that only one third of the Armenian respondents believe in a better future for their children, in comparison to the 50 percent average optimism level in the transition region (2010). Moreover, there is a general dissatisfaction with life as well, the study finds. Armenia is on the bottom of the transition country scale with only about one fifth of the respondents satisfied with their life (EBRD 2010:60).

While the literature points towards a possible relationship between pervasiveness of corruption in post-communist countries and skepticism towards possible change of the situation, as far as I am aware there is no research that explores the relationship of these variables in Armenia. This research will add to a better understanding of people's attitudes towards corruption, filling in the gap in the existing research.

CHAPTER 2: CONCEPTUAL FRAMEWORK

The research aims at exploring the relationship between people's willingness to give a bribe and their disillusionment and disbelief in change. Before discussing possible factors influencing people's attitude towards bribes, I will first conceptually define the term corruption.

Corruption

The Oxford English dictionary defines corruption as "having or showing a willingness to act dishonestly in return for money or personal gain" (Oxford Dictionaries 2010). However, the studies that focus on corruption specifically define the phenomenon differently, depending on the country or the agency defining it. For example, Xin and Rudel (2004) suggest "what people call corruption in one place may be regarded as a legal exercise to influence in another place" (p. 300).

Figure 2 provides a summary of different definitions of corruption that are culturally specific.

Figure 2: Country Specific and Generic Definitions of Corruption

International	'The misuse of public powers, office and authority for private gain through briber, extortion, influence, peddling, nepotism, fraud, speed money or embezzlement' (United Nations Development Programme 1999: 7)
Europe	'Requesting, offering, giving or accepting, directly or indirectly, a bribe or any undue advantage or prospect thereof, which distorts the proper performance of any duty of behaviour required of the recipient of the bribe, the undue advantage or the prospect thereof' (Council of Europe 1999)
Africa	'The Soliciting, accepting, obtaining, giving, promising or offering of gratification by way of a bribe or other personal temptations of inducement or the misuse or abuse of a public office for private advantage or benefit' (Zambia Anti-Corruption Commission 1996, s.3)
Asia	'Corruption is the asking, receiving or agreeing to receive, giving, promising or offering any gratification as an inducement or reward to a person to do or not to do any act, with a corrupt intention' (Corruption Prevention Investigation Bureau, Singapore 2001)
Middle East	'Corruption is the behaviour of private individuals or public officials who deviate from set responsibilities and use their position of power in order to serve private ends and secure private gains' (Lebanon Anti-Corruption Initiative Report 1999)
North America	'The misuse of public office for private gain' (United States Agency for International Development 2003)
Academic	'The use of public office for private advantage, the latter term understood not only in the pecuniary sense but also in terms of status and influence' (Palmier 1983: 207)

Source: The Internationalisation of Corruption: Scale, Impact and Countermeasures, By Clare Fletcher, Daniela Herrmann

Some of the definitions above are more narrow and focus on specific actors. The problem with the narrow definition of corruption, as Jens Chr. Andvig and Odd-Helge Fjeldstad (2011) note, is that it may ignore crucial aspects of the problem, such as the absence of political will to fight corruption (p. 11). Klitgaard (1988), for example, offers a less institutional definition: "Corruption exists when an individual illicitly puts personal interests above those of the people and ideals he or she is pledged to serve" (p. xi).

Bribery is one of the main manifestations of corruption, and is "the payment (in money or kind)

that is given or taken in a corrupt relationship” (Andvign and Fjeldstad 2001:14). Particularly in the Armenian context, the word corruption (*koruptsia*) and bribery (*kasharakirutyun*) are used interchangeably.

Tadevosyan (2009), using survey data on corruption perceptions in Armenia, analyzed how the population in Armenia defines corruption. According to Tadevosyan (2009), the definition of corruption corresponds to the generally accepted definition of corruption – the abuse of authority for personal gain (p.11).

My research looks at this particular aspect of corruption – bribery– for a few reasons. First, as seen from Tadevosyan’s research, there seems to be a general agreement amongst the population in Armenia that giving a gift or cash for a preferential treatment constitutes a bribe. Second, as the focus of the research is the population in Armenia, looking at petty corruption and bribery is more logical than focusing on systemic corruption. Third, the data I use for this research specifically asks about the willingness of the respondent to give a bribe. Through the research I try to explore the relationship between people’s willingness to give a bribe and people’s belief in change.

Belief in Change

To explain the relationship between the willingness to give a bribe and the belief in change, I largely relied on the research by Rasma Karklins (2005). Her study discusses corruption in a post-Soviet context and argues that “few people take individual responsibility or see themselves as actors in events and fewer still are prepared to report corrupt acts to the law enforcement agencies, because they do not believe that any action will be taken” (Karklins 2005:73). Karklins (2005) also argues that there is a general disillusionment with the governments in the post-communist states, driving people to inaction. “After the initial euphoria about the newly won freedom following the

collapse of communism, the image of politicians changed quickly. The picture of noble and honest people was replaced by the conviction that ‘politicians always steal’” (Karklins 2005:65).

Karklins concludes that “While the extent and specific mix of corrupt practices differ from one post-communist country to another, their basic features are similar across the region” (Karklins 2002:22). She suggests that these basic features of corruption in post-communist countries are rooted in the transition period regimes.

Based on this conceptual frame, the research tries to explore whether this disillusionment and disbelief in change also impacts people’s choices when it comes to giving a bribe. The research hypothesizes that

- a/ The lower the level of belief in possible eradication of corruption, the higher the public’s willingness to engage in corruption is.
- b/ The lower the level of belief in personal efficacy to eradicate corruption, the higher the public’s willingness to engage in corruption is.
- c/ The lower the level of belief in the government’s willingness to eradicate corruption, the higher the public’s willingness to engage in corruption is.

CHAPTER 3: OPERATIONAL DEFINITION AND RESEARCH DESIGN

Operational Definition

The research relied on the CRRC’s Corruption in Armenia survey. The operationalization of the variables is based on the available questions in the survey.

The dependent variable of the study is **public willingness to engage in corruption**, which is measured by the individual responses to the question:

- “How would you react if you were asked to give a bribe (money, gift, asked for an exchange of favor, etc.)? Would you give the bribe, or would you not give the bribe?” Measured by ‘yes, I would give a bribe’ and ‘no, I would not give a bribe’ answers.

The independent variable of the study is **public belief in change**, which is measured by three separate variables:

- **Belief in possible eradication of corruption:** “To what extent do you think corruption can be reduced in Armenia?” measured dichotomously, ‘Corruption cannot be reduced at all,’ and ‘Corruption can be reduced to a certain degree.’
- **Belief in personal efficacy to eradicate corruption:** “What can you personally do to reduce corruption in Armenia?” measured by a dichotomized scale, ‘There is nothing I can do’ and ‘There is something I can do.’
- **Belief in the government’s willingness to eradicate corruption:** “Please tell me if you strongly agree, somewhat agree, somewhat disagree or strongly disagree with the following statement: The current government of Armenia has a sincere desire and will to combat corruption,” measured on a scale 1-4, where 1-‘Strongly agree,’ and 4 – ‘Strongly disagree.’

Demographic Variables

The research controlled for demographic variables: age, sex, employment, place of residence, and education. **Age** has four categories: 18-30, 31-45, 46-60 and 61 and above. The **employment/occupation** variable consists of six categories: Employed, Unemployed, Retired, Student, Housewife, and Other. The **place of residence** variable categorizes respondents into three groups: Yerevan (capital), Other urban and Rural residence. The **Education** variable is grouped

into four categories: Primary, Completed Secondary, Secondary Vocational and Higher.

Research Design

The research is exploratory in nature, focusing on the perceptions of the population in Armenia. To explore the relationship between the public willingness to give a bribe and their belief in change I used the CRRC Corruption in Armenia survey. Devoted specifically to public perceptions on corruption, the survey consists of over 60 questions and a rich demographic block. The dependent and independent variables of the study are based on the questions from the survey.

The survey uses a representative random sample of the entire population of Armenia. The next section provides a more detailed description of the sample.

Population and Sample

Research uses the Armenian Corruption survey data. The data were collected by the Caucasus Research Resource Centers (CRRC) in Armenia in 2010. The dataset and the supporting documentation are publically available on the CRRC website. Data collection followed all the ethical considerations. The survey used a multistage cluster sampling with preliminary stratification by urban/rural areas and by administrative regions (See Appendix for the details on the sampling). The sample size of the survey is 1,528 respondents representing the adult population of Armenia; margin of error is $\pm 2.5\%$, with a 95% confidence interval. The survey was conducted through face-to-face interviews in November 2010.

Data Analysis

I used binary logistic regression to explore the relationship between belief in change and the willingness to give a bribe, controlling for demographic variables. I transformed the scales of some of the variables for the regression analysis. Thus, I transformed the original Likert scale to a dichotomous scale for the variable “To what extent do you think corruption can be reduced in

Armenia?”² Similarly, I transformed a multi-category scale for the question, “What can you personally do to reduce corruption in Armenia?” into a dichotomized scale, ‘There is nothing I can do’ and ‘There is something I can do.’ First, this transformation yielded enough cases for the analysis.³ Secondly, the aim of the research is to explore the general belief in personal actions, rather than specific actions groups within the population are willing to take. I left the original scale for the perceived government’s willingness to combat corruption.

CHAPTER 4: FINDINGS AND DISCUSSION

Findings

Before presenting the results from the logistic regression, here I present the distributions of the main variables. The dependent variable of the research is the public willingness to engage in corruption. Over half of the survey respondents (57.7 percent) say they would give a bribe if they were asked.

The belief in change independent variable is threefold: belief in possible eradication of corruption; belief in personal efficacy to eradicate corruption and belief in government’s willingness to eradicate corruption. According to the data, a great majority of the respondents are skeptical about the possibilities of reducing corruption and their role in the fight against corruption. Around a third (31.5 percent) of the respondents think corruption cannot be reduced at all. For 70.9 percent of the respondents “There is no other way to get things done” is the first main motive behind corrupt acts, followed by “to speed up the process” (15 percent).

² The original distribution of the variable: ‘Corruption cannot be reduced at all’ - 31 percent; ‘Corruption can be reduced to a certain degree’ – 46.4 percent; ‘Corruption can be substantially reduced’ – 13.9 percent and ‘Corruption can be completely eradicated’ – 3.3 percent, ‘Don’t know’ – 4.8 percent.

³ The original distribution of the variable: ‘Abstain from paying bribes for public services’ – 23.2 percent; ‘Report corrupt behavior of the public officials to NGOs’ – 1 percent; ‘Report corrupt officials to authorities’ – 1.7 percent; ‘File a lawsuit against the corrupt official’ – 1.2 percent; ‘Participate in awareness campaigns against corruption’ – 2.9 percent; ‘Participate and support an anticorruption education campaign’ – 3.1%; ‘There is nothing I can do’ – 53.1 percent.

Table 1: Reasons why Armenians say they would give a bribe (% from those who are willing to give a bribe if asked)

Because there's no other way I can obtain the service	70.9
To speed up the process	15
Because everyone gives	6.1
To be sure I get what I need	4.5
I would be able to negotiate a lower price	1
Other	2.4
Total	100.0

There is also a general feeling that taking action will not change anything. Thus, 76.4 percent of the respondents noted that no action will be taken even if corruption is reported. When asked, what the actions that the respondent would personally undertake to help combat corruption, 53.1 percent note that there is nothing they can do. Among those who said they can do something, 23.2 percent note “abstain from paying bribes for public services.”

Over half (56 percent) of the respondents strongly or somewhat disagree with the statement that the current government of Armenia has a sincere desire and will to combat corruption.

I performed binary logistic regression to assess the impact of the discussed factors on the public willingness to give a bribe, controlling for demographic variables. The model contained eight independent variables (belief in possible eradication of corruption, belief in personal efficacy to eradicate corruption, belief in government’s willingness to eradicate corruption, sex, age, place of residence, level of education and employment). The model as a whole was statistically significant, $\chi^2(17, N=1152) = 91,067, p < .001$. However, the model explains only 10 percent of the variance in the willingness to give a bribe, correctly classifying 64.1 percent of cases. Collinearity diagnostics based on tolerance and VIF do not indicate collinearity.⁴

⁴ The tolerance value for each independent variable is above .10 (ranging from .797 to .963), and the VIF values are below 10 (ranging from 1.039 to 1.255).

Table 2: Willingness to Give a Bribe (Yes)

	B	S.E.	Sig.	95.0% C.I. for EXP(B)		
				Lower	Exp(B)	Upper
Age (61+)			.023			
18-30	.747	.287	.009	2.111	1.202	3.707
31-45	.791	.282	.005	2.206	1.268	3.838
46-60	.448	.253	.077	1.566	.953	2.572
Residence (Rural)			.014			
Yerevan	.401	.163	.014	1.494	1.084	2.057
Other Urban	-.036	.157	.820	.965	.709	1.313
Government's willingness to eradicate corruption (Strongly Disagree)			.006			
Strongly Agree	-.732	.227	.001	.481	.308	.751
Somewhat Agree	-.402	.174	.021	.669	.476	.941
Somewhat Disagree	-.149	.179	.404	.861	.606	1.223
Sex (Female)						
Male	.072	.149	.630	1.074	.802	1.438
Employment (Housewife)			.156			
Employed	.009	.204	.966	1.009	.677	1.503
Unemployed	.341	.209	.102	1.407	.935	2.118
Retired	-.026	.286	.929	.975	.556	1.708
Student	-.398	.357	.265	.671	.333	1.352
Education (Higher)			.062			
Primary	-.546	.234	.020	.579	.366	.917
Completed Secondary/Technical	-.175	.171	.305	.839	.600	1.173
Corruption can be reduced (Cannot be reduced)						
Corruption can be reduced to a certain degree	.128	.145	.377	1.136	.856	1.510
Personal action to reduce corruption (I can do something)						
I cannot do anything	.563	.137	.000	1.757	1.343	2.297
Constant	-.134	.354	.705	.875		
Chi Square	91.067***					
-2 Log likelihood	1434.192					
Nagelkerke R square	.104					

*** p < 0.001; ** p < 0.01 and * p < 0.05; N=1152

As seen in the Table 2, belief in government's willingness to eradicate corruption and belief in personal efficacy were statistically significant in the model along with the demographic variables of age, place of residence and education. Belief in government's willingness to eradicate corruption had a strong effect, with those who strongly disagreed that the government is willing to eradicate corruption being two and a half times more likely to give a bribe than those who strongly agree and two times more likely than those who somewhat agree.

Education was the strongest predictor. Those with higher education are almost three times more likely to give a bribe than those with primary education.

Age also was a significant predictor, with the respondents in the younger age group slightly more willing to pay a bribe than older ones. The place of residence was a significant factor in case of Yerevan, with those residing in the capital more likely to be willing to give a bribe than those living in a rural area.

Belief in possible eradication of corruption was not significant in the model, holding one of the hypotheses untrue. Sex of the respondent, as well as employment, were not significant factors in predicting the likelihood of giving a bribe.

Discussion of the Findings

Research showed that corruption, at least the bribery aspect of it, is recognized as a problem by the overwhelming majority of the population (82 percent), contradicting the body of research arguing that corruption is morally acceptable. The findings of this research are similar to that of Anna Persson, Jan Teorell and Bo Rothstein (2010). Drawing upon the cases of Uganda and Kenya, these scholars challenge the studies, which argue that cultural values and norms are the reason why Africans engage in corruption. Persson, Teorell and Rothstein (2010) find that there is moral

disapproval of corruption in the studied African countries. However, even with the existing disapproval of corruption, in the situation where everyone else is perceived as corrupt, the benefits of being corrupt outweigh the costs (Persson, Teorell and Rothstein 2010).

Not justifying corruption, or finding it morally unacceptable, does not stop many Armenians from being willing to pay a bribe if needed. As seen from the data analysis, many of the respondents justify their decisions to give a bribe as the only way to get things done.

Additionally, according to over a quarter of the respondents there is no need for negotiating the amount of the bribe, as it is known in advance. Christoph Stefes (2008) argues that

Under conditions of systemic corruption, corrupt activities are the norm rather than the exception. From the bottom to the top of the state apparatus, officials routinely engage in corrupt practices, and citizens are well aware that bribes are crucial for receiving extra favors (e.g., an advantageous court ruling) or simply what they are legally entitled to (e.g. the timely issuing of business licenses). (P. 3)

The data also shows a rather strong apathy among the population, with not only a tendency to distrust the efforts of the government, but a disbelief in personal possible actions. As it was hypothesized, there indeed seems to be a significant relationship between the willingness to give a bribe and belief in change.

The analysis showed a significant relationship between the willingness to give a bribe and belief in the government's intentions and actions. Particularly, those believing in the government's willingness to eradicate corruption were less willing to pay bribes than those that did not believe. Perceived high corruption and disillusionment in the government may explain the apathy and unwillingness to take any action. Morris and Klesner (2010), for example, looking at the case of Mexico, find that most of the people in Mexico blame the government for the widespread corruption and do not believe in possible solutions. The authors note, "This view helps justify their

own participation in corruption and spawns apathy toward doing anything about it” (Morris and Klesner 2010:1278). Similarly, Karklins (2005) finds that “If citizens view a regime as illegitimate and exploitative, they are less likely to feel obliged to act as good citizens who pay taxes and obey the law, and instead are much more likely to engage in illicit practices” (p. 93).

Among the demographic variables, age, place of residence and education were statistically significant. The age groups of 18-30 and 31-45 were more likely to be willing to give a bribe compared to the oldest age group. This finding is similar to the findings of Mikaelyan (2009), who found that elderly are less willing to pay bribes than the younger cohorts. His research unfortunately does not provide possible explanations for these attitudes. The analysis also showed that those living in Yerevan in comparison to rural areas are more willing to pay a bribe. A study in Mexico had revealed a similar trend in the country, where younger and better educated cohorts living in urban areas are more engaged in paying bribes (Sullivan 2001:23). The article, quoting Reyes Heróles, suggests that these segments of the population have busier lives and are willing to pay a bribe to get things done fast (Sullivan 2001:23). Similarly, a study conducted in Bulgaria focusing on corruption in healthcare finds that well-educated and younger cohorts are paying more bribes. The authors suggest this cohort pays bribes more in order to receive better quality treatment (Balabanova and McKee 2002:243). One could speculate, that in Armenia as well, younger and better educated segments of the population have busier lives and want to get things done fast, in light of the perception that bribes are the only way to get things done. Moreover, the analysis of the survey data showed that 15 percent of those who are willing to give a bribe would do so to speed up the process. At the same time, while the likelihood of the willingness to pay a bribe is higher among the educated segments of the population living in Yerevan, according to Paturyan’s research (2009), the cohorts residing in Yerevan with higher education are more likely to engage in

anti-corruption measures (p. 37). Further research focusing on the attitude towards bribery among various demographic cohorts could be of added value.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

As research shows corruption is a serious problem in Armenia. Both the government and the population recognize the urgency of the problem. However, the literature on corruption does not provide a single answer to the problem of corruption. In general, research on corruption is complicated. As a phenomenon, it is done in secrecy, and is difficult to research. However, the challenge of researching this topic is not only due to its secret nature but various approaches to studying it. As corruption directly affects the economic development of a country, economic models of corruption analysis have been dominating the research on corruption (using for example the principal agent model). Many of the anti-corruption policies have been developed based on these economic models. A new trend in the studies started to look at various cultural aspects of corruption.

My research was influenced by Karklin's study (2005), which finds that due to general disbelief in the state and personal power thereof, the population is willing to engage in corruption. Particularly looking at one aspect of corruption -- bribes, and more specifically Armenians' willingness to give a bribe, I aimed at exploring the relationship between the population's belief in possible eradication of corruption, belief in personal efficacy to eradicate corruption, belief in the government's willingness to eradicate corruption and the public's willingness to give a bribe. Data analysis showed that those who do not believe in their participation in change, or the state's willingness to fight corruption, are more willing to give a bribe if they are asked.

Based on the findings, the research recommends a combination of top-down and bottom-up efforts

to combat against corruption.

The research showed that those who do not believe in the government's willingness to combat corruption are more likely to pay a bribe than those who believe. Government's willingness to fight corruption is not only a factor in the public attitudes towards corruption, but is highlighted as one of the reasons for failing anti-corruption policies. Thus, absence of political will in the implementation of the strategies is often cited in the research as a factor in the failures of the anti-corruption programs. For example, USAID Anti-Corruption Strategy Lessons Learned document emphasizes the need for political will, noting: "Public sector reforms in environments of low political will appear to have limited chances of success" (USIAD Anticorruption Strategy 2005:12). Similarly, Stefes, citing Emil Danielyan's article in Transitions Online, suggests that the absence of will on the part of Armenia's government: "Lacking the political will to eradicate corruption, the Armenian government has largely engaged in a window dressing exercise to placate international actors" (Stefes 2006:172).

The OECD monitoring report (2011) notes that,

What lacks is a proper and effective implementation. Work of anti-corruption coordinating mechanism created in 2004 is weak. So far the Anti-Corruption Strategy is not properly implemented. No institutional support and resources were allocated to support anti-corruption work by the Government. (P. 11)

Another example of a program that did not fully succeed in Armenia is the USAID-funded MAAC project. The aim of the project was to support system-level and procedural reforms, provide grants to civil society organizations and increase awareness of the population against corruption (MAAC Evaluation report 2010:3). From 2007-2010 USD 6.39 million were authorized for the implementation of the project. However, according to the evaluation report, the project was not efficient. While it had flaws in the initial design, among other obstacles, the report (2010)

concludes:

While MAAC activities have been undertaken on behalf of some government agencies, not one Armenian governmental body has been willing to sign an agreement with the contractor. Moreover, once the training and supervision of departmental monitors ends in a few weeks, no new initiatives with government are in immediate prospect. Obviously an evident lack of ‘political will’ to fight corruption by Armenian government officials contributes to this inactivity. (P. 14)

The willingness of the state to combat corruption, as seen from review, is a key factor in policy implementations, and should be adequately addressed in the policy initiatives.

A crucial step towards the compliance with international obligations in practice, and showing willingness to combat corruption, should be the criminalization of illicit enrichment. According to the Article 20 (illicit enrichment) of the United Nations Convention against Corruption: “Subject to its constitution and the fundamental principles of its legal system, each State Party shall consider adopting such legislative and other measures as may be necessary to establish as a criminal offence, when committed intentionally, illicit enrichment, that is, a significant increase in the assets of a public official that he or she cannot reasonably explain in relation to his or her lawful income.” Since May 19, 2005, Armenia is a signatory country; however, the Criminal Code of Armenia does not establish illicit enrichment as a criminal felony.

The research also revealed general apathy among the population and disbelief in personal efficacy. This finding is important for policy making, as it shifts the focus of intervention onto the public – an anti-corruption campaign will need public support in order to succeed. Karklins (2005) notes: “If ordinary people and businesses are accustomed to dealing with the state through payoffs, even if this is considered a ‘necessary evil,’ then a change in attitude is essential to achieve fundamental, systemic change” (p. 59).

Similar to Karklins, a group of scholars argue that anti-corruption policies of the past decade have

been failing as they have targeted the governments as the main implementers of these policies (Persson, Teorell and Rothstein 2010; Mungiu-Pippidi 2013; Shah 2007). If the implementers of the anti-corruption policies are also corrupt, to a certain degree, than there will be no actors willing to monitor and punish corrupt behavior (Persson, Teorell and Rothstein 2010:5). Similarly, Anwar Shah (2006) argues that “corruption results from opportunistic behavior of public officials as citizens are either not empowered or face high transaction costs to hold public officials accountable for their corrupt acts” (p. 11). Mungiu-Pippidi (2013) argues that, “Yet those who have the most discretionary power also have the most opportunities to act corruptly, putting high level government officials and legislators in the best position to manipulate anti-corruption bodies or to influence policy and legislation in favor of particular interest groups” (p. 103).

Driven by the research findings and literature review, thus, efforts concentrating on public empowerment and civic engagement should accompany any top-down policy efforts.

Odd-Fjeldstad and Isaken (2008), based on their evaluation of public sector reform recommend

Corruption can best be tackled when political reform and regulatory restructuring are complemented by a systematic effort to inform the citizens about their rights and entitlements and increase their capacity to monitor and challenge abuses of the system. Breaking the culture of secrecy that pervades the functioning of some governments and empowering people to demand public accountability are two important components in such an effort. (P. 11)

A better involvement of the civil society organizations in the policy development and policy implementation processes could provide more accountability and transparency to the anti-corruption measures, raising public trust in the efforts. Particularly, clearly defining the role of the NGOs in the process is a key here. OECD monitoring report (2011) notes that the Government involved civil society representatives during the development of the anti-corruption strategy, but the role of the civil society in the implementation of the strategy remained limited.

Donor organizations should also provide long term support, grass root movements and civic initiative to fight against corruption, particularly supporting already existing initiatives.

There are a number of local non-profit organizations combating corruption, however a very small percentage of the population knows about these organizations (Paturyan 2009). Engaging more segments of the population in the activities and publicizing success stories would improve the public's belief in their personal capacity to combat corruption. The office of the Ombudsmen (human rights defender) should also be more actively engaged in combating corruption.

CHAPTER 6: RESEARCH LIMITATIONS AND FURTHER RESEARCH

The research was exploratory in its nature. I recognize that there may be a number of other factors that influence public willingness to engage in corruption. While the regression model showed the influence of different variables tested, the overall model performance was low. Other variables may be at play here, influencing public willingness to give bribes. As discussed in the literature review, trust, both interpersonal and institutional, may be a factor influencing public willingness to engage in corruption (Harris 2007; Moreno 2003; Putnam 2000, 2003; Rose 1998; Stefes 2006). The main instrument I used for this research, however, did not allow for testing the role of trust on the permissiveness of corruption. Future research should consider exploring this relationship. The CRRC Corruption dataset, while rich with questions on corruption perceptions, does not contain questions on interpersonal or institutional trust. In case of conducting another wave of the survey, collecting data on these variables could be useful for testing relationship between trust and the perceptions of corruption.

The research found significant relationship between the willingness to give a bribe and demographic variables such as age, place of residence and education. Further research into

explaining tendencies specifically within various demographics and geographical cohorts in Armenia could provide valuable insights for policy makers.

APPENDIX. SURVEY SAMPLING

Sampling frame: Household addresses based on a list of electricity users (physical persons only) were provided by the Armenian Electricity Networks (CJSC). The following steps were implemented within a four-stage sampling approach:

- Grouping of electricity network branches into states; stratifying the sample proportionately by the state and by urban and rural areas.
- Random selection of Primary Sampling Units (PSUs), or clusters, within the states; each cluster comprised an average of 500 households and usually corresponded to an electricity transformation station.
- Selection of households (final sampling units) within PSUs was performed by a random selection method.
- Selection of respondents within households was performed by the next birthday method.

Weights: Following data collection, the data was weighted by state, age and gender to bring the realized sample in line with target population parameters. The initial weights derived from the sample were adjusted, taking into account the official data of the National Statistical Service (NSS) Armenia on the composition of adult population by state, age and gender; non-response rates for each cluster are reflected in the weight calculation.

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