

# **Managing the Link Between Bribery and Wealth Based on Corruption Perception Index (CPI) and Gross National Product (GNP) per Capita**

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*Corruption is a reality of life in all countries. However, some countries seem to have more widespread and higher levels of illegal and unethical behavior than others. Corruption typically is viewed in the context of culture. Yet might the wealth of a society be another determinant of corruption? Accordingly, the authors wanted to ascertain if there is a relationship between gross national product (GNP) per capita and the corruption perception index (CPI) of various countries. Through ANOVA and regression analysis, the authors found that there is a significant linear relationship between wealth generation of a country and the country's level of corruption; and in addition the results of the 10 ASEAN countries and the 66 regional countries demonstrated that there is a significant linear relationship between the independent variable GNP (or CPI) and the dependent variable CPI (or GNP). Wealth, therefore, as a component of a societal culture, emerges as a significant aspect of corruption. The implications of these findings as well as suggestions for future research are provided.*

## **INTRODUCTION**

This paper is designed to explore several cultural, legal, and economic concepts in an attempt to address the seminal question of “Is there a relationship between GNP and CPI?” And if so, then “why” is there a relationship between GNP and CPI? What explanations can be advanced to explain the reason for the relationship observed, and as a sequel, does this relationship retain its strength when all global nations are included in the analysis?

Gross National Product (GNP) represents the total value, in dollar amounts, of a country's overall goods and services sold or provided to consumers that are produced in a given year. These products and services must have been owned by the country's citizens and it includes incomes that are earned abroad.

So GNP is a measure of the output of a country's citizens' overall national and international businesses and entrepreneurship in a given year. For 2011, United States had a GNP value of \$15,097,083 (or a little over \$15 trillion). However, Gross Domestic Product (GDP) is a measure of the output of a country's overall national (within the country's borders) businesses and entrepreneurship in a given year. As of June 2012, United States had a GDP of \$15.586 trillion.

In this paper, the corruption perception index (CPI) data was taken from Transparency International data list for 2009 and 2010 (Transparency International, 2009/2010). The GNP per capita data came from IMF World Economic Outlook Database 2010. The one exception is Somalia's data which was taken from the CIA Factbook. The data is presented as US \$ per capita for each country, based on the GDP divided by the population.

As demonstrated by researchers (Mujtaba, McClelland, Cavico, and Williamson, 2012), the CPI and GNP data from 2009 and 2010 years among the ten ASEAN countries (Singapore Brunei Malaysia Thailand Indonesia Vietnam Philippines Laos Cambodia Myanmar) generally show a positive correlation between the variables of wealth and corruption: that is, the poor countries are perceived as being more corrupt; and, as a corollary, the perception of corruption decreases as countries become wealthier. Of course, having wealth and low corruption perception is not a phenomenon of the Western countries. Nonetheless, many political leaders would like to increase their quality of life similar to the average person living in the West. But, as mentioned by researchers, "it is not straightforward to transform what was for decades a closed club of Western capitalist economies into a more inclusive and heterogeneous organization" because dependence on the West can prove to be sticky, while also limiting an organization's capacity to respond to the needs of others (Clifton and D'iaz-Fuentes, 2011a/b). This paper sets out, therefore, not to challenge or dispute the relationship, which is extremely strong, but to follow several lines of conjecture as to why this relationship might exist, and what it might mean in terms of a country's development. However, it is first necessary to address culture and then the cultural component of corruption, focusing on one major form of corruption – bribery of government officials.

## **CULTURE IN ASIA**

Culture can be generally defined as the shared values, beliefs, ideas, practices, symbols, and artifacts of a distinct group of individuals. Resanond (2002) relates that "the word 'culture' comes from Latin *cultura*, which is related to cult or worship. In its broadest sense, the term refers to the result of human interaction. Culture is acquired knowledge that people use to interpret experience and generate social behavior. This knowledge forms values, creates attitudes, and influences behaviors..." (p. 13). Culture can form the foundation for ethics and ethical behavior by determining what is moral or immoral. According to Kini, et al (2004), "the culture of a country maintains a dominant influence on the development of an individual's moral judgment." (p. 94). Cross cultural comparisons can show differences in morals, ethics, values, and ethical beliefs and practices of people of different cultures (Venezia, 2004; Pitta, 1999). According to Hofstede (2001), ethical values are an integral part to culture. Hodgetts and Luthans (2003) defined international management as "the process of applying management concepts and techniques in a multinational environment" (p. 5). They further said that "culture is acquired knowledge that people use to interpret experience and generate social behavior (p. 5)." Of course, this acquired knowledge forms people's morals and values, creates their attitudes, and influences their behavior in a predictable pattern (Hodgetts and Luthans, 2003, p. 108). Hofstede (1980) defined culture as the collective programming of the mind through locally held value systems, which distinguishes one group of people from another. Hofstede (2001) designated Taiwan as a "collectivist culture" whereas the U.S. was deemed to be an individualistic one. In an individualistic culture, one is primarily concerned with and committed to one's own development, quality of life, rewards, and success; whereas in a collectivist culture, group awareness, welfare, and satisfaction are the primary concerns and objectives of a person (Venezia, 2004).

Today's managers possess diverse value systems; and thus are truly global managers; and also they mostly manage people of diverse beliefs in an international environment. Consequently, global managers

frequently must act in a perplexing “grey zone” that emerges when two different cultures meet. As such, understanding culture plays a critical role in international management (Mujtaba and Shuaib, 2010). Khruasuwan (2000) emphasizes that “cultural interpretation and adaptation are a prerequisite to the comparative understanding of national and international management practice. It is also a prerequisite for establishing effective international human resources development, and the development of appropriate skills and competence on which the achievement of corporate success (depends upon)” (p. 97). For an organization to operate in several countries with different cultures, it is important for the “management team” to understand the culture of these countries in order to efficiently and effectively operate interdependently among them. The norms and practices of one culture, including moral beliefs and precepts, may not be the norms and practices of another. Generational and gender differences and discrimination naturally affect the employment setting, but cultural differences are also an important reality of today’s workforce. Cultural differences, such as languages spoken, clothing designs, and music played, are often apparent among people living in different cities, countries, or continents. Yet, certain cultural differences, such as beliefs, values, and morals are not always apparent at the “surface” level, but they are practiced among different human groups. People’s views regarding morality and ethics, age, aging, and older workers, as well as views of the “opposite sex,” emerge as prime examples of such cultural differences that “lie beneath the surface,” but which are experienced “on the ground” in day-to-day activities. Employers in the United States, as well as globally, consequently are dealing with such views; and thus are confronting the challenges and opportunities which come with an increasingly diverse and international workforce. Therefore, it is incumbent on employers, managers, and educators to be not only culturally aware and sensitive but also culturally mature and competent.

Huang (2006) explained that “East and West cultures differ tremendously in many ways. The differences are reflected in attitudes, values, and norms of the society where they have been developed or are limited in their applicability elsewhere... For example, in the West individualism is a dominant attitude among people while collectivism is prevalent in the East” (p. 17). Significant differences between Eastern and Western cultures arise in the workplace. Accordingly, Western individualists “...decide and act on the basis of whether an action leads to personal gain whereas collectivists (East) consider their actions from the group viewpoint. In addition, individualists value independence and self-sufficiency. Conversely, collectivists value social relationships and sharing of material as a means of maintaining a social network of reciprocation” (Huang, 2006, p. 20). Eastern cultures value the future, that is, a long-term orientation, whereas Western cultures value the past and present, that is, a short-term perspective. This Eastern future-oriented mentality, as exemplified in Taiwan, Hong Kong, and South Korea, puts a premium on hard work, persistence, respect for status, thrift, an awareness of the constraints of time, and possessing a sense of shame. Another prominent distinction between Eastern and Western cultures involves the family, particularly the degree to which work is expected to result in separation from one’s family. U.S. culture, in particular, is characterized as one where career demands can, and should, override family concerns (Huang, 2006).

An important Asian cultural practice, particularly to the Chinese, is the paramount influence of personal networks, called Guanxi (Xin and Pierce, 1996). Huang (2006) defines Guanxi “...as tight, close-knit networks...or interpersonal connections” (p. 22). Venezia (2004) defines Guanxi as a “...long-term traditional way of conducting business in Chinese society. It generates trust and some dependence between negotiators when doing business. Guanxi is established on mutual benefits” (p. 19). Huang (2006) emphasizes that it is very important to build personal relationships with key persons in order to successfully do business in Asian societies. Huang (2006) explains that “the increasing perceived trustworthiness is very beneficial in business interactions..., and guanxi is the beginning of building trust in Eastern cultures” (p. 22). However, Venezia (2004) also underscores that Guanxi can be “...ethically problematic if one of the parties engaged in the practice directly violates a significant fiduciary duty defined in local social norms. For example, it is a norm in Chinese for a company to conduct a new business efficiently through guanxi, but in America it may be treated as corruption or unethical” (pp. 19-20). At times, there may be a “fine-line” between Guanxi and bribery. Guanxi is relationship building over an extended period of time, whereas bribery is a (presumably) one time practice to secure a deal.

Guanxi is culturally accepted, whereas bribery has legal and ethical ramifications (Venezia, 2004; Lovett, Simmons and Kali, 1999).

Related to Guanxi and the presence of influential personal networks in Eastern cultures is a notion that Huang (2006) calls “corporate hospitality” (p. 23). In a Western sense, this term implies corporate public relations efforts to promote a positive corporate image, for example, by engaging in community and charitable activities; whereas from an Eastern perspective, corporate hospitality refers to funds that managers can use to strengthen business relationships between the corporation and individuals (Huang, 2006). To illustrate, according to Huang (2006): “Taiwanese businessmen would prefer to discuss the details of a contract in conference room and leave the decisions to be made in informal places such as golf course, restaurant, or private club where entertainment is offered” (p. 23). Huang (2006) emphasizes that “understanding the corporate hospitality provides a perspective on how guanxi or personal network is built up and maintained in Confucian societies and how different people do business based on their cultural backgrounds between East and West business environment” (p. 23).

Danon-Leva (2006) relates that developing a personal relationship is critical in China before business can be even discussed, and the establishing and maintaining of this personal relationship is the key to any successful business transaction. Regarding culture and ethics, Danon-Leva (2006) explains that “Americans tend to view business ethics as a moral judgment made by an individual based on the same general moral rules. In contrast, the Chinese tend to view business ethics as a decision governed by the social ties and obligations and corporate culture that an individual finds himself or herself in” (p. 25). Huang (2006) further explains how culture can affect business negotiations. In Western cultures, such as the United States, communication is direct and explicit; whereas in Eastern cultures, such as China, communication is indirect and implicit. Moreover, Eastern cultures place a high value on “social harmony and positive framing,” and thus the goal would be to establish social relationships and to main social harmony during the negotiations (Huang, 2006, p. 24). Accordingly, Huang (2006) recommends “a clear, structured negotiation procedure” for doing business in Eastern societies since it will be necessary to limit risk and reduce uncertainty (p. 24). Another business ramification to the Western-individualistic and the Eastern-collectivistic dichotomy is explained and illustrated by Danon-Leva (2006): “Americans tend to emphasize promptness and adherence to schedules when doing business as well as in every aspect of their lives. The individual is capable of changing his or her behavior by the exercise of free will. Because individualism is revered, in the U.S. there is more emphasis on the decision-making of individuals. In Hong Kong, as in Mainland China, individuality is suppressed from childhood and obedience without question is part of the tradition....Good ‘connections’ equate to good relations. Asking for and dispensing favors is the modus operandi generally in management and business....Consequently it has been observed in Chinese business that employees typically do not take responsibility, and authority is not shared. This circumstance leaves little room for employees to voice concerns or ask questions, thereby fostering an atmosphere that pays little attention to deadlines” (pp. 27-28). Yet Danon-Leva (2006) offers a final caveat when dealing with business ethics in China: “Relatively little has been written on the subject of business ethics in China. What seems to be somewhat consistent is that business ethics in China and Hong Kong are colored by complexity, contradictions, and perceptions” (p. 25).

The Chinese during the Sixth century B.C. developed two different philosophical schools – Taoism and Confucianism. Huang (2006) points out that “these two philosophical thinking have had profound, immense influences on the Chinese culture, and to a broader extent, the East. They still dominate central ideologies of some Asian countries such as China, Taiwan, Japan, and Singapore” (p. 32). Venezia (2004) explains the major tenets of these philosophies: “Taoism was concerned with observing nature and the discovery of its way, referred to as Tao. Confucianism was the philosophy of social organization, of common sense, and practical knowledge. One of Confucianism’s main purposes was to form an ethical basis for the traditional Chinese family system” (p. 26). Venezia (2004) further explains: “Taoism emphasized seeking nature and quietism, rather than forcing to get what you want. It focused on teaching the proper way to live in accordance with nature and the importance of inner peace and being true to one’s nature” (p. 27). Taoism underscored selflessness as an essential quality of life; altruistic ideals are thus an integral part of the teachings of Taoism. The goal is to perfect oneself by the self-cultivation of

virtue and also to benefit others in a selfless manner. Confucianism's "main concern was to cultivate the living humanity of the individual and society in harmony, according to the Way of the ideal course of moral conduct" (Venezia, 2004, p. 27). Harmony and balance are exemplified by the superseding forces of Ying and Yang, which govern and hold together every aspect of life, including business, particularly negotiations where the Ying-Yang principle is viewed as a fundamental principle (Danon-Leva, 2006). A central tenet of Confucianism is the belief that "man" is essentially good (Venezia, 2004; Lau, 1979). A person, therefore, should learn, reflect on, and attain moral ideals. Another important principle of Confucian principle is proper role relationships, for example, between father and son, and husband and wife; and if everyone plays his or her role properly, for example, the father is kind to the son, and the son is dutiful to the father, then the entire society will remain in a harmonious state (Huang, 2006). Huang (2006) explained that "Confucius' main concern was to cultivate the living humanity of the individual and society in harmony, according (to) the way or the ideal course of moral conduct" (p. 35). Virtuous behavior will bring about individual success and social harmony. Education, therefore, should inculcate moral learning and moral self-cultivation. Both the Confucian and Taoist philosophies have strongly influenced Chinese life, thought, and morals.

In the Confucian system, the "family" is always there for the individual; and the individual person is always there for the whole. Yet Confucianism is not about one becoming "selfless"; rather, one becomes "your true self" by making worthwhile contributions to the entire web of relationships in the "family" network and to society as a whole (Ames, 2009). As opposed to the Western sense of individualism and individual identity, the Chinese are more "relationally constituted" people who continually act, reform, and become in accordance with the needs of the family and the community. Accordingly, there is a symbiosis between the particular and the totality and between the parts and the whole (Ames, 2009). Furthermore, in contrast to the Western emphasis on the "right to think," the Chinese culture puts a premium on "right thinking," that is, thinking about the network of relationships in one's surroundings, the value of consensus building, mutual aid and support, and acting to benefit society as a whole. Whereas the "right to think" is a Western mind-set, whereby individualism, innovation, creativity, egoism, and the maximization of one's own benefits are emphasized and practiced. Confucian consensus-building, however, is critical to creating harmony, which has been very important for China, a society composed of many different groups with varying customs and who speak different languages. Confucianism with its emphasis on harmony and the mutual accommodation of different cultures and peoples has also benefitted China globally in today's diverse and international marketplace and workplace.

## **CULTURE AND CORRUPTION**

Culture has a relationship to corruption; many forms of corruption are intrinsically bound up in the social norms and practices of a society. Corruption has many forms, encompassing ballot-stuffing, extortion, embezzlement, tax evasion, smuggling, currency manipulation, money laundering, a conflict-of-interest, insider-trading and -dealing, "kick-backs," expense account "padding," over-invoicing, favoritism, and nepotism (Mujtaba, McClelland, Cavico, and Williamson, 2012). However, bribery, particularly of government officials to secure government contracts, is a major and highly deleterious type of corruption. Moreover, bribery is a common way of doing business in many societies; and it is in many places an engrained, and perhaps acceptable, cultural practice. Some business executives may view bribery as just a "routine" way of doing business and the "price of entry" in today's highly competitive global economy (Cavico and Mujtaba, 2011). Bribery, furthermore, is not "merely" a Western or Eastern problem, but rather a universal concern that impacts countries, societies, and people around the world. Nonetheless, bribery is typically viewed as being more prevalent in less developed countries and poorer countries, where jobs do not pay well, and thus it is considered to be customary for local government officials to "supplement" their typical "meager" incomes by taking such payments. Of course, there may be legal issues involved in the making of these payments. A country may have laws that prohibit its government officials from taking bribes; yet whether these laws are enforced is another question. For the U.S. business person, the key statute is the Foreign Corrupt Practices Act (FCPA), which has

extraterritorial reach, and which is enforced by the Justice Department. The FCPA makes the payment of a bribe, or the transfer of something of value, directly or indirectly, to a foreign government official, by a business person, in order to wrongfully secure a government contract with the host country a serious criminal wrong. Although it is beyond the purposes of this paper to examine in detail the FCPA, the authors must emphasize that in order for there to be legal liability pursuant to the statute, the government must possess evidence of wrongful intent, that is, the bribe-giver must have had an “evil mind” and the corrupt motive, to, in essence, wrongfully direct the business to his or her firm, that is, to “purchase” the contract (Cavico and Mujtaba, 2011, 2010). Internationally, moreover, there is a treaty in the form of a convention by the Organization for Economic Cooperation and Development (OECD) which bans bribery. This treaty sets out criteria for national anti-bribery legislation, some of which provisions are very similar to the FCPA (Cavico and Mujtaba, 2010). However, in the FCPA as well as the OECD convention there is an exception, that is, a legal “bribe,” called the “facilitating and expediting” exception. This legal exception bears direct relevance to the central issue on examination for this paper. Pursuant to the “facilitating and expediting” exception, a business person can make relatively small payments or “gifts” to lower level foreign government officials, who possess merely ministerial clerk-like authority, to facilitate, that is, to make go more smoothly, and expedite, that is, to make to go more quickly, routine government actions, such as the processing of visas, custom forms, obtaining permits, licenses, and documents, and other “paperwork,” that the business person is legally entitled to. Yet the greater the sum of money paid to the foreign government official, and the higher his or her position is, and the more discretionary power he or she has, and the less “routine” the government actions, the risk is that the payment will be transformed, at least in the eyes of the Justice Department, from a legal “bribe” to an illegal and perhaps felonious one. Nevertheless, the “facilitating and expediting” exception was placed in the law by Congress to reflect a “real-world” view that in many countries, especially less developed and poorer ones, these payments are considered normal, and culturally acceptable, business practices, in order to afford additional compensation to inadequately paid lower level government officials (that is, “petty bureaucrats”) (Cavico and Mujtaba, 2011, 2010).

Yet, despite the prevalence of corruption in many countries as well as the existence of a major statute and treaty outlawing a principal form of corruption - bribery, surprisingly, there is very little in the literature as to the specific effect of wealth as a discrete cultural component influencing corruption, particularly bribery, and especially concerning bribery in the form of “facilitating and expediting” payments. As such, in order to “reduce the area of ignorance,” the authors propose the following hypotheses:

*Hypothesis 1: There is no relationship between GNP and CPI for a cluster of ASEAN countries.*

*Hypothesis 2: There is no relationship between GNP and CPI for a cluster of 66 countries.*

## **RESEARCH METHODOLOGY AND ANALYSIS**

In this study, the ASEAN Community scores for CPI were taken from the latest figures available by Transparency International for 2011 and previous research conducted by Mujtaba, McClelland, Cavico, and Williamson (2012). Furthermore, the authors took the CPI index scores listed for 66 countries (Appendix D) by Cavico and Mujtaba (2010, p. 37) and then compared them with the latest figures reported for each country’s GNP. The variables of GNP and CPI are well established in their particular domains; and there is no reason to suspect they are wildly inaccurate in terms of either reliability or consistency. There are several ways of measuring GNP, which yield differing, but not widely different results. The ASEAN data given herein is the “official” measure of wealth and population; and the data is calculated on the same basis for each member state using their latest data (or estimates in respect of

population between censuses). Accordingly, the data must be considered as the most accurate measure of wealth that is practical to obtain for this region.

The CPI is also a well-established measure, which has been developed and defined over several iterations, and has never been severely challenged as to the reliability, validity, or “solidity.” It is, however, and remains, a measure of perception; and perception is, by definition, subjective. This trait is not a criticism or apology for the measure, but more a fact of measurement in a very sensitive area. Just as with other “suspect” areas, such as the “underground economy” or illegal immigration, if they were measured objectively, they would not qualify for their subjective designation! Similarly with corruption, since it is an activity of questionable legality, it is never going to be openly disclosed or reported. While the corruption index may be a consolidation of impressionistic data, it is nevertheless probably “as good a measure as you are going to get,” and hence for this article is accepted as both valid and reliable.

## RESEARCH RESULTS

In regards to the hypotheses, as can be seen from Table 1 and Table 2 evaluation, the 2-tailed significance values lead to the alternate hypotheses being supported for both the small cluster of ASEAN countries and larger dataset of 66 countries. It can be concluded that for hypotheses 1 and 2 there is a significant correlation between GNP and CPI ( $p < 0.05$ ) for both smaller and larger datasets, a conclusion that also holds at the 1% level ( $p < 0.01$ ).

**TABLE 1**  
**CPI AND GNP CORRELATIONS OF ASEAN COUNTRIES**

Country	CPI	GNP per capita (\$)
Singapore	9.20	43929.00
Brunei	5.20	29915.00
Malaysia	4.30	8262.00
Thailand	3.40	4735.00
Indonesia	3.00	3023.00
Vietnam	2.90	1236.00
Philippines	2.60	2014.00
Laos	2.20	1045.00
Cambodia	2.10	731.00
Myanmar	1.50	715.00

	CPI	GNP
Pearson Correlation	1	.950**
CPI Sig. (2-tailed)		.000
N	10	10
Pearson Correlation	.950**	1
GNP Sig. (2-tailed)	.000	
N	10	10

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**TABLE 2**  
**CPI AND GNP CORRELATIONS OF 66 COUNTRIES**

		CPI	GNP
CPI	Pearson Correlation	1	.887**
	Sig. (2-tailed)		.000
	N	66	66
GNP	Pearson Correlation	.887**	1
	Sig. (2-tailed)	.000	
	N	66	66

\*\* . Correlation is significant at the 0.01 level (2-tailed).

As there is significant correlation with the data another hypothesis test is undertaken for both datasets, it is that of regression as follows:

$$H_0: \beta_1 = 0$$

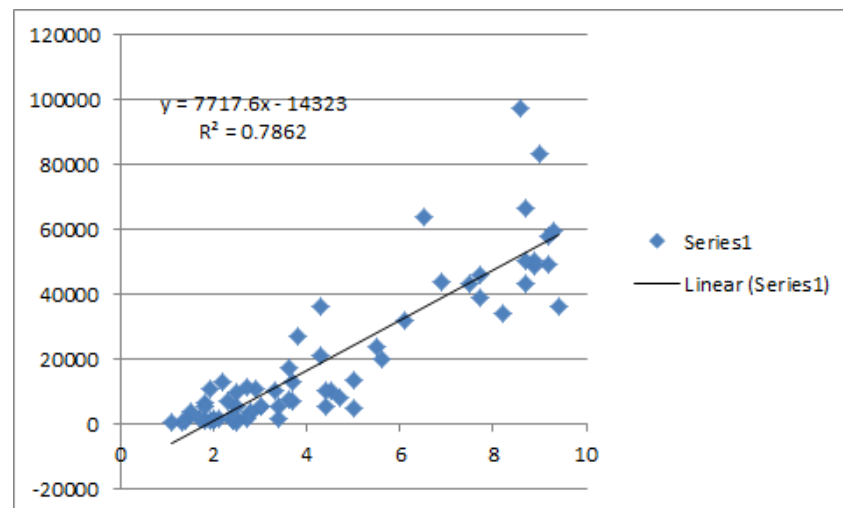
$$H_1: \beta_1 \neq 0$$

The resulting ANOVA tables for both datasets (Appendix A, B and C) have significance values of 0.000, supporting the alternate hypothesis for both datasets ( $p < 0.01$ ). As such, we can conclude that there is a significant linear relationship between the independent variable *GNP* and the dependent variable *CPI*. This also applies when dependencies are switched (Appendix B and C demonstrates this for the 66 countries data).

For the ASEAN countries, there is significant correlation  $r = 0.95$ ; (R-square 0.903). Combining the Regression outcome supported and Adjusted R-square (89.1% explanatory), the data supports the existence of a potentially robust forecasting model for these ASEAN countries.

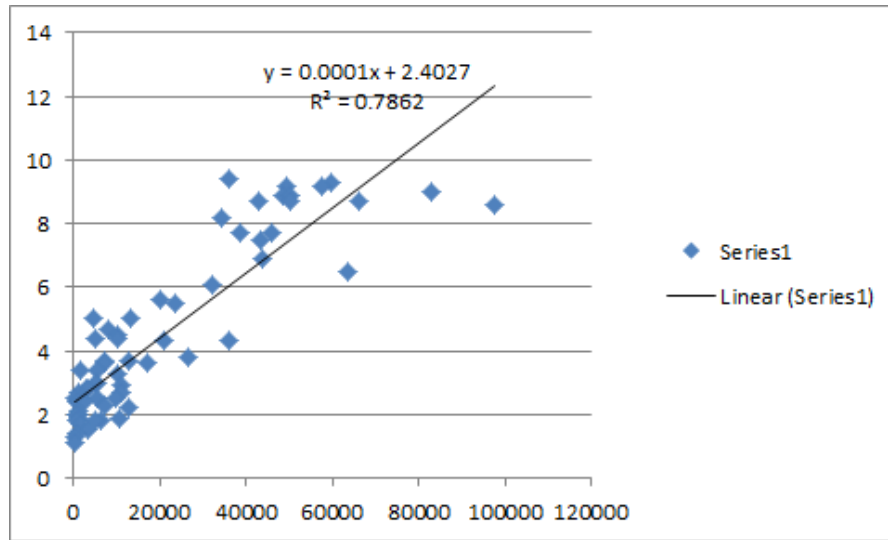
For the 66 countries, Table 2, Figure 1 and Appendix B, shows that (when GNP is the dependent variable and CPI independent) there is significant correlation ( $p < 0.05$ ),  $r = 0.887$ ; (R-square 0.786). Therefore combining the Regression outcome supported and Adjusted R-square (78.3% explanatory), the data supports the existence of a potentially robust forecasting model for these 66 countries. Figure 2 and Appendix C show that this holds when dependencies are switched.

**FIGURE 1**  
**GNP (dep) V CPI (indep) DATA OF 66 COUNTRIES**





**FIGURE 2**  
**GNP (indep) V CPI (dep) DATA OF THE 66 COUNTRIES**



## ANALYSIS AND CONJECTURE

This paper was designed to address the question of “is there a relationship between GNP and CPI?” And if so, then explore “why” there is a relationship between GNP and CPI? What explanations can be advanced to explain the reason for the relationships observed; and as a sequel, does this relationship retain its strength when more global nations are included in the analysis?

One construct that might be useful is to initially downplay any discussion of culture, including cultural differences, as an explanation. As was seen from the aforementioned cultural discussion, the ASEAN nations are generally both multicultural and multi-faith, from the devote Catholicism in the Philippines to Islamic and Buddhist cultures in Southeast Asia. It seems, *a priori*, not to be a viable variable for explanation. Nonetheless, this approach may not be totally correct, as three of the bottom four countries are majority Buddhist and three of the five top countries are majority Islamic. Consequently, it might be simplistic to conclude Buddhism “tolerates” corruption while Islamism does not; and this dichotomy may be confounded by examination of a wider cross-section of countries, including those which are devoutly Islamic and those (for example Turkey) where the religion is more “moderate.”

As a starting point, therefore, there seem to be two alternative trains of thought. The first contends that as people become richer they have less need to be corrupt, which seems to be a logical progression. That is, their needs and wants are more than satisfied from legitimate sources of income; and hence there is less need or desire to indulge in activities which may be illegal, risky, and demeaning. There is a Need Theory, based on fundamental Maslow constructs, which suggests corruption only exists to satisfy the basic physiological needs. Put simply, people are only corrupt because they *have* to be corrupt in order to physically survive. Such would be the case of government officials who must take the payments, whether illegal bribes or legal “facilitating and expediting” payments, in order to supplement their insufficient government salaries.

An alternative perspective might suggest that as a country’s wealth increases, and its tax revenues rise, its ability to police and enforce anti-corruption measures improves, and hence the level of corruption falls. This explanation, however, is based on a series of assumptions, to wit: notably that (a) there is a parallel rise in anti-corruption activity with increasing budgets (there is no reason why there should be); and (b) this deterrent activity is successful in reducing the level of corruption.

After minimizing culture as a variable to fully explain the relationship, the authors return to this facet here to consider culture not as a collection of attitudinal and behavioral differences mediated by history, religion, law, etc., but cultural differences mediated by wealth. Is it correct that poor (i.e. relatively non-wealthy) people accept income from corruption as an acceptable norm of behavior (even if not legitimate or legal), but that more wealthy people do not? Countries with lower average wealth have, by definition, a higher proportion of disadvantaged people for whom this cultural norm may be appropriate, and hence this circumstance would be reflected in a lower overall CPI.

Such arguments, however, can disintegrate when the reality is considered. While poorer nations, *en masse*, have a lower CPI, nevertheless intuition as well as direct reportage indicates corruption exists at all levels of wealth in such societies, and the differences are “simply” ones of size. Some might argue the wealthy become wealthy “merely” by either being more corrupt or being better at finding niches through which to develop corruption!

An alternative on the wealth paradigm might be a consideration of the salary structures, relative to the overall distribution of a nation’s wealth, seen in the governmental services. The logic behind this conjecture is the origination of many (but admittedly by no means all) corrupt practices, which are often government official based, especially in the context of bribery. Salary, though, is a complex and difficult construct to measure; but the contention is that in countries where the government officials are relatively poorly paid compared to the private sectors and the countries salary structures as a whole, then in that scenario there will be an increased desire and rationalization to act “corruptly” to justify the perceived imbalance. This scenario is akin to the original need conjecture; but differs in that its prime motivation is not simply survival but more revenge and justification for a basic salary deemed “inappropriate.” One hears of anecdotal stories in business wherein low, basic salaries are accompanied by an informal assumption (by both employer and employee and business person and government official) of monetary “enhancement” to what is perceived as an “acceptable” level of compensation, whether in the form of gratuities, “tips,” or “good will” gifts.

Returning, finally, to the basic relationship of congruence between perception of corruption and wealth, an alternative way of considering the data might be not to consider the overall relationship, but rather examine those countries which are most deviant from the relationship; and next ask why they are so. It is clearly not possible to accomplish this task with the small sample of ASEAN countries, but by using a global sample this objective would certainly be possible.

The authors, accordingly, believe there is not a single factor which tends toward or away from the perception of corruption. Corruption plainly is a multi-faceted issue; yet there may be certain factors, which once combined together, can lead to greater or lower levels of CPI.

## **RECOMMENDATIONS**

Using the full global results of the aforementioned two dimensions, the relationship between the two variables remains strong and highly significant, with 78.6% of the data from one variable explained by the other. The extended analysis also confirms a straight line is the best fit between them. The seminal question, therefore, is what accounts for the remaining 21.4% variation; and here cultural differences as well as generalized attitudes toward corruption might be important. This is the author’s conjecture, and at this point it is totally without empirical foundation, but this assumption might be amenable to empirical testing given further data and re-testing in the future. It is to be investigated.

Each of the major cultures herein, as well as any culture, due to the norms and values of the culture, has an inherent bias toward or against corruption; and this fact represents a lower limit which it will not fall below; yet a level which might change over time; but at any point in time will be a constant, and represented by the intercept on the vertical axis, which in the context of the overall data is 2.4 (for 66 countries when CPI is the dependent variable). The contention is, therefore, that overall (at a hypothetical nil income level) the average CPI score is this figure, which then rises according to average wealth within an individual nation (Figure 1).

Starting from this culturally defined base-point, and over time, as a country becomes wealthier, so will the CPI rise. The authors contention thus would be that the base point (i.e., the intercept on the vertical axis) would vary according to the nation's cultural grouping; and also the rate of rise of the CPI with wealth from this point would not be uniform, but would be related to the level of the base point; and furthermore that the rise with wealth would be steepest where the initial starting point was higher.

The logic behind this idea is that the culturally determined base CPI score will give a proclivity more or less toward corruption, and that as average wealth rises, so this proclivity will become more or less actualized. For example, one might consider countries whose majority culture was Judeo-Christian and had the highest average base CPI score. Hence, because of its "natural" cultural tendency to eschew corruption as immoral, as average wealth rises, so its rate of increase of CPI score is faster than average. Conversely, among those countries where the culture is more tolerant of corruption, and hence the base-point is lower, so the rate of increase in CPI score with wealth will be below average. Thus, one might speculate that over time (on the assumption average wealth for all increases over time), the differences between the CPI figures of the various cultural groupings would diverge; and also that whereas they might be very similar initially over time, they would vary markedly.

How might this idea be proven – or at least demonstrated? Initially, researchers would need to select groups of countries where there is a predominant cultural similarity; and the authors would suggest that researchers utilize the Hofstede typologies described below; and then select those countries available within each groupings, and next use the regression model to determine where, as a group, they intercept the CPI axis, and then adjust for similar levels of average GNP. The aforementioned typologies are:

1. Anglo: Australia, United Kingdom, Canada, New Zealand, United States.
2. Germanic: Italy, South Africa, Switzerland (Germany, Austria, and Israel are missing).
3. Nordic: Denmark, Finland, Netherlands, Norway, Sweden.
4. More developed Asian: Japan, South Korea.
5. Less developed Asian: India, Pakistan, Philippines, Singapore, Taiwan, and Thailand.
6. Near Eastern: Greece, Iran, and Turkey.
7. More developed Latin: Argentina, Brazil, France, Spain, and Belgium.
8. Less developed Latin: Columbia, Mexico, Venezuela, Chile, Peru, and Portugal.

An alternative, instead of taking the multivariate Hofstede approach, might be to take averages from countries displaying a common dominant religious foundation, for example:

- Judeo – Christian
- Islamic
- Buddhist.

This religious approach, however, would need to exclude many nations where there are multiple religions or no definitive religion (such as Russia, China, etc.), as well as nations which could not easily cope with the strength of religious belief – for example, in a situation where Islamic or Christian beliefs are held with far greater fervor and sincerity in some countries than others. Finally, cognizance must be taken that the results would likely be skewed severely toward the Christian nations, which generally have higher CPI scores.

The next significant stage in this analysis, therefore, is to construct a series of regression lines based on the groupings above (and the authors expect a minimum of three countries per group); and then see whether the preceding ideas and assumptions have any validity. This approach should give values for both the intercept on the vertical axis and the slope of the line relative to increasing wealth. The results should be most informative and interesting indeed; and the results will achieve a further expanding of the body of knowledge in this important global, cultural, economic, and practical "corruption" area.

Finally, there seems to be a base level of culturally determined proclivity toward or against corruption, and that this level of CPI rises with increasing wealth within a nation, but the rate of rise is dependent on the initial level of CPI - in other words if you are temperamentally / culturally non-corrupt, then as national wealth rises, your ascent to the higher levels of CPI will be faster than where there is a

base tendency towards an acceptance of corruption. One can hypothesize that where a colonizing power has had a profound influence in shaping culture then this will be reflected in the values toward it. So the example one might examine can be Singapore, which in CPI terms, even allowing for a strong GNP per capita, “punches way above its weight” - and this might be explained by the strong continuous British Empire presence there over a couple of centuries, instilling a traditional high moral tone to the culture. This is just another thought as well as an avenue for future research.

## CONCLUSION

Wealth creation is a motivation and expectation for countries as the creation of wealth is of course important for each citizen’s quality of life. However, some countries seem to have more wealth than others. Similarly, in some countries there are widespread instances of illegal and unethical behavior, engendering a “culture of corruption,” that prevents these countries from attracting foreign investors. Corruption typically is viewed in the context of culture. Yet, in this paper, the authors explored proposition that the wealth of a society could be another determinant in the growth or reduction of corruption. The authors found that there is a significant linear relationship between wealth generation of a country and the country’s level of corruption as demonstrated by the actual figures in the 10 ASEAN countries and the 66 regional countries. Wealth, therefore, as a component of a societal culture, emerges as a significant aspect of corruption. The implications of these findings were discussed and suggestions for future research were provided by the authors.

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## APPENDIX A

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.950 <sup>a</sup>	.903	.891	.73646

a. Predictors: (Constant), GNP

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.565	1	40.565	74.792	.000 <sup>b</sup>
	Residual	4.339	8	.542		
	Total	44.904	9			

a. Dependent Variable: CPI

b. Predictors: (Constant), GNP

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.285	.281		8.138	.000
	GNP	.000	.000	.950	8.648	.000

a. Dependent Variable: CPI

## APPENDIX B

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.887 <sup>a</sup>	.786	.783	10692.96345

a. Predictors: (Constant), CPI

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	26913258513	1	26913258513	235.380	.000 <sup>b</sup>
	Residual	7317725904	64	114339467.2		
	Total	34230984417	65			

a. Dependent Variable: GNP

b. Predictors: (Constant), CPI

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-14323.182	2581.035		-5.549	.000
	CPI	7717.600	503.034	.887	15.342	.000

a. Dependent Variable: GNP

## APPENDIX C

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.887 <sup>a</sup>	.786	.783	1.22854

a. Predictors: (Constant), GNP

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	355.262	1	355.262	235.380	.000 <sup>b</sup>
	Residual	96.596	64	1.509		
	Total	451.858	65			

a. Dependent Variable: CPI

b. Predictors: (Constant), GNP

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.403	.200		12.006	.000
	GNP	.000	.000	.887	15.342	.000

a. Dependent Variable: CPI

## APPENDIX D

### CPI AND GNP PER CAPITA (2010) FOR 66 COUNTRIES

<u>Country</u>	<u>CPI</u>	<u>GNP</u>			
New Zealand	9.4	35973	Argentina	2.9	10959
Denmark	9.3	59709	Egypt	2.8	2932
Singapore	9.2	49271	Indonesia	2.8	3512
Sweden	9.2	57638	Kazakistan	2.7	11167
Switzerland	9	83073	Vietnam	2.7	1374
Finland	8.9	48783	Lebanon	2.5	9862
Netherlands	8.9	50216	Libya	2.5	5510
Australia	8.7	66371	Nigeria	2.5	1522
Canada	8.7	50496	Uganda	2.5	505
Iceland	8.7	43088	Bangladesh	2.4	767
Norway	8.6	97607	Pakistan	2.4	1199
Hong Kong	8.2	34259	Philippines	2.4	2345
Japan	7.7	45870	Azerbaijan	2.3	7106
UK	7.7	38811	Russia	2.2	12993
United States	7.5	43328	Yemen	2.1	1343
France	6.9	44007	Cambodia	2	853
UAE	6.5	63626	Laos	2	1320
Spain	6.1	32077	Tajikistan	2	836
Taiwan	5.6	20083	Kyrgyzstan	1.9	1070
Oman	5.5	23572	Venezuela	1.9	10630
Jordan	5	4618	Haiti	1.8	738
Poland	5	13469	Iran	1.8	6420
South Africa	4.7	8078	Turkmenistan	1.8	5078
Malaysia	4.5	10085	Uzbekistan	1.7	1559
Cuba	4.4	5200	Iraq	1.5	3478
Turkey	4.4	10363	Myanmar	1.4	824
Italy	4.3	36267	Afghanistan	1.3	589
Saudi Arabia	4.3	21196	Somalia	1.1	200
Greece	3.8	26735			
Brazil	3.7	12789			
Colombia	3.7	7114			
China	3.6	7417			
Trinidad & Tobago	3.6	17060			
India	3.4	1514			
Thailand	3.4	5395			
Mexico	3.3	10146			
Domin. Republic	3	5545			
Jamaica	3	5267			