

Master thesis Public Administration:

**“The effect of national culture on the  
implementation of anti-corruption  
policies”**

by  
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***“Secrecy is the mother of corruption”***

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| <b>Acronym</b> | <b>List of acronyms</b>                            |
|----------------|--|
| AC             | Anti-Corruption                                    |
| ACA            | Anti Corruption Agency                             |
| CIA            | Central Intelligence Agency                        |
| CPI            | Corruption Perception Index                        |
| FOIA           | Freedom of Information Act                         |
| GDP            | Gross Domestic Product                             |
| GI             | Global Integrity Institute                         |
| KPK            | Corruption Eradication Commission                  |
| PDI            | Power Distance Index                               |
| RTI            | Right to Information                               |
| SPSS           | Statistical Package for the Social Sciences        |
| TI             | Transparency International                         |
| UAI            | Uncertainty Avoidance Index                        |
| UNDP           | United Nations Development Program                 |
| UNODC          | United Nations Office on Drugs and Crime           |
| UNCAC          | UN Convention against Corruption                   |
| USAID          | United States Agency for International Development |

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## 1. Introduction

Practically everybody in this world has heard of corruption and at least 1,5 billion people have personally experienced some form of it in 2011 (TI 2011). Such a number already shows that corruption is a serious problem for many individuals worldwide. However not only has corruption implications for the affected individuals but also for the morale of a society in general (Svensson 2005). Therefore governments and civil society worldwide recognize corruption as a problem and subsequently put maximum effort in the combating of corruption. Before continuing the introduction it is useful to provide a definition of corruption. The definition is formulated by (Treisman 2000) as it is used regularly in publications related to corruption within the public sector. For now it is useful as it is concise yet it covers the essence of corruption:

*“Corruption is the abuse of public office for private gain”*

Although the definition above seems like a simplification of a complex subject there is up till now no international consensus about a more precise definition for public corruption. Not only the definition of corruption is indefinite, the same holds for the causes of corruption in a society. Research shows that on a macro-level there are three general factors that can be associated with the level of corruption namely (Bayley and Perito 2011):

- Cultural
- Economic
- Institutional

However most attention from scholars and policy advisors focused in the last decade on the institutional and economic factors (Pillay and Dorasamy 2010). This applies to the academic research and the creation and implementation of policies against corruption (O'Connor 2011).

An illustration of this focus is the preference for general anti-corruption policies which are applied on each country by institutions like the World Bank (Campbell 2013) assuming that a change of institutions will lead to lower corruption and the use of economic theories that assume that corrupt officials are rational and self-interest seeking.

Still there has been some development in the cultural research to corruption. Various authors like (Husted 1999; Kimbro 2002) and (Licht, Goldschmidt et al. 2007) conducted comparative studies in which they concluded that there is a significant relation between national culture and corruption.

Furthermore are their conclusions promising regarding the cultural characteristics that explain why corruption varies across nations. Unfortunately empirical work has lacked to study the possible implications of those cultural relations on the anti-corruption policies that countries use in their fight against corruption (Huther and Shah 2005).

For this reason this thesis not only attempts to determine empirically a relation between national culture and corruption but the influence of national culture on the efficiency of anti-corruption policies as well. It does so by first investigating the strength of the relationship between culture and corruption whereby economic development will play a role as well. Thereafter it will analyze the interaction between the degree of AC-policies implementation and corruption rates across nations taken the cultural background of each country into account. The outcome of this analysis can provide useful recommendations in for example the process of anti-corruption policy formulation and implementation.

In order to do so this study attempts to cover a wide range of countries that makes it possible to evaluate the aspects that have an influence on corruption. It is acknowledged that cross-country data create difficulties related to measurement generalizations, quantification and estimation. Nevertheless the limitations of this cross-country study are surpassed by the information it can deliver (Kimbrow 2002)

## **1.1 Main question and sub questions**

As the goal of the study has already been outlined in the first sub-chapter above, this sub-chapter will describe the research questions that are necessary to carry out the research starting with the main question. The goal of the main question is to address both independent variables ‘national culture’ and “anti-corruption policies” and the dependent variable “corruption” in a concise question. In addition it deals with the use of the conclusion of the relation between those variables(Creswell 2009).

Taken these considerations into account the following main question can be formulated:

*“Does a nation’s national culture in combination with anti-corruption policies explain the rate of corruption in a country, controlling for the effects of economic development?”*

From this main question four sub-questions can be formulated.

*1. To what extent do corruption rates in the public sector vary across countries?*

This question will first provide a general understanding of the background and appearances of corruption. It will then continue with culture as a cause of corruption.

*2. To what extent does national culture vary and to what extent are AC-policies implemented across countries?*

The concept of national culture is complex and there are no universal definitions for it. However the goal of this sub-question is to explicate the concept of national culture in order to make it fit for the (statistical) analysis. The second variable AC-policies can be interpreted broadly as well. Therefore this variable will be divided in three main policies to make it suitable for the analysis in sub-question three and four. The final aspects are the other factors that play a role as a cause of corruption.

*3. Do cultural differences and anti-corruption policy measures affect the rate of corruption in a country?*

This sub-question provides the analysis that will be conducted with SPSS and is based on existing analysis for this sort of research. The analysis will consist of two main parts. The first part analyzes if national culture and other factors relate to corruption. The second part will focus on the interaction between AC-policies and culture in relation to the rate of corruption across countries (Kimbrow 2002; Cheung and Chan 2008; Skolnick 2010).

*4. What are the implications of this relation for the implementation of AC-policy measures in the future?*

The analysis of the outcome of sub-question three will lead to a number of outcomes. From these outcomes policy implications can be formulated for future anti-corruption policies and more specifically the outcomes can indicate whether culture should play a part in the formulation and implementation of these policies.

## **1.2 Report outline**

The remaining part of the report is divided in three chapters and ends with a conclusion. Chapter two concerns all the theory of the thesis. It will start with the dependent variable corruption. After that an outline of the independent variables will be presented. Finally the chapter will end with a conclusion.

Subsequently chapter three describes the methods that are used to carry out the research. This includes aspects like research design, data and operationalization as well. The appropriate statistical analyses that are in line with chapter three are then displayed in chapter four including the results of these statistical analyses. Finally there will be a conclusion, which provides an answer on the sub-questions and presents a number of recommendations.

## **2. Theory**

In this chapter the background of all the variables will be outlined in the order of corruption, culture, AC-policies and the control variables. The last part of the chapter will consist of an overview of the chapter and the presentation of a graphic model, which illustrates the relations between all the variables to attain a comprehensible overview for chapter three and four.

The chapter starts with two sections discussing the dependent variable corruption. The first embraces the background and appearances of corruption and the second portrays culture as a cause of corruption.

### **2.1 Background and appearances of corruption**

As already pointed out in the introduction corruption is a widespread phenomenon which affects many people worldwide (TI 2012). Corruption is a problem societies have been trying to cope with for thousands of years. Only recently one started to recognize that the costs of corruption are not only economically for instance through bribery, but also have a wider impact on a society. This concerns sectors like *inter alia* security and quality of health care (Bisogno, Reiterer et al. 2011).

In the introduction a concise definition of corruption was used. However it is useful to define corruption in more detail. Especially important for such a definition is that it covers all the elements of corruption without formulating a long text. A recent definition from (Duyne 1998) provides an additional insight on top of that of (Treisman 2000). That is because it focuses on the individual decision maker. By using such a view it can for example also take into account context-dependent factors like culture and history, which are relevant for this thesis.

At first is there an overview of the five elements important for the definition and then the definition itself:

- A decision-maker,
- Accepted rules and criteria by which his decision ought to be made,
- *De facto* ability of the decision-maker to deviate from these rules and criteria,
- Accountability (in principle) of the decision-maker for his decision-making to another authority
- Exchange relation between the decision-maker and the person interested in the decision, which is of hidden, improper nature.

These five elements then lead to the following definition:

*“Corruption is an improbity or decay in the decision-making process in which a decision-maker consents to deviate or demands deviation from the criterion which should rule his or her decision making, in exchange for a reward or for the promise or expectation of a reward, while these motives influencing his or her decision-making cannot be part of the justification of the decision”*

In line with the recognition that corruption is not only an economic problem the amount of empirical studies conducted to corruption increased as well.

According to (Morgan 1998) and (Heidenheimer 1996) three central directions can be identified in these studies. The first direction addresses why policymakers, business leaders, and citizens should concern themselves with the existence and elimination of corruption.

The second direction relates to how and when political, economic, and cultural forces contribute to corruption and what their role is in the fight against corruption. The final direction is a more comprehensive one and discusses which AC-policies effectively counter corruption. All of these three directions are equally important against corruption however this thesis has a focus on the second direction and more specifically on the cultural force behind corruption.

Up till now corruption has been considered as a fixed single concept. Yet corruption has a variety of appearances in a society. Both literature and reports provide numerous types and methods of corruption. Although these appearances are very diverse they can be divided among four classifications (Morgan 1998) (U4 2012):

- Bribery: bribery is one of the most pervasive and widespread forms of corruption and therefore also has the most attention under policy-advisors and politicians. The largest consequences of bribery lie in the distortion they cause within the political and economical systems of a country. Still bribery is the easiest form of corruption to address as its main causes lie in the structure of institutions and policies.
- Nepotism and clientelism: in general this is favoritism shown by public officials to relatives or close friends. Examples could be to place a family member in a high position or promote a friend. This is a type of corruption in which the border between accepted and not accepted can be partly determined by culture.
- Embezzlement and fraud: in the case of the public sector it is stealing money or other government property.
- Abuse of discretion: misuse of powers of a (usually) high ranked official. An example is a high ranked police officer who improperly dismisses a case.

It is evidently worthy to study all these elements separately however it is expected that due to measurement difficulties the classifications above are hard to be made within an analysis. Nonetheless in the conclusions they could be taken into account.

If one examines these classifications the boundaries between what is corruption and what is not seem apparent. However in practice they will always be vague as assessments of situations can be complex from time to time(Bayley and Perito 2011).

As the concept and appearances of corruption are by now described, the next sub-chapter will provide an overview of culture as cause of corruption.

## **2.2 Culture as cause of corruption**

In attempting to understand corruption it is necessary to get an insight in the causes of corruption. As previously mentioned researchers distinguish three important causes for corruption (Lambsdorff 2005; Bayley and Perito 2011). The first factor is the cultural factor and only this factor will be discussed in this sub-chapter as it plays the largest role in this thesis. The other two factors will be discussed further on in chapter two. In comparison to the other two factors the least empirical research has been done on the cultural factor. Furthermore most of the research towards the relation between culture and corruption has been applied on a macro-level (Morgan 1998; Husted 1999; Hofstede 2001; Hooker 2009). Even though culture is difficult to define relationships between culture and corruption have been found in the past decades, mainly by making use of a number of cross-cultural psychology models. Yet most of the publications about the relation between culture and corruption take into account additional factors or have an area of research in a more specific field when dealing with corruption. One of the first authors to explore the relation between culture and corruption was Hofstede with an examination of the relation using his own model (Hofstede 2001). Other studies that dealt with this relation by using the model of Hofstede in a different context (Getz and Volkema 2001; Tsakumis, Curatola et al. 2007). Those studies had a specific focus to empirically determine and explore the relation. Follow-up studies of (Tsakumis, Curatola et al. 2007) which researched the relation between tax evasion and culture and a study of (Cheung and Chan 2008) which examines the relation between corruption and culture using the influence of education also found significant relations between culture and corruption. Moreover they provided recommendations on how these cultural relations can be used to prevent and combat tax evasion and to improve education in a number of areas as well.

A final practical illustration of the causal relation between culture and corruption is the article of (Fisman and Miguel 2007) that proves this link based on the fact that diplomats from high-corruption countries accumulated significantly more unpaid parking violations in New York City influenced by cultural norms from their home country.

Concluding one can assert that, based on the literature, there is a causal relation between culture and corruption. Be that as it may there can be still be discussion which elements of national culture are responsible for this causal relation, which is difficult to determine as the definition of culture is not unambiguous.

## **2.4 National Culture and corruption**

Before one can dive into the practical interpretation of national culture it is useful to provide an overview of the concept “national culture”.

### **2.4.1 Cultural theory**

The concept of culture is a complex subject as it is hard to define which elements can be shared among culture and which cannot. It is functional to start with a part of a well-known definition by (Hofstede 2001) which applies to the concept of national culture in this research:

***“The essential core of culture consists of traditional (i.e. historically derived an selected) ideas and especially their attached values”***

Especially the “their values” aspect in the definition above is important as they guide and justify the way that social institutions function and what their goals and modes are. Furthermore do persons in a society draw on these cultural values to select actions, evaluate people, and explain or justify their actions and evaluations (Licht, Goldschmidt et al. 2007).

That said it is not always easy to observe the real culture of a nation. As stated before values are the core of culture. Examples of those values are the contradictions between irrational and rational or immoral and moral. Subsequently these values manifest themselves in aspects like rituals, heroes and symbols, which together form the practices of a society. Because an outsider interprets these practices from his own core values misunderstandings take place.

Under the influence of globalization and the harmonization of cultural practices worldwide a discussion arose if the practices at the surface can influence the core values of a society.

Although that question is out of the reach of this research, one can at least say that at the moment national culture is relatively impervious to change (Newman and Nollen 1996). That being said measurements of cultural values have only been conducted in the last 30 years.

In recent decades many theories in the field of cross-cultural psychology have been published to measure the genuine values of a society. One of the theories that has been used frequently in a range of studies is the theory of (Hofstede, Hofstede et al. 2011) which provides a framework for understanding differences in national culture. The theory is based on data that was collected through a total of 116,000 employee attitude questionnaires in 72 countries by means of a large multinational corporation IBM. IBM had local branches all around the world who all employed people from their own country and because of that reason the surveys were all fit to measure the local values. The employees who filled in the surveys came generally from the service and sales departments. The reason for this was that they usually belong to the middle class in a country and it is the middle class of country that has the largest influence on the institutions and schools in a country. When Hofstede acquired all the data he then constructed via the survey questions, that were categorized into factors, six cultural dimensions that can describe the variations between national cultures (Hofstede 2001).

The model of Hofstede is suitable for this research because of three reasons. The first reason is that it has been proved reliable over time as a model to measure the cultural variation between countries. Because even though the model was constructed in the 1980s there is a wide range of significant correlations between his country scores and other national-level variables constructed in the last twenty years (Trompenaars and Hampden-Turner 1998; Hofstede 2001; Franke and Nadler 2008). Therefore the model of Hofstede continues to serve as a useful predictor of cultural variation.

The second reason is that the theory of Hofstede provided the largest data set related to cultural information about countries. Such a broad availability of data is valuable for broad cultural research.

The final reason is that many other authors used the model successfully as well for research between culture and corruption. This research has been carried out for many purposes. (Tsakumis, Curatola et al. 2007) Carried out a broad statistical analysis of the relation between cultural dimensions and tax evasion. (Rethi 2012) analyzed the relation between culture and corruption with various cultural dimensions including those of Hofstede. A study of (Kimbrow 2002) also conducted an empirical test to analyze which variables influence corruption and she included the dimensions of Hofstede in this analysis as well. Finally a study of (Newman and Nollen 1996) looked into the influence of culture on productivity policies in organizations. They used the dimensions of Hofstede also to define culture for their research.

Still the model has shortcomings and there are a couple of arguments or warnings that have to be taken into account when one uses the model of Hofstede for such an analysis. (Williamson 2002) and (McSweeney 2002) provide warnings that can be categorized in three types. A first warning is the risk that researchers assume that all members of a country carry the same cultural characteristics in other words that a culture can be uniform. A second warning comes from (McSweeney 2002) that one can predict the behavior of an individual totally by its cultural background. This is related to a common mistake of predicting the behavior of an individual on the basis of cultural data. Finally is there the pitfall for taking the cultural dimensions too literally instead as seeing them as approximate measures, since a range of other social and physical factors determine the behavior of members in a group as well. These words of warning are useful to keep in mind when drawing conclusions from the statistical analysis.

#### **2.4.2 Cultural dimensions in relation to corruption**

As stated above the model of Hofstede consists of six dimensions that depict the national culture of a country. For this research two of the dimensions will be used that is the Power Dimension Index (PDI) and the Uncertainty Avoidance Index (UAI), the remaining four dimensions of the model of Hofstede will not be taken into account in this research. These two cultural dimensions are described underneath; this description also includes an argumentation why they are more suitable than the remaining four cultural dimensions. The argumentation is primarily based on research that has been previously conducted on this subject.

Before describing the PDI dimension the main definition from(Hofstede 2001) of the PDI dimension will be provided as a starting point:

*“The PDI expresses the degree to which the less powerful members of institutions or organizations accept and expect that power is distributed unequally”*

Although the statistical calculation of the whole dimension is rather complicated it is eventually based on three questions in the survey of Hofstede. The main questions are lined up underneath:

1. For the above types of managers please mark the one which you would prefer to work under?<sup>1</sup>
2. And, to which one of the above four type of managers would you say your own manager most closely corresponds?
3. How frequently, in your experience, do the following problems occur on a scale from 1 (very frequently) to 5 (very seldom)? “Employees being afraid to express disagreement with their managers”

In the following years the survey has been changed in some aspects partly due to the addition of extra dimensions however the questions for PDI never changed fundamentally.

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<sup>1</sup> *The types of managers question 1 and 2 relate to can be found in annex 4*

The main subject of PDI is the way in which societies handle the problem of human inequality. Societies with a high PDI score are characterized by the acceptance of inequality and its institutionalization in hierarchies, which places people at the place they belong. On the other hand societies with a low PDI score are characterized by values that want to minimize the inequalities between people, and to the extent that hierarchies exist within a society and its organizations, they exist only for administrative convenience. In high score PDI countries there is an implied consensus where there is an order of inequality in which everybody has his or her place. This consensus is accompanied by a certain level of leniency toward rules of morality (Hofstede 2001) and a culture of following orders even if that implies the violation of integrity norms. For example in countries with a high PDI score people accept that those in power are entitled to privileges, which they are expected to use in enhancing their wealth. Moreover in such countries scandals involving persons in power are to be expected, and the habit of covering up those scandals is customary as well. This habit has an influence on corruption because such a value could increase the chance on corruption because the person in power knows the chance on being caught is relatively low (Hofstede 2001).

Additional argumentation to use PDI as a dimension can be found in a study from (Husted 1999) who found a relation between PDI and corruption in the context of his study to the relation between economic development, culture and corruption. He states that PDI plays a role in the control of information, which is important for the rate of corruption. A final research by (You and Khagram 2005) showed that inequality also leads to corruption controlled for a number of control variables. They found that a country's idea of inequality leads to certain thoughts about for example behavior regarding accepting and giving bribes. This concept of inequality is in line with the PDI dimension.

Taken the previous description and arguments pointed out above into account the following hypotheses can be formulated:

**Hypothesis 1 (H1):**

*“The higher the PDI score in a country the higher the expected rate of corruption in that country”*

**The second dimension** that will be used in the analysis is the Uncertainty Avoidance Index (UAI). A definition of the UAI can be formulated as:

*“The UAI expresses the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity”*

This dimension is based on a number of questions in the survey of Hofstede as well. The main questions to construct the dimension are the following:

1. How often do you feel nervous or tense at work on a scale from 1 to 5 (where 1 is lowest and 5 is highest)?
2. How long do you think you will continue working for this company? 1. Two years or more 2. From two to five years 3. More than five years (but I probably will leave before I retire) 4. Until I retire
3. In your own opinion on a scale from 1 (strongly agree) to 5 (strongly disagree); Company rules should not be broken – even when the employee thinks it is in the company's best interests

In general this dimension explains how a society deals with uncertainties about the future. This does not mean that individuals try to ensure their future at all cost but rather they try to eliminate or reduce the factors of uncertainty. In connection with the question two above this means that a person who tries to avoid uncertainty will stay longer at a company since he can eliminate the risk of becoming unemployed. Regarding question three one can state that individuals can deal better with uncertainty if you institutionalize certain rules and everyone should obey them so there will be no surprises. That is also a reason that societies with a high UAI score institutionalize more laws, rules, regulations and controls in order to minimize uncertainty.

It is important to note that uncertainty avoidance is not equal to risk avoidance in this case. That is if the risky action will reduce their anxiety with regard to a specific situation. High UAI cultures often are prepared to engage in risky behavior to reduce ambiguities like starting a fight as a preemptive measure or speeding on the highway to save time, which subsequently lowers their anxiety level. Also low UAI cultures are better able to handle uncertain and ambiguous situations, resulting in lower anxiety levels. As a result of these lower anxiety levels, individuals in low UAI societies are not as inclined to engage in risky behavior. Additionally it has to be noted as well that societies with a high UAI score institutionalize more laws, rules, regulations and controls in order to minimize uncertainty.

The arguments behind the choice for this dimension are based on a number of studies that point to the plausible relation and usefulness of the dimension. A first study is from (Husted 1999) who found a relation between UAI and corruption, in the context of his study to the relation between economic development, culture and corruption. He states that the influence of UAI on corruption could be related to a society's lack of trust in the judicial system. A second argument comes from a study of (Franke and Nadler 2008) who explore the relation between culture and ethical attitudes. They posed the hypothesis that a high UAI should have a negative influence on the ethical attitudes of the people in that country. This can be because unethical behavior or corruption can ensure wealth and thus ensure survival, which is more important, than legitimacy for the public officials. Finally (Hofstede 2001) states that a high UAI score correlates significantly with the opinion that it is justified to break unjust laws. Such an attitude could lead to a higher chance of corruption by breaking for example rules about integrity.

Taking the previous description and arguments pointed out above into account the following hypotheses can be formulated:

### **Hypothesis 2 (H2):**

*“The higher the UAI score of a country the higher the expected rate of corruption in a country”*

## **2.3 Other factors as causes of corruption**

If one conducts research in the field of corruption it is necessary to include control variables in the analysis since research shows that corruption can for a large part be explained by other factors than national culture. Below is a brief description of other factors of which one also serves as a control variable in the analysis.

### **2.3.1 Economical development**

The third and final factor to contribute to corruption is the economical development of a country. An exploration of the literature indicates there is a correlation between economic development and the perceived level of corruption in a country(Huberts 1996; Treisman 2000; Kimbro 2002). Still it is hard to find what specific factors of economical development do contribute to corruption. A first plausible aspect would be the distribution and height of the income of public officials in a country (Banuri and Eckel 2012). One could assume that the lower their income the more corrupt they are because they want to increase their income through corruption. However a study of this relation by (Swamy, Knack et al. 2001) shows results that are ambiguous and in general insignificant which makes it an improbable cause.

A second economical aspect that can determine the rate of corruption is the scale of competitiveness in the national market. Evidence suggests that a market that is more competitive by means of deregulation, developed market rules and laws is negatively correlated with corruption. That is because it reduces the amount of power public officials have over regulations in the market in for example the bribing of companies (Svensson 2005).

A third aspect addressed by (Lambsdorff 2005) and (You and Khagram 2005) presents a paradox in the relationship. They propose the hypothesis that corruption affects the level of economic development and that as long as corruption rates do not fall, there is no growth and sustainable economic development. Examples of this paradox are countries like Greece and Italy that have significant corruption even though they experienced economic development in the last decades.

An explanation for this paradox put forward by (Getz and Volkema 2001) is that those countries had a relatively fast economic progress compared to the development of their institutional structures. For that reason the country got richer but the corruption did not fall proportionately, while in countries that experienced a more sustainable economic growth there was a decrease of the rate of corruption.

This last argument illustrates that is hard to determine whether there is a causal relation between economic development and corruption, or that it only seems an apparent relation because corruption also has an influence on the economic development in a country. Nevertheless a negative relation between economic development and corruption is expected as nearly all the literature concludes that countries with high corruption have in general a lower economic development.

### **Hypothesis 3 (H3):**

*“The lower the economical development in a country the higher the rate of corruption in a country”*

Furthermore there is also a plausible relation between culture and economical development (Hofstede 2001; Lambsdorff 2005).

In this analysis is it the influence of culture on economic development since culture was measured before economic development.

The first hypothesis concerning the relation between PDI and economical development proposes that a higher PDI score leads to a lower economic development. An argument for the proposition that a higher PDI lead to a lower economic development comes from (Tang and Koveos 2008) who found a relation between a high PDI and low economic development. Secondly we expect that a higher PDI leads to more corruption and thus to a lower economic development.

### **Hypothesis 4 (H4):**

*“The higher the PDI score of a country the lower the expected economic development of a country”*

The following hypothesis concerns the association between economic development and UAI. First is this proposition based on an article from (Tsakumis, Curatola et al. 2007) that proved that higher UAI leads to a higher level of tax evasion that is significantly associated with economic development. Secondly we expect that a higher UAI leads to more corruption and thus to a lower economic development. The second hypothesis can then be formulated:

**Hypothesis 5 (H5):**

*“The higher the UAI score of a country the lower the expected economic development of a country”*

**2.3.2 Institutional factor**

The second cause for corruption is the institutional factor. In the literature about corruption this factor has been widely accepted as an important contributor to corruption. A number of aspects within this factor stand out as main factors of influence. First is the strength of the judiciary and legislative framework in a country. A strong judiciary is much more able to prosecute and punish persons or organizations who commit a corrupt act.

Such a force presents a bigger obstacle for corrupt transactions. Additionally a sound legislative framework and an accompanying sufficient enforcement can take away opportunities for corrupt behavior (Banuri and Eckel 2012). Second there is the aspect of the political system. One could argue that a democracy should lead to lower corruption because of more transparency and accountability. Yet this only occurs when a democracy is already in place for more than 40 years and to a less significant degree between 30 and 40 years (Morgan 1998; Treisman 2007). If the democracy is younger the effect is minimal or even negative on the rate of corruption. The final aspect concerns the presence of a free press and the strength of a civil society. In a well-functioning democracy these institutions have the chance and engagement to monitor the government. This means that the chance on public exposure is much higher for a corrupt official, which makes it less attractive to commit a corrupt act (Brunetti and Weber 2003).

## 2.5 Anti-corruption policies

Corruption is from time to time compared by people with weed. It can be removed for a while but it is impossible to remove corruption entirely. This does not implicate that it cannot be banned for the most part in a country. Therefore the research and designing of AC-policies have always been one of the categories of interest in the research to corruption, although the outcome of this research has been discouraging.

As (Treisman 2000) points out that policy decisions have little impact on the rate of corruption and if they have impact they work painfully slow. In many cases the positive effects are exaggerated due to the fact that predetermined factors like the economic development and democratization in a country play a role as well.

A more relevant point for this thesis in relation to the efficiency of policies is a claim from (Treisman 2007) that out- and insiders state that certain countries have a culture that is more conducive to corruption. Although there is not extensive research on that claim an introduction by (Maria 2008) about convergence of culture and policy is an interesting start. While still a mainly academic discussion at the moment it discusses the belief that cultural convergence is the emerging world reality whereas cultural variance is less and less important. Such a view leads to a “culture-free management” ethos that has a universal legitimacy. This view implicates that countries in for example Africa should follow the West in their AC-policies. An example of this idea can be found in a study about Anti Corruption Agencies (Meagher 2002):

*“In thinking about how to reduce corruption, one should build on the experiences of societies that have reached the desired end-point – minimal corruption”*

And even though there are indications that culture should play a role in the implementation of AC-policies, there is in the last decade an increasing preference for the universal solution or the ‘magic bullet’ among policy advisors.

Establishing an anti-corruption agency (ACA) –being an Western (Universal) solution for countries in Africa is an example of cultural convergence, even though there is a considerable chance of failure since there are so many different cultural characteristics in African countries that are hard to combine with an ACA(Mathisen 2011).

In spite of this strong focus towards cultural convergence there are studies that focus on the importance of a culture-specific approach of corruption. A study which discusses these potential opportunities for the application of culture on reform in the context of good governance is the one by(Licht, Goldschmidt et al. 2007). In the conclusion of their study they state that:

*"The present findings may have significant implications for development projects around the world and, in particular, for institutional reform programs. But how culture should be factored into development programs is far from obvious. Particular cultural profiles in major world regions are less compatible with "good governance," as defined in these programs, than the profiles in West European and English-speaking countries. These findings may warrant rethinking of development programs. For instance, providing people with comprehensive rights and freedoms—and, more fundamentally, with ample individual choice—runs counter to the societal emphasis on embeddedness that is common in many Asian, African and other countries. It follows that policies that champion strengthening individual agency—such as Sen's (1999) "development as freedom" thesis or the World Bank's empowerment strategy—may be difficult to implement in these countries. Our limited knowledge at this point makes it difficult to prescribe alternative reform strategies"*

This conclusion affirms that cultural differences have to be taken into account when formulating and implementing AC-policies. In the following subchapters the three anti-corruption policies that will be used as policy variables in this research are described. To make each policy more tangible they will be supplemented by a real-world illustration of the policy in one or more countries.

### **2.5.1 Anti Corruption Agency**

The first anti-corruption policy is the realization of an anti-corruption agency (ACA). Such an agency is in many countries part of the “integrated approach” to control corruption. According to (Sousa 2009) the definition of an anti-corruption agency is:

*“An anti-corruption agency is a public (funded) body of a durable nature, with a specific mission to fight corruption and reducing the opportunity structures propitious for its occurrence in society through preventive and/or repressive measures”*

Although the concrete forms and shapes in which these agencies appear are diverse, six standard features an agency should have can be distinguished(EPAC 2008; Sousa 2009; Mathisen 2011):

- Independence: independence and autonomy is necessary for the agency to carry out their function properly as they should not be under pressure from for example politicians
- Inter-institutional cooperation: an ACA should be able to work in cooperation with other state agencies instead of conducting solitary work.
- Recruitment and specialization: governments spend too much time on the framework and too little on the human resources of an ACA. Competent personnel is necessary and they need a wide range of skills
- Wide competences and special powers: ACA's should have the space to investigate each complaint about ethical behavior and should have special powers to dive into cases.
- The role of research: an ACA should have the capacity to conduct original empirical research in the country.

The setting up of these ACAs has become increasingly popular in the last 20 years.

Various reasons can be pointed out to explain the popularity of these bodies of which three will be outlined below:

- The most rational explanation is the insight that current anti-corruption functions in a country are too scattered across institutions. For this reason one prominent body should carry out these functions.
- Setting up an ACA has a strong relation with anti-corruption measures on international level. They are promoted to countries as an important tool in the anti-corruption strategy
- Countries copied the ACA as a tool from other countries assuming it is clearly a good policy or they had been forced to set-up one under pressure of external actors.

Naturally these reasons are based on the premise that an ACA is a good solution and works well in every country. Yet the reality is that the ACAs struggle with a range of problems. In many instances the ACA cannot institutionalize in the administration and subsequently cannot carry out its tasks. Therefore the success of the ACAs has been inconsistent. Also it is as yet unknown whether the concept of ACAs are durable for the future(UNDP 2011). Nevertheless up till now they are in many countries a part of the government and being adopted by new countries as well which makes them fit for this research.

The hypotheses for this policy measure are based on the assumption that an ACA is an effective measure against corruption and on the assumptions from chapter 2.4.2 that assume that countries with a higher PDI and UAI have higher corruption scores. Subsequently the AC-policies are less effective in those countries since there is more corruption. This leads to the hypothesis that anti-corruption policies are less effective in a high PDI and UAI context. The first hypothesis (H6) that can be formulated expects a direct effect of the policy measure ACA:

**Hypothesis 6 (H6):**

*"The higher the implementation score of an ACA the lower the expected rate of corruption in a country"*

In hypotheses H7 and H8 the interaction effects between policy and culture are being formulated since a high PDI and UAI should lead to a less effective AC-policy:

**Hypothesis 7 (H7):**

*“The higher the PDI score in a country the lower the effect of an ACA on the expected rate of corruption in a country”*

**Hypothesis 8 (H8):**

*“The higher the UAI score in a country the lower the effect of an ACA on the expected rate of corruption in a country”*

**Real-World illustration Anti Corruption Agency:**

This case study tries to describe briefly why the Anti-Corruption Agency in Indonesia is successful in combating of corruption (Bolongaita 2010). This study is in particular useful because it can provide lessons for other countries how to successfully set-up an Anti Corruption Agency.

The anti-corruption agency in Indonesia is called the Corruption Eradication Commission (KPK) and is remarkably successful for an anti-corruption agency in a country like Indonesia. It only exists for five years and had already over one hundred successful prosecutions against corrupt officials. Furthermore the Global Integrity Institute ranked a high score to the ACA for at least four years in a row.

A number of the key success factors will now be outlined including a few pitfalls as well. The first success factor for the KPK in Indonesia is that it has a very broad jurisdiction hence it can prosecute each person in the government even persons who work in the prosecution office. This broad jurisdiction comes together with the power to investigate allegations which is an effective instrument in the prosecution of criminals(Jasin 2006).

A second factor that contributes to the success is that the KPK has a (political) monitoring function in the society. More specifically they force other institutions like the police and the prosecution office to show results (MacIntyre and Ramage 2008).

An additional component to this factor is that the personnel of this KPK are relatively high skilled as well compared to anti-corruption bodies in similar countries. Nevertheless are they in general still understaffed and there is not enough money available mainly due to a lack of political will, which led to a backlog of 16000 cases already in 2008 (Erviani 2009). An interesting element with the agency in Indonesia is the tension between the KPK and the national police force that does not appreciate the involvement of the KPK in what they consider their internal affairs. This resulted in false allegations towards the management of the KPK in order to undermine the agency (Widhiarto 2009). These sorts of actions mean an ACA should always have a strategic plan about their future actions and they have to make sure that there is a sufficient amount of public and political support. Logically there are annotations to be made about the success as well. A first remark is that there is a strong support of the civil society in Indonesia against corruption (Bhargava and Bolongaita 2004). This makes the fight of the KPK obviously much easier in comparison with other ACA's in the world where such a strong civil society is not present. A second remark is that there is also corruption within the KPK this sort of corruption can lead to an undermining of the legitimacy of the institute.

### **2.5.2 Freedom of Information Law**

The second policy measure is the right to freedom of information. This right, ideally laid down in legislation, is a main precondition in the fight against corruption (Svensson 2005). It gives citizens in a country the opportunity to monitor and scrutinize public officials and hold them accountable for their deeds. That opportunity is a key element in the prevention of corruption. Furthermore it can also be of great use in the development of a framework in which other anti-corruption institutions function. Still in many countries such a right on information is not something that is natural (Initiative 2006).

There are a number of ways to realize the right to freedom of information. In general the most effective method is the establishment of a right in the form of a law or act. In practice this is often formulated as “Right to Information (RTI) Law” or “Law on Access to Information”.

Typically this law grants citizens the right to “access files upon request” which goes beyond the routine publication of information like for instance budget overviews and legal material. However there is still a significant difference between countries regarding the interpretation of the right to access files. As outlined in 2.5.1 as well the hypotheses for this policy measure are divided in a direct effect and interaction effect of the Right to Information. The first hypothesis (H9) expects a direct negative effect of the RTI on corruption:

**Hypothesis 9 (H9):**

*“The lower the implementation score of a freedom of information law the higher the expected rate of corruption in a country”*

Hypotheses H10 and H11 expect that a high PDI and UAI context score lower the effect of the RTI policy on the rates of corruption:

**Hypothesis 10 (H10):**

*“The higher the PDI score in a country the lower the effect of a freedom of information law on the expected rate of corruption in a country”*

**Hypothesis 11 (H11):**

*“The higher the UAI score in a country the lower the effect of a freedom of information law on the expected rate of corruption in a country”*

**Real-world illustration Right to Information law in practice:**

A case study that illustrates the obstacles that are associated can with this law is laid down in a report about the introduction of a RTI law in India. In 2005 the parliament of India adopted this law as a part of its general transparency policy, which has its grassroots in 2000.

On paper the RTI law of India is of good quality as it is in line with the formulation of an ideal RTI law. Furthermore the potential of the law in practice is also realized to a certain degree.

Therefore this law is regarded worldwide as a model piece of legislation (WorldBank 2012). Nevertheless there are many difficulties in the implementation of the law as well. Below are a number of successes of the law and several structural problems related to the implementation of the law summarized.

A first success in the implementation is that the government adopted rules and regulations in order to ensure the functioning of the RTI-procedures.

Furthermore did they allocate money to hire special information officers that handle the information requests (Singh 2010).

Because of those changes citizens are able to demand information often assisted by civil rights groups. A second success is that there is a very strong commitment of the civil society in India in relation to this law. These commitments can be observed in actions like pushing and assisting people to file requests if there are problems in their community ((RAAG) 2009). A third success is the development within the government to increase the focus on performance. This development can be examined through the introduction of outcome budgets and management performance systems. Nevertheless are there many problems with the RTI in India. Below three of the main problems are summarized.

The first major problem is that there is still a lack of systemic changes. Even though they appointed information officers there is a lack of money and infrastructure. An illustration of this lack of infrastructure is the poor records management system that makes it hard to access information(RTI-Activist 2013).

Moreover commissions responsible for the information perform poorly as they often get complaints and do not hand out many fines. A second problem is the negative perception of the RTI law by the majority of civil servants.

The cause of this negative perception is that civil servants are anxious that the law reveals that their views are not in line with the official procedures of the government and that the law will be used for harassment or blackmailing (Kapur 2010). Finally government departments in India are worried that they will receive too many requests so they cannot do their normal job any longer. In sum one could state that the law is a success on the political and societal level but that the main problem is in the bureaucracy where a culture of secrecy still prevails above a culture of openness. Because of this people have to realize that true reform of the internal structure of a government can be a very slow process (PWC 2009).

### **2.5.3 Ombudsman**

From the three policies the institution of the Ombudsman is far the oldest. The institution started already in the Greek cities of Sparta and Athens in 700 BC. However the first “modern” Ombudsman was introduced in Denmark around 1953 (Volio 2003). Currently the Ombudsman is present in many countries worldwide and even the European Union now has an Ombudsman. It is hard to formulate a complete definition for the Ombudsman because they have various meanings and names in countries. Nevertheless a common definition used in literature is (IOA 2008):

“An ombudsman is an official, usually appointed by the government or by parliament but with a significant degree of independence, who is charged with representing the interests of the public by investigating and addressing complaints of maladministration or violation of rights”

By making use of this definition an ombudsman can be applied on a number of levels in the administration or even in the private sector. In this thesis only the national Ombudsman will be analyzed because of two reasons. The first reason is that this research is focused on policies that are effective on a national level and therefore within reach of the national government.

The second reason is that the cultural dimension scores are more reliable on a national level as well.

As stated in the definition the main function of the Ombudsman is to protect citizens against the state. However a number of basic conditions have to be present in a country to achieve that aim. According to (Volio 2003) and (Mathisen 2011) six basic conditions have to be met in the ideal situation. Below they are listed and elucidated with a brief explanation:

1. The selection process: the selection of an Ombudsman should be transparent to the public and free of political influence.
2. Preservation of independence: this is the most important element as it takes care that the Ombudsman can carry out his function without any constraints from the government. This is especially important, as the Ombudsman has to protect citizens against the government.
3. Budget and human resources: the Ombudsman needs sufficient budget and personnel to carry out its functions and should not have to limit its functions because the government provides too little money.
4. Principal functions: the Ombudsman should be able to carry out its main functions "investigate, mediation and education in human rights". At all times the government should take care that laws are in place so the Ombudsman can carry out those functions.
5. Powers and capacities: the Ombudsman must have broad control and supervision over every state capacity encompassing all branches of government and public sectors.
6. Consequences of not obeying or not collaborating with the Ombudsman: there have to be laws in place that punish persons and institutions that refuse to obey or collaborate with the Ombudsman

These basic conditions have to be taken into account when analyzing to what extent the Ombudsman functions effectively.

In the context of corruption an effective Ombudsman contributes to an accountable, impartial and fair government through improvement of government accountability. We would therefore expect that countries that have an efficient Ombudsman perform better on control of corruption.

Based on this assumption the first hypothesis H12 can be formulated which expects a direct positive effect of the Ombudsman in a country:

**Hypothesis 12 (H12):**

*"The higher the efficiency score of the Ombudsman in a country the lower the expected rate of corruption in a country"*

And just like in 2.5.1 and 2.5.2 interaction hypotheses H13 and H14 are being formulated here as well. Again they expect that a high PDI and UAI context have a negative effect on the efficiency of the Ombudsman as an anti-corruption tool.

**Hypothesis 13 (H13):**

*"The higher the PDI score in a country the lower the effect of an Ombudsman on the expected rate of corruption in a country"*

**Hypothesis 14 (H14):**

*"The higher the UAI score in a country the lower the effect of an Ombudsman on the expected rate of corruption in a country"*

**Illustration Ombudsman in practice:**

It is hard to find an Ombudsman case that provides an illustration for the ideal set-up of an Ombudsman since it has a close relation with the organization of the state bureaucracy. Therefore several practical illustrations from South-America are selected for this real-world illustration(Volio 2003) and discussed by means of a number of basic conditions that were presented in the paragraph above.

The first condition concerns the selection process of the Ombudsman. In most countries the Ombudsman is selected via the legislature. However the nomination of the deputy does differ from one country to another. Systems like Bolivia where the civil society can propose or oppose candidates, and Nicaragua where candidates are nominated in discussion with civil society are preferable. Such processes are transparent and take care that the parliament can only vote for one candidate. If the legislature would have the power to select a deputy a political selection becomes much more likely (Integrity 2008).

The second condition concerns the independence of the Ombudsman.

In most countries the law arranges this. However there obstacles can be present like threats to the office that took place in Guatemala and if there are no privileges and immunity for the Ombudsman laid down in the constitution like in Colombia. In many stances this is caused due to a lack of political will (Reif). The third condition relates to the principal functions of the Ombudsman. As stated above the main functions are “investigate, mediation and education in human rights”. After a study of the laws one can state that practically all the Ombudsman in South-America have an investigative function both on individual and general level. Differences can be observed relating to elements like whether the Ombudsman has access to all the necessary information and whether the investigation has to be made public (Colombia)(Volio 2003). Furthermore do the punishment on not collaborating differ from country to country ranging from fines to criminal charges.

In the field of mediation there are differences. The Ombudsman in Colombia and Ecuador does not mediate for individuals while in countries like El Salvador and Mexico the individual has a strong right on assistance. The education function is in South-America mainly fulfilled by way of the stimulation of the state to include human rights education in the constitution, and to make agreements with NGO's and Universities to include these right in the formal education system (Pegram 2008).

The final condition concerns the consequences of not obeying or not collaborating with the Ombudsman. Besides Guatemala all states indicated the crimes that civil servants or individuals commit if they do not cooperate with the Ombudsman. As stated before the punishments vary but all are serious enough to prevent recurrence. However only five countries have laws that provide a possibility to object to the recommendations of the Ombudsman. These possibilities are not easy to reach but can only be accessed under special circumstances (Mungiu-Pippidi 2011).

Conclusively one can state from these examples that the Ombudsman needs a strong legal basis and has to be supported by the law in order to function well. Additionally it can be observed that in South-America the Ombudsman is a relatively well-functioning democratic tool.

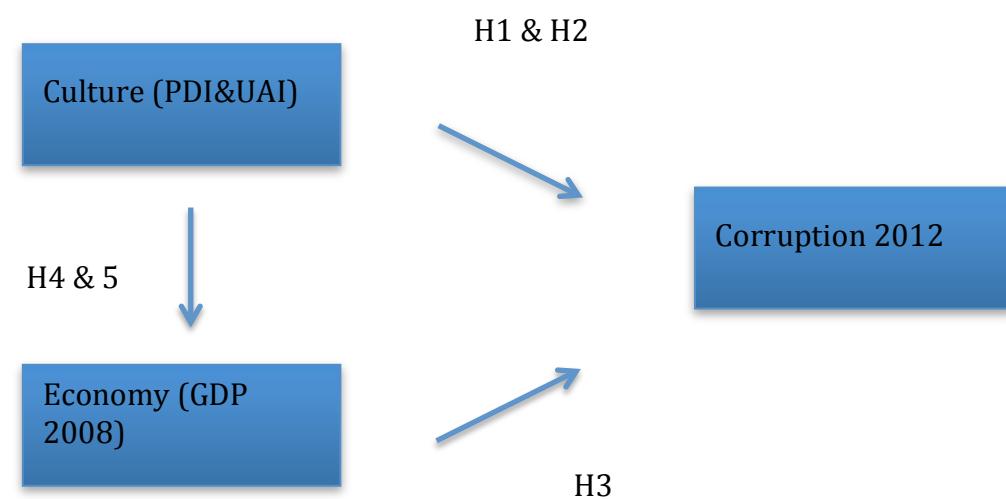
## 2.6 Conclusion

In this chapter all the variables that are necessary to include in the final analysis in chapter three and four have been described. A useful tool to get a good overview of the relations between the variables is a visual model of the research model. Below two of those models are illustrated accompanied with the hypothesis for each relation. The relations illustrated in this model stand as the basis for the analysis and results in chapter three and four.

Model A stands for the first analysis where hypotheses one till five are tested in relation to the influence of culture on corruption. First there is the relation between culture and corruption that were formulated in H1 and H2. Secondly is the relation between economic development and corruption that is laid down in H3. And finally is there the relation of culture and economy that are laid down in H4 and H5.

**Figure 1:**

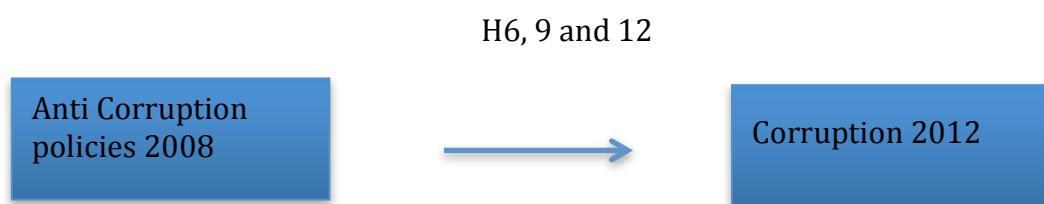
Research model A:



Model B1 provides an illustration of hypotheses six, nine and twelve. Those hypotheses were formulated to measure the direct effect of the AC-policies in 2008 on the rate of corruption in 2012.

**Figure 2:**

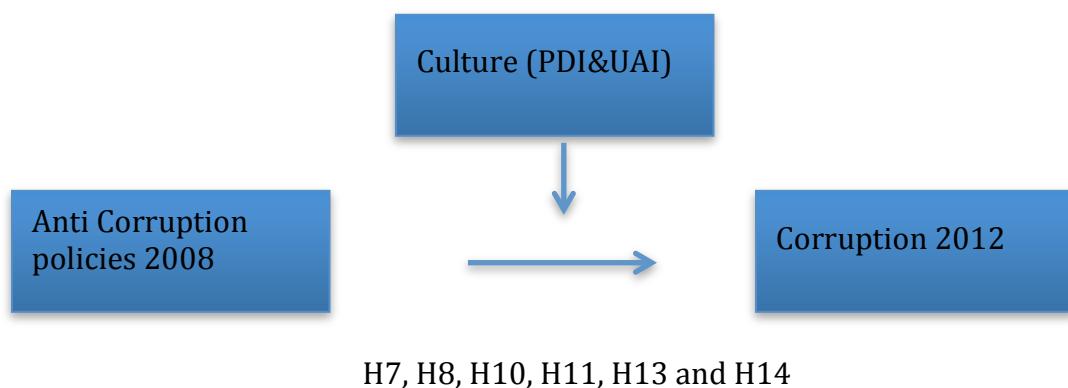
Research model B1:



In line with model B1 does model B2 measure the direct effect of AC-policies on the rate of corruption as well. However in this model the policies are being tested in a different cultural context to observe if a certain cultural context makes a difference in the efficiency of the policy.

**Figure 3:**

Research model B2:



### 3. Methods

#### 3.1 Research design

Based on the introduction and the theory of chapter two a quantitative study is best suited for this research. Before arguing why this analysis is best suited for this research I will give a definition of a quantitative analysis according to (Babbie 2010):

*"The numerical representation and manipulation of observations for the purpose of describing and explaining the phenomena that those observations reflect"*

In this research the numerical representation applies to the rates that determine the corruption in a country and the scores on the national cultural characteristics and AC-policies. These rates will be able to explain the phenomena of corruption when they are used in an analysis. A quantitative approach is necessary as this thesis deals with a relatively large amount of cases and the variables in the research vary a lot.

On top of that there are control variables that have to be taken into account as well. Therefore only a quantitative design has the capacity to conduct this analysis.

The quantitative analysis is accompanied by a statistical analysis. The clarification hereon can be found in chapter four in the chapter concerning the statistical calculations.

Now that the quantitative study approach has been chosen, the research design has to be outlined. The best-suited research design for this study is the *Ex post facto* design. This design is most suited for a number of reasons (Cohen, Manion et al. 2011):

- It is suitable when the relevant variables are beyond the researcher's control.
- It is suitable when it is not possible to select, control and manipulate the factors necessary to study cause-and-effect relationships directly.
- It is especially useful when relatively simple cause-and-effect relationships are being explored

After a selection for *Ex post facto* design several stages can be defined to carry out a *Ex post facto* research (Cohen, Manion et al. 2011). The first two stages of problem definition and research questions/hypotheses have already been discussed earlier in the thesis. Stage three concerns the selection of the subjects and identifying the methods for data collection, which can be found in sub-chapter 3.2 including the data that will be used.

At last in chapter 3.3 the operationalization for each variable will be outlined in order to make them fit for analysis.

### **3.2 Sampling and Data**

The first step in the sampling is defining the population of concern. As the study concerns national culture and national rates of corruption it is plausible to define the population as all the countries in the world. A second step is defining a sampling frame. A first logical group would be all the countries where information is available about rates of corruption and culture. The information for rates of corruption is available about all countries in the world. Hence the next sampling is based on the theory of Hofstede. From the model of Hofstede one can conclude that there are only national cultural scores about a number of countries. The final sampling is done for the policy analysis and is based on the scores from the Global Integrity institute (GI). From the GI-statistics about the AC-policies there are even less countries available than in the model of Hofstede.

Therefore it can be stated that the main restriction of selection of subjects are the available scores of the Hofstede model and the GI-statistics about the policy scores in countries.

The data for this thesis can be divided among the four variables used in this thesis; these variables will be described one after another. The first variable is an independent one related to the concept of national culture. As outlined in the above sections Hofstede's model for national culture is used in this research and the data about the countries from his most recent books(Hofstede, Hofstede et al. 2011) are being used in the analysis.

These data are available for a certain selection of countries; however they do cover a large part of the world. This selection is based on the data Hofstede gathered in the last decades. However in the last five years a number of other countries have been partly added because new data became available.

The second category of independent variables concerns the AC-policies of the countries. This variable consists of three separate policies, which were outlined, in chapter two. Each of these three policies has been adopted on a worldwide scale and is therefore suitable for this study. Below is an enumeration of the three policies including a brief description about the substance of the policies and an exposition of the operationalization.

The first policy measure is the presence of a Freedom of Information law in a country. The concept already exists for some time but since the late 1990s and early 2000s this policy measure got more attention and has been ratified as an official AC-policy measure in the Aarhus convention (UNECE 1998).

The second policy measure concerns the existence of an anti-corruption agency (ACA). This is also a measure that became more popular since 2000. Its recognition as an anti-corruption tool was officially laid in article six of the UN Convention against Corruption (UNCAC) that requires States Parties to ensure the existence of a body or bodies to prevent corruption(EPAC 2008).

The final policy measure discusses the presence of an Ombudsman in a country, which has been heavily promoted in the last decades.

And although the modern mandate of the Ombudsman generally goes beyond corruption cases - it includes other maladministration cases as well - in a large share of countries the Ombudsman is given a mandate of direct investigation of corruption complaints (IOA 2008; Mungiu-Pippidi 2011). The data for each of those policies comes from the Global Integrity institute that measures the implementation status of AC-policies in a variety of countries (GlobalIntegrity 2012)..

The third variable is the rate of corruption in a country. This is the dependent variable. The data sources are related to the rate of corruption. Numbers on international corruption are hard to obtain due to the fact that there are many obstacles in the measurement of corruption(Klockars, Ivkovic et al. 2006). Nevertheless there are a number of institutions that try to measure corruption in a country. As pointed out before in this research I use one institution because they have a relatively large dataset of public corruption rates across many countries. The institute from where the data is gathered is Transparency International (TI). TI is an organization that has been fighting against corruption for years worldwide. In the past decade they have constructed a number of indexes to measure the corruption in countries worldwide. Their main index is the "Corruption Perception Index (CPI)". This CPI measures the views and experiences of several independent institutions about the rate of corruption in a specific country and covers most countries in the world. The CPI has a number of pitfalls that will be described in chapter 3.3. Still the alternatives are not sufficient to be used for a broad analysis so the CPI had to be chosen over the other indexes published by (TI 2011).

The final variable in the research serves as a control variable and is the GDP of a country. These GDP numbers were extracted from the CIA world fact book(CIA 2013).

### **3.3 Operationalization**

Opposite to for example the health and education sector, indicators for rates of corruption and corruption policies are not as developed. Nevertheless are the current indicators suitable for an accurate statistical analysis. In this chapter the operationalization for all the variables is outlined however more background information on each variable can be found in annex 1.1.

#### **3.3.1 Corruption measures**

The Corruption Perception Index (CPI) is used to measure corruption in this research. The CPI makes use of a mix between the opinions and indexes from a number of other institutions(Svensson 2005; Bisogno, Reiterer et al. 2011).All these indexes and opinion are then transformed in their own index by taking the average of all the normalized results of the outcomes from the other institutions. This index is then a scale of 0-100 where a 0 equals the highest level of perceived corruption and 100 equals the lowest level of perceived corruption (Saisana and Saltelli 2012). However due to the nature of the formulation of the hypotheses the CPI has been recoded in a scale where 0 equals the lowest level of perceived corruption and 100 the highest level of perceived corruption.

Naturally the CPI has been subject of criticism as well (Campbell 2013) (Hulten 2013) related to the fact that it does not measure all the corruption and thus provides a false image of the rate of corruption in a country. Below are four criticisms outlined:

- The CPI is influenced by the definition of corruption among the people who have to determine the rate of corruption. This is especially important since the index also relies on perception of corruption.
- The perception data of the experts is not significantly correlated with experiential data on the ground.
- The CPI relies heavily on data from external institutes while it is not clear if that research has been carried out properly. Furthermore do this external institutes rely to a large degree on country experts.
- The criteria Transparency uses to select its sources and data for the construction of the CPI are not known or not transparent.

There are alternatives available for the CPI, which measure concrete experiences (Campbell 2013). However they are only available in a limited number of countries. Therefore in this research the CPI is used despite its limitations.

### **3.3.2 Cultural, policy and economic development measures**

#### Culture

In the chapter about culture two dimensions were discussed as those two are being used for the analysis. The indicators for these dimensions already exist because they are part of Hofstede's theory. They are operationalized through an index that has a score from 0 till 100. In this case 0 is the lowest PDI or UAI and 100 means the highest. In annex three specific examples can be found of what a low and a high score mean in daily-life interaction (Hofstede 2001).

### Policy indicators

The indicators for the AC-policies are based on the research of (GlobalIntegrity 2012) who rates the performance of governments in the field of integrity.

The experts of GI are responsible for the grading of the countries under review.

The expert group consists of qualified in-country reporters and journalists.

Furthermore are the scores from the expert group peer-reviewed by other experts from the same country in order to make the country scores more reliable.

The scoring from the experts is executed by first giving a score to each sub-aspect of a policy, such a sub-aspect can be graded a score of 0-25-50-75 or 100. Subsequently the total score for each specific policy is the mean score of all the sub-aspects.

### Economic development indicators

The economical development of a country is used as a control variable because it plays a role in the rate of corruption as described above as well. Economic development is measured in this research as the GDP of a country, which is an abbreviation for the Gross Domestic Product. It measures the average income of a whole year and can therefore be considered as a decent predictor of economic development (Kimbrow 2002; CIA 2013). In the data for this research all the yearly incomes are converted from their local currency to US dollars.

## 4. Answers sub-questions

This chapter discusses the answers on the four sub-question proposed in chapter one. Each section of this chapter addresses one of the sub-questions of this thesis.

### 4.1 Corruption rates

The first sub-question was twofold namely to explore the concept of corruption including the appearances and causes and the necessity to go into the variation in rates of corruption across countries. The first observation was that it is hard to define the concept of corruption. As there is no consensus on the definition it depends in many instances on the point of view of the person concerned. What also plays a role is how one perceives corruption since it has several appearances.

Furthermore the causes of corruption were identified as the economical development, institutional quality and culture of a country. The identification of those causes was important for the analysis in this thesis as they determined the number of the independent variables.

The third element were the questions how to get an insight in the rates of corruption and how to determine the variation in corruption rates between countries. The choice was made to measure corruption through a ranking by Transparency International (TI 2011) called the Corruption Perception Index (CPI). This index measured the variation in rates of corruption across more than 150 nations and was therefore fitting for the quantitative analysis used in this thesis. On the next page is a frequency distribution and a brief description of the numeric characteristics of the variable corruption.

**Table 1. Frequency distribution corruption rates**

|             |         |         |
|-------------|---------|---------|
| N           | Valid   | 98      |
|             | Missing | 0       |
| Minimum     |         | 10,00   |
| Maximum     |         | 82,00   |
| Percentiles | 20      | 28,0000 |
|             | 40      | 51,0000 |
|             | 60      | 62,0000 |
|             | 80      | 67,0000 |

In more detail are there in the top ten of less corrupt countries mainly northern-European countries and other developed countries in the world. In the most corrupt countries there is a variety of countries that are mainly less developed but the by far top three most corrupt countries are Iraq, Venezuela and Zimbabwe.

#### **4.2 Variation in culture and AC-policies**

In the second sub-question two independent variables of the research were discussed namely culture and anti-corruption policies (AC-policies). An exploration of the literature showed that describing a culture of a country is difficult especially if one wants to observe the genuine underlying values in society.

Therefore it was necessary to pick a cross-cultural model that can up to a certain degree describe the culture of a country and describe the cultural variation between countries. For this thesis the model of Hofstede is used. It consists of six dimensions and two dimensions were chosen for the analysis as potential predictors. The first dimension is the Power Distance Index (PDI) that describes the distribution of the power in a society. It was argued in the chapter that there is a relation between a high PDI and a high rate of corruption. On the next page is an overview of the numeric characteristics of the variable.

**Table 2. Frequency distribution PDI**

|             |         |       |
|-------------|---------|-------|
| N           | Valid   | 77    |
|             | Missing | 21    |
| Minimum     |         | 11    |
| Maximum     |         | 104   |
|             | 20      | 39,60 |
| Percentiles | 40      | 58,00 |
|             | 60      | 67,80 |
|             | 80      | 80,00 |

A more detailed view shows that high PDI countries are often found in Asia and ex-communist countries while European countries figure in the bottom of the PDI-ranking.

The second dimension is the Uncertainty Avoidance Index (UAI). This dimension describes the degree to which people are comfortable with uncertainty. Like with the PDI it was argued that a high UAI causes a significant higher rate of corruption. Below is a brief description of the numeric characteristics of the variable:

**Table 3. Frequency distribution UAI**

|             |         |       |
|-------------|---------|-------|
| N           | Valid   | 77    |
|             | Missing | 21    |
| Minimum     |         | 8     |
| Maximum     |         | 112   |
|             | 20      | 48,60 |
| Percentiles | 40      | 60,60 |
|             | 60      | 75,80 |
|             | 80      | 86,40 |

In the UAI dimension a single pattern cannot be identified. Both high developed and low developed countries are represented in top and bottom. The same accounts for different regions.

Extreme countries in the top of the UAI index are Greece, Portugal and Guatemala. In the bottom countries like Singapore, Jamaica and Denmark can be identified.

The second element of this question is the AC-policies in the analysis of this thesis. First a number of AC-policies have been chosen for each of them has a distinctive nature namely the Anti Corruption Agency, the Ombudsman and the Right to Information. Subsequently a way had to be found out in which one could analyze how the policies were implemented across countries. This was done by using data from the Global Integrity institute that measures the implementation score of each country for that specific policy measure both in theory and practice. By using these scores and combined with the cultural indexes one can test what the efficiency is of the AC-policies is on the rate of corruption. Below is a brief overview of the numeric characteristics of the variables.

**Table 4. Frequency distribution Right to Information**

|             |         |         |
|-------------|---------|---------|
| N           | Valid   | 57      |
|             | Missing | 41      |
| Minimum     |         | , 00    |
| Maximum     |         | 98,00   |
|             | 20      | 28,0000 |
| Percentiles | 40      | 50,0000 |
|             | 60      | 63,0000 |
|             | 80      | 83,0000 |

The countries in the bottom of the RTI policy measure are in general less-developed countries like Iraq, Egypt, and Ghana. However countries like Indonesia and Malaysia also have a 0 score which is surprising. The countries in the top region are in generally developed with the exception of Thailand.

**Table 5. Frequency distribution Ombudsman**

|             |         |         |
|-------------|---------|---------|
| N           | Valid   | 57      |
|             | Missing | 41      |
| Minimum     |         | , 00    |
| Maximum     |         | 99,00   |
|             | 20      | 62,2000 |
| Percentiles | 40      | 78,0000 |
|             | 60      | 86,8000 |
|             | 80      | 91,4000 |

In the ranking of the ombudsman it can be observed that there is no clear distinction between less-developed and high-developed countries regarding the scores for the Ombudsman. In the top ten are countries like Costa Rica and Bulgaria while lower in the ranking countries like Japan and the U.S.A.

**Table 6. Frequency distribution ACA**

|             |         |         |
|-------------|---------|---------|
| N           | Valid   | 57      |
|             | Missing | 41      |
| Minimum     |         | , 00    |
| Maximum     |         | 94,00   |
|             | 20      | 57,0000 |
| Percentiles | 40      | 68,2000 |
|             | 60      | 76,0000 |
|             | 80      | 83,4000 |

The lower bottom of the ACA ranking consist mostly of less till medium developed countries like Armenia and Georgia but also Greece. The top of the ranking contains developed countries but surprisingly countries like Ghana and Kenya as well.

### **4.3 Outcomes Statistical analysis**

To analyze if there is a relation between the independent variables national culture and anti-corruption policies and the dependent variable corruption the software program Statistical Package for the Social Sciences (SPSS) has been used. Within this program many suitable tests are available however two methods have been chosen for this research.

That is the Pearson correlation test and OLS regression analysis. The choice for these methods is based on former literature in this field of research (Babbie 2010).

The opening test that was executed is the Pearson correlation test. The first goal of this test is to examine the possible effects of the independent variables on the dependent variable. Secondly is it useful to explore if there was multicollinearity between the independent variables that can distort the outcomes of the test by analyzing the association among them.

The second test is one of the most useful methods that can be used namely OLS regression analysis. A definition of regression of (Field2006) is:

*“A statistical measure that attempts to determine the strength of the relationship between one dependent variable (usually denoted by Y) and a series of other changing variables (known as independent variables)”*

The final element of this chapter is the testing of the hypotheses formulated in the thesis. The hypotheses for these tests have been formulated directional in the previous chapters. The choice for directional hypotheses is based on the assumption that it is possible to make predictions about the outcome based on prior research relating to corruption. Finally because of the directional hypotheses are the p values in each analysis divided by two since the test is one-sided.

## Outcome analyses

To make the sub-chapter more comprehensible the outcomes of the tests in this sub-chapter are mainly divided by model A and B outlined in the conclusion of chapter two. Before conducting the correlation and regression analysis a test is carried out to provided a general overview of the data.

**Table 7. Descriptive Statistics**

|                    | N  | Range    | Minimum | Maximum  | Mean     | Std. Deviation |
|--------------------|----|----------|---------|----------|----------|----------------|
| GDP08              | 98 | 80300,00 | 500,00  | 80800,00 | 17140,81 | 15542,88       |
| pdi                | 77 | 93       | 11      | 104      | 60,57    | 21,288         |
| uai                | 77 | 104      | 8       | 112      | 66,82    | 22,734         |
| CPI12              | 98 | 72,00    | 18,00   | 90,00    | 49,6531  | 19,85260       |
| GIRTI08            | 57 | 98,00    | ,00     | 98,00    | 52,4386  | 28,80477       |
| GIObudsman08       | 57 | 99,00    | ,00     | 99,00    | 76,3158  | 19,63884       |
| GIACA08            | 57 | 94,00    | ,00     | 94,00    | 68,7018  | 17,78037       |
| Valid N (listwise) | 46 |          |         |          |          |                |

## Variable synonyms overview

| Variable name | Meaning                               |
|---------------|---------------------------------------|
| GDP08         | Gross Domestic Product                |
| PDI           | Power Distance Index                  |
| UAI           | Uncertainty Avoidance Index           |
| CPI12         | Corruption Perception Index           |
| GIRTI08       | Policy measure Right to Information   |
| GIObudsman    | Policy measure Ombudsman              |
| GIACA         | Policy measure Anti Corruption Agency |

As stated in 4.1 the first test that has been carried out is a Pearson correlation test between the independent variables, the control variable and the dependent variable to provide a first insight of relations.

The results in table eight show that concerning culture there is an indication that PDI has an association with corruption and UAI does not have that relation. Relating to the control variable economic development it appears to be a decent predictor of corruption which is in line with the literature(Lambsdorff 2005; Treisman 2007). Of the independent variable AC-policies only the Right to Information policy is significantly correlated with corruption, which is less than expected.

**Table 8. One-sided Pearson correlation test on non-corruption across independent variables**

|                                    | <b>Corruption<br/>(CPI12)</b> |
|------------------------------------|-------------------------------|
| <b>A. Dimensions from Hofstede</b> |                               |
| Power Distance Index (PDI)         | ,639**<br>,000<br>N=77        |
| Uncertainty Avoidance Index (UAI)  | ,218<br>,057<br>N=77          |
| <b>B. Control variables</b>        |                               |
| Gross Domestic Product (GDP)       | -,831**<br>0,000<br>N=98      |
| <b>C. Policy Variables</b>         |                               |
| Right to Information (GIRTI08)     | ,427**<br>,001<br>N=57        |
| Ombudsman (GIOmbudsman08)          | -,044<br>,743<br>N=57         |
| Anti Corruption Agency (GIACA08)   | -,194<br>,147<br>N=57         |

**Note: 2-tailed correlations are presented**

**\* Significant at 5% level**

**\*\* idem at 1% level**

We now continue testing for hypotheses H1 till H5 that are part of model A concerning the relation between culture, economic development and corruption. This testing is conducted via an OLS regression analysis as outlined in the introduction of this chapter. In model one of table nine are the results of the testing of hypothesis H1 and H2 concerning the relation between national culture and corruption. Expected in the hypotheses is that a high PDI and UAI have a positive influence on corruption. It is found that culture does not add much in the total variance; still power distance is a significant factor in the relation economy and corruption, which means H1, is confirmed. However there is no significant influence of UAI as factor in the relation which means H2 is rejected. Expected in H3 is that high economic development has a negative influence on corruption. Since one can observe in from model two in table three there is a significant relation between economic development and corruption so hypothesis one can be confirmed.

**Table 9. OLS Regression analysis of corruption on cultural and economic variables for H1, H2 and H3**

| Model       | 1                       | 2                       |
|-------------|-------------------------|-------------------------|
| GDP         | <b>-, 675 (, 000)**</b> | <b>-, 817 (, 000)**</b> |
| PDI         | <b>, 215 (, 004)**</b>  |                         |
| UAI         | <b>, 078 (, 115)</b>    |                         |
| Adjusted R2 | <b>,694</b>             | <b>, 662</b>            |
| F           | <b>58,465</b>           | <b>150,087</b>          |
| N           | <b>77</b>               | <b>98</b>               |

**Notes:** - Standardized beta coefficients are presented based on two-tailed analysis. Significance value in brackets.

- **Significant at 5% level**
- **\*\* idem at 1% level**

A final element in the model was the relation between culture and economy. Expected in H4 and H5 is that a high PDI and UAI have a negative influence on economic development in a country.

The test for this relation is illustrated in model one of table ten. The regression analysis in table ten shows that only PDI has a relation between with GDP, which is in line with H4 however UAI is not significantly associated so H5 has to be rejected.

**Table 10. Regression between Culture and GDP for H4 and H5**

|                    |                         |
|--------------------|-------------------------|
| <b>Model</b>       | <b>1</b>                |
| <b>PDI</b>         | <b>-, 600 (, 000)**</b> |
| <b>UAI</b>         | <b>-, 020 (, 415)</b>   |
| <b>Adjusted R2</b> | <b>,349</b>             |
| <b>F</b>           | <b>21,331</b>           |
| <b>N</b>           | <b>77</b>               |

**Notes:** Standardized beta coefficients are presented based on two-tailed analysis.

\* Significant at 5% level

\*\* idem at 1% level

In order to understand the direct effect of the AC-policies on corruption it is necessary to test the propositions formulated in H6, H9 and H12. It is expected that all the AC-policies have a positive effect on the rate of corruption in a country. Model one and two in table eleven show the results of the tests that measure the association between the AC-policies and corruption. These results show that the Anti-Corruption-Agency and the Ombudsman have no relation with corruption. However there is an indication that the Right to Information policy has a slight influence on corruption as can be observed in model one from table 5. Even so, that effect decreases when culture and economic development play a role as well. Conclusively this means that H6 and H12 can be rejected completely while H9 is rejected when controlled for economic development..

**Table 11. OLS Regressions of direct effect AC-policies on corruption for H6-H14**

| <b>Model</b>       | <b>1</b>                | <b>3</b>                |
|--------------------|-------------------------|-------------------------|
| <b>GIACA08</b>     | <b>-, 143 (, 125)</b>   | <b>, 111 (, 102)</b>    |
| <b>GIRTI08</b>     | <b>-, 411 (, 001)**</b> | <b>-, 039 (, 345)</b>   |
| <b>GIombudsman</b> | <b>, 017 (, 444)</b>    | <b>, 101 (, 134)</b>    |
| <b>GDP</b>         |                         | <b>-, 882 (, 000)**</b> |
| <b>Adjusted R2</b> | <b>, 158</b>            | <b>, 639</b>            |
| <b>F</b>           | <b>4,491</b>            | <b>25,749</b>           |
| <b>N</b>           | <b>57</b>               | <b>46</b>               |

**Notes:** Standardized beta coefficients are presented based on two-tailed analysis. Significance value in brackets.

- **Significant at 5% level**
- **\*\* idem at 1% level**

The next step of the analysis is the testing of the interaction effect between AC-policies and national culture as is illustrated in model B2. This interaction effect was formulated in hypotheses H7, H8, H10, H11, H13 and H14 with the expectation that the AC-policies function better in a low PDI and UAI context. For the test a regression analysis was carried out while the countries were divided in a group of high PDI or UAI and a group of low PDI or UAI. The results in both table twelve and table thirteen show that there is only a negative significant relation between RTI and corruption, however this takes place in a high UAI context that is not in line with the hypothesis that policies in a high UAI context are more efficient. Besides that effect all the remaining results are not significant. This means the each hypothesis can be rejected.

**Table 12. OLS Regression analysis for effect AC-policies on corruption within a PDI-context for H7, H10 and H13**

| <b>Model</b>       | <b>1 (low PDI)</b>    | <b>2 (high PDI)</b>   |
|--------------------|-----------------------|-----------------------|
| <b>GIACA08</b>     | <b>-, 188 (, 235)</b> | <b>-, 196 (, 215)</b> |
| <b>GIRTI08</b>     | <b>-, 169 (, 260)</b> | <b>-, 197 (, 213)</b> |
| <b>GIObudsman</b>  | <b>.138 (, 300)</b>   | <b>-0,01 (, 480)</b>  |
| <b>Adjusted R2</b> | <b>-, 071</b>         | <b>-0,083</b>         |
| <b>F</b>           | <b>, 579</b>          | <b>, 512</b>          |
| <b>N</b>           | <b>20</b>             | <b>20</b>             |

**Notes:** Standardized beta coefficients are presented based on two-tailed analysis. Significance value in brackets.

- **Significant at 5% level**  
\* \* **idem at 1% level**

**Table 13. OLS Regression analysis for effect AC-policies on corruption within a UAI context for H8, H11 and H14**

| <b>Model</b>       | <b>1 (low UAI)</b>    | <b>2 (high UAI)</b>    |
|--------------------|-----------------------|------------------------|
| <b>GIACA08</b>     | <b>-, 187 (, 220)</b> | <b>-, 307 (, 095)</b>  |
| <b>GIRTI08</b>     | <b>-, 321 (, 095)</b> | <b>-, 495 (0,022)*</b> |
| <b>GIObudsm an</b> | <b>-, 172 (, 224)</b> | <b>, 217 (, 168)</b>   |
| <b>Adjusted R2</b> | <b>0,070</b>          | <b>, 161</b>           |
| <b>F</b>           | <b>1,476</b>          | <b>2,216</b>           |
| <b>N</b>           | <b>20</b>             | <b>20</b>              |

**Notes:** Standardized beta coefficients are presented based on two-tailed analysis.  
Significance value in brackets.

- **Significant at 5% level**

**\* \* idem at 1% level**

#### **4.4 Implications for AC-policies**

The implications for the implementation of AC-policies can be divided in two sections based on the results from the analysis. The first section concerns the relation between culture and corruption and the second section the outcome of the analysis of the efficiency of AC-policies in a specific cultural context.

##### **4.4.1 Model A implications for culture and GDP**

Based on the characteristics that (Hofstede 2001; Hofstede, Hofstede et al. 2011) provides for each dimension a number of useful implications can be formulated for the combating of corruption. The first dimension to be discussed is the PDI that has a significant relation with the rate of corruption.. Below a number of PDI characteristics are outlined along with potential instruments for dealing with that specific feature.

- In high PDI countries citizens believe the press although they read less papers. This means that the press could be used as a measure against corruption (Brunetti and Weber 2003)
- In low PDI countries the use of power has to be legitimate and subjected to norms of good and evil. Therefore the people in power should be chosen based on legitimate reasons and there should be a code of integrity in place(Fisman and Miguel 2007)
- In high PDI countries power is based on friends and charisma. Consequently in high PDI countries there should be more measures in place that prevent clientelism for example through reducing public employment and reducing public sector size (Huther and Shah 2005)
- In high PDI countries there is a higher chance that scandals do not come out. Such a characteristic means that there should be a focus on whistleblower protection (Kolstad, Fritz et al. 2008) or more citizen participation who can address misbehavior

For the second dimension of culture, the UAI, I will not discuss the separate characteristics as the results indicate that this dimension has no significant relation with corruption.

#### **4.4.2 Model B implications for policies**

The implications for model B1 and B2 relate to the general implementation of AC-policies and secondly the implementation within a specific cultural context. As could be observed in chapter 4.3 was there a correlation between the Right to Information and corruption. In the first regression analysis without control variables there was still a causal relation present as well. But after the analysis was carried out with the control variable GDP the causal relation faded away. An implication could be that is interesting for governments to look further into the efficiency of this policy measure if a country has more economic development or if there is a higher institutional quality. The other two policy measures showed no causal relation in each test and are therefore not worth considering further attention in relation to possible measures against corruption.

The test results of model B2 showed that a different cultural context has no significant effect on the efficiency of the three anti corruption policies. An implication of this result is that it appears that the cultural factor is not of big importance when choosing and implementing a policy in a specific country. Based on these results policy advisors could better look at the other local main factors of a country such as economic development or institutional quality when selecting a policy measure.

## 5. Conclusion

In the introduction it was stated that yearly 1,5 billion people experience yearly some form of corruption and therefore serious effort should be put in the combating of this phenomenon (TI 2011). The goal of this thesis is to explore corruption through the view of national culture, and subsequently to examine if variations in national culture could be used to improve the fight against corruption through a number of anti-corruption policies (AC-policies).

In order to do so first corruption as a concept had to be outlined. Observed was that corruption appears in many appearances and that it has been subject to a lot of research. Furthermore did people only recently acknowledge that the consequences of corruption are much wider then only economically (Morgan 1998). In line with that recognition the cause of corruption were also studied in more detail. From those studies three main causes of corruption were identified namely economical development, institutional development and, the most important factor for this research, the culture of a country. To analyze the influence of those factors on corruption and AC-policies several tests that were divided in two models were carried out.

The results of the first model or model A strongly suggest that both national culture and economic development can be associated with corruption. First the national culture in each country measured through Hofstede's power distance and uncertainty avoidance dimensions is only partially associated, since there is only a significant relation between power distance and corruption but not between uncertainty avoidance and corruption. The latter, is opposite of what is expected. Second economic development, measured through the GDP of a country, is negatively associated with corruption. This was expected. The final assumption that a high power distance and uncertainty avoidance score has a negative influence on economic development is only partly confirmed as power distance is the only cultural dimension that is significantly negatively associated with the GDP.

The second model or model B was divided in two elements of which the first element discusses the influence of the AC-policies over time and the second element analyzes their efficiency in a particular cultural context. The results from the first part of the model indicate that the Right to Information policy has a possible association with corruption when one takes no other factors into account. However in the second part of the analysis or model 2B wherein the influence of AC-policies in a cultural context is analyzed no significant association between the AC-policies and the rate of corruption has been found. A number of these findings are in line with the hypotheses formulated in the thesis namely that economic development, power distance, and the efficiency of the right to information policy have influence on corruption. However, the effect of the Right to Information disappears when controlled for economic development. The remaining hypotheses relating to the influence of the Uncertainty Avoidance Index and the efficiency of the Anti-Corruption Agency and the Ombudsman were not confirmed. Furthermore the hypotheses about interaction between AC-policies and national culture in relation to corruption were also rejected.

As the conclusions from the propositions in the thesis are now identified it is useful to determine if a course of action can be formulated. Regarding the influence of national culture on the rate of corruption governments and people concerned with corruption should pay attention on the characteristics of the Power Distance dimension when dealing with corruption. For example the fact that citizens trust the press and not the police should be a incentive to stimulate the press to investigate corruption scandals or the abuse of discretion based on power relations(Brunetti and Weber 2003). Other options are that privileges and status symbol for managers can be accepted more but have to be under more supervision or regulation. Also in line with the classifications from chapter two one should look at supervision of clientelism since that is often associated with a high PDI. To achieve this one can for example implement more human resources controls since a change of culture is relatively difficult to implement.

The other cultural element of this thesis, the UAI, has no relation with corruption. Therefore its characteristics and accompanying implications will not be discussed.

Concerning the general efficiency of AC-policies only the Right To Information is worth exploring for countries as a potential policy. Both the Ombudsman and the Anti Corruption Agency are not advised to policy-makers as ideal policies against corruption. Concerning the efficiency of AC-policies in a certain cultural context does it has no influence at all on any of the three policies. Hence the national culture should be of subordinate importance when implementing or selecting an AC-policy for that specific country. Countries should rather take elements like economical development and institutional quality into account.

## **5.2 Discussion**

The first aspect to be discussed is the contribution to the academic research of this thesis. A specific contribution would be to the discussion about cultural convergence and cultural variance related to the combating of corruption (Maria 2008). Based on the results one could say at first that cultural variance should play a role in the combating of corruption since there is a relation between particular aspects of culture and corruption. However based on the policies results part where cultural context has no significant influence on the impact of the policies the argument of the advocates of “culture-free management” is more convincing (Lambsdorff 2005).

Evidently this study has certain limitations. The first limitation concerns the cultural theory of (Hofstede 2001) and more specifically the element that it is a relatively broad cultural framework for such a detailed topic as corruption. In line with this is that only two cultural characteristics of a country are used in the analysis. While cross-cultural comparisons require only a minimum of two items per country, more cultural items are desirable for a reliable estimation of the culture. Additionally there is the limitation of a small number of countries to analyze in the area of AC-policies and the accompanying basic method of implementation score of policies. Finally in the statistical analysis of this research corruption is used as a general concept instead of a more specific approach that includes the variety of appearances that corruption has.

Based on the previous results one could say at first that cultural variance should play a role in the combating of corruption since there is a relation between particular aspects of culture and corruption, and the element that this study has limitations regarding the implementation of AC-policies it is not wise to discard culture entirely as a factor for AC-policies. For that reason future research on this subject can be useful. At first could future research use other theories relating to national culture like the one by (Trompenaars and Hampden-Turner 1998) and/or cultural characteristics like religion or geography. If those cultural theories provide the same image as Hofstede more detailed approaches can be developed to adjust policies to culture.

The same accounts for the concept corruption that should be divided in several appearances. In that way more specific recommendations can be formulated. Of more importance is that better measurement efficiency tools for AC-policies should be developed which can be used in all countries. A final consideration for this type of research is the relation between breadth and depth. I think it is useful to maintain broad research in this field because it may be more informative than a body of research comparing a handful of countries at a time. The reason for this is that in research on a handful of cultures, the number and type of variables examined is under the researcher's control. However, variability across cultures may be constrained, and it may be impossible to examine the effects of one cultural characteristic whilst holding other characteristics constant(Brunetti and Weber 2003).

## Annexes

### Annex 1: Operationalization and Statistics

#### *Annex 1.1 Indicator descriptions:*

The clearest division made in the last decade for corruption indicators comes from a (UNDP 2011) report. They provide a number of useful indicators that can be used for corruption research below are the main types used in this research as well:

- *Objective indicators:* These are indicators constructed from undisputed facts. Typical examples might include the existence of anti-corruption laws, the funding received by the anti-corruption agency, or national statistics.
- *Perception-based indicators:* Indicators may be based on the opinions and perceptions of corruption in a given country among citizens and experts.
- *Experience-based indicators:* These indicators measure citizens' or firms' actual experiences with corruption, such as whether they have been offered bribes or given bribes.
- *Proxy indicators:* On the premise that corruption is impossible to measure directly and empirically, proxy indicators assess corruption indirectly by aggregating "voices" and signals of corruption, or by instead measuring anti-corruption efforts, good governance, and public accountability.

#### **Corruption indicator background:**

The measurement of the rate of corruption in countries has always been one of the hardest elements in the fight against corruption. At the moment the most used indicators for the measurement of corruption are the perception and experience based indicators that measure corruption through surveys among citizens and expert panels in countries. In general this kind of research is conducted each year, which makes it possible to measure the performance of government's measures that are under their sphere of influence.

The Corruption Perception Index (CPI) used to measure corruption in this research makes use of a mix between a perception-based and proxy indicator as they collect the opinion and indexes from a number of other institutions (Svensson 2005; Bisogno, Reiterer et al. 2011). All these indexes and opinion are then transformed in their own index by taking the average of all the normalized results of the outcomes from the other institutions. For countries in Africa these can be different institutions than countries in Europe. Still they all have to measure corruption in line with the standard definition of corruption and a score from at least three institutions are a minimum for each country. Naturally the index has been subject of criticism as well (Campbell 2013). A first critic on the index is that it has a problem with the definition of corruption. Some experts will define corruption on a pure public basis while others on a private sector basis as well.

Secondly one has to realize there is a difference between perception of citizens and the reality. In some countries the perception rate can be much higher by for instance press reports or social pressure. In addition is there the pitfall that can it also be influenced through national culture, which is in this thesis an independent variable. There are alternatives available for the CPI, which measure concrete experiences (Campbell 2013) however they are only available in a limited number of countries and therefore in this research the CPI is used despite its limitations.

### **Cultural indicator background:**

As shown earlier three main questions are being used to calculate the index for both dimensions. The basic idea behind these indexes is that each of those three questions is a factor for the index although they do have different strengths, which makes the statistical background somewhat complex. To illustrate the factor calculation background for the indexes, both the formulas for the PDI and UAI are shown below:

- $PDI = 135 - (\% \text{ answer 3 in A54}) + (\% \text{ answer 1 or 2 in A55}) - 25 \times (\text{mean score B46})$
- $UAI = 300 - 40 \times (\text{mean score A37}) - (\% \text{ answer 1 or 2 in A43}) - 30 \times (\text{mean score B60})$

### **Policies indicator background:**

Below is an overview what they measure and how they measure the performance of each policy. GI is rating every policy in this thesis by means of the following methodology:

- Anti-Corruption Agency or Equivalent Mechanisms (GIACA): here is being assessed if there is an agency, if it is effective and if citizens can access the agency if they have complaints regarding corruption.
- Right to Information (GIRTI08): in this category there is an assessment if the relevant laws are in place and subsequently to what degree these laws are working, for example if citizens get the documents they asked for.
- National Ombudsman (GIOmbudsman08): with this indicator GI assesses if there is an Ombudsman and if it is effective. Furthermore do they check if citizens can approach the Ombudsman with complaints against the state.

One can notice that the indicators have an objective and perception component. The objective component is the analysis about the availability of laws and the statistics about funding of agencies *inter alia*. The perception elements relate to the scores about how efficient the policies are.

Nevertheless are there a couple of difficulties present if one wants to use this indicator.

The first is that there are not that many countries present in the research and a lot of them are from the second and third world. Second are the countries ratings spread out from 2007-2009 due to a lack of budget to conduct a research each year.

A second difficulty is that GI does measure the relatively formal procedures of institution of laws and institutions, however they do not measure the perception of citizens towards an institution.

### **Economical indicator background:**

As said before the background of the variable is that it measures the gross income of a citizen in a country. First are all the incomes of the countries converted to US dollars with the same method. A concise definition of the GDP is as follow:

*"GDP per capita is gross domestic product divided by midyear population. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources"*

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